



Rep. Michael J. Madigan

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1 AMENDMENT TO SENATE BILL 2404

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2404 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Statement and Findings.

5 At the time of passage of this amendatory Act of the 98th  
6 General Assembly, Illinois possesses a lower credit rating than  
7 each of the other 49 states. This is a consequence both of  
8 atypically large debts and of structural imbalances that will,  
9 unless addressed by the General Assembly, lead to rapidly  
10 growing debts. The debts include a backlog of bills exceeding  
11 one-fourth of the State's annual general revenue, and  
12 approximately \$100 billion in unfunded pension liabilities.  
13 The structural imbalances result from projected growth in  
14 non-discretionary and formula-driven expenses that  
15 significantly outpace projected revenue growth. Of the factors  
16 that drive this phenomenon, the most substantial by far is the  
17 rapid growth of the annual pension payment, which increased by

1 nearly \$1 billion between Fiscal Year 2012 and Fiscal Year  
2 2013, and will again increase by nearly \$1 billion between  
3 Fiscal Year 2013 and Fiscal Year 2014, at which time it will  
4 consume approximately one-fifth of anticipated general  
5 revenue.

6 The State has taken significant action to ameliorate the  
7 State's fiscal troubles. In 2011, the State increased the  
8 income tax in Public Act 96-1496. Recognizing that increased  
9 revenue alone would not solve the problem, the State has  
10 enacted a series of budgets that included deep cuts to  
11 discretionary programs, including programs that are essential  
12 in order to provide for the health, safety, welfare, and  
13 educational development of the people of Illinois.

14 The State has both reduced the size of its workforce and  
15 reduced discretionary spending. The staffing level is now the  
16 lowest it has been in at least the last 25 years. Discretionary  
17 spending from the General Revenue Fund (GRF) has been reduced  
18 by over \$2.8 billion since Fiscal Year 2009, including  
19 significant reductions for primary and secondary education,  
20 higher education, public safety, and human services, including  
21 health care for the poor.

22 In 2010, Public Act 96-889 established a package of pension  
23 benefits for new employees that has been determined to be among  
24 the least expensive public employee retirement schemes in the  
25 country. It can be argued that the new package of pension  
26 benefits has placed government employers at a competitive

1 disadvantage, and our public universities, which are vital  
2 educational and economic institutions, have been exposed to a  
3 significant risk.

4 In the spring of 2012, the General Assembly made  
5 significant reductions to the Medicaid program in Public Acts  
6 97-687, 97-688, 97-689, 97-690, and 97-691, a series of reforms  
7 to the Medicaid program that is projected to reduce State debt  
8 by decreasing services, increasing the rate of taxation of  
9 tobacco purchases, and accessing available federal funds. The  
10 reductions include the elimination of a prescription drug  
11 program for low to middle income seniors, provider rate cuts,  
12 elimination of health care for adults whose families make above  
13 133% of the federal poverty limit (\$31,322 for a family of  
14 four), elimination of restorative dental treatments for adults  
15 covered by Medicaid, and utilization limits on all remaining  
16 services covered by Medicaid. While the Medicaid reforms will  
17 result in savings for the State, these reforms have resulted in  
18 the denial of crucial health care to hundreds of thousands of  
19 needy citizens, threatening to further destabilize an  
20 already-troubled safety net.

21 The General Assembly took significant steps to reduce the  
22 cost of current and retired employee health care costs. With  
23 Public Act 97-695, the General Assembly eliminated provisions  
24 that require that retired state employees with more than 20  
25 years of service receive a 100% premium subsidy for retiree  
26 health care coverage after 20 years of service. Beginning with

1 Fiscal Year 2014, State employees will be required to  
2 contribute significantly more toward healthcare premiums,  
3 copays, and deductibles. However, the backlog of payments to  
4 providers is estimated to be nearly \$1.8 billion at the end of  
5 Fiscal Year 2013, and providers will continue to experience a  
6 delayed payment cycle.

7 Notwithstanding these and many other steps and their major  
8 fiscal, economic, and human impact, the fiscal situation in  
9 Illinois continues to deteriorate. Cuts as well as the  
10 inability to pay bills due and owing have had a significant  
11 impact on each branch of government, units of local government,  
12 social service providers, and other vendors.

13 Two-thirds of Illinois school districts are deficit  
14 spending, even after layoffs and programmatic reductions. For  
15 Fiscal Year 2013, General State Aid payments to school  
16 districts are currently being prorated at 89% of the calculated  
17 amount. For Fiscal Year 2014, the Governor's introduced level  
18 of General State Aid payments would result in a proration of  
19 82%.

20 Cuts to the budget of the Department of Corrections have  
21 resulted in the closing of two major prisons and three Adult  
22 Transitional Centers. Similarly, the Department of Juvenile  
23 Justice was forced to close two youth centers. Funding for  
24 probation services to help break the cycle of recidivism and  
25 improve public safety has steadily declined over the past 5  
26 years due to the fiscal strain on the state budget.

1           Consequently, the coming months and years will necessarily  
2 see much more action by the State to achieve fiscal  
3 stabilization. If these steps toward fiscal stabilization do  
4 not include pension reform to restrain the growth of the annual  
5 pension payment, the result will be devastating and dramatic  
6 cuts to education, public safety, human services, and  
7 transportation. The impact of such actions on the Illinois  
8 economy, and on the health, safety, welfare, and educational  
9 development of the people, would likely be extremely severe.  
10 This harm could include significant economic contraction,  
11 which would in turn exacerbate the underlying fiscal challenge.

12           The General Assembly has held numerous hearings and  
13 reviewed hundreds of documents detailing the State's pension  
14 liability problem, probable solutions, and constitutional  
15 issues with proposed reform. Given that and all of the above:

16           The General Assembly finds that the fiscal crisis in the  
17 State of Illinois jeopardizes the health, safety, and welfare  
18 of the people and compromises the ability to maintain a  
19 representative and orderly government.

20           The General Assembly finds that the pension liability is so  
21 great, and the State's fiscal condition is so challenged, that  
22 it is doubtful whether any set of actions by the State that do  
23 not include substantial reforms to its pension systems can  
24 result in the full payment of all promised benefits.

25           The General Assembly finds that in order to truly solve the  
26 State's pension problem, a reform measure must render the

1 pension liability affordable on an actuarially sound funding  
2 schedule, and it must commit the State to maintaining this  
3 schedule.

4 The General Assembly finds that the reforms in this  
5 amendatory Act of the 98th General Assembly are necessary to  
6 address the fiscal crisis without incurring further severe and  
7 irreparable harm to the public welfare.

8 The General Assembly finds that this amendatory Act of the  
9 98th General Assembly constitutes the substantial reform of the  
10 State's pension systems that, along with a series of further  
11 steps toward fiscal stabilization, will enable the State to  
12 credibly promise the full and timely payment of all pension  
13 benefits without incurring unacceptable harm to other areas of  
14 State interest.

15 The General Assembly finds that this amendatory Act of the  
16 98th General Assembly, with its significant cost-savings, its  
17 institution of an actuarially accepted payment schedule, and  
18 its historic funding commitment, is reasonable and necessary in  
19 order to meet these goals and solve the State's pension  
20 problem.

21 Section 3. The Illinois Public Labor Relations Act is  
22 amended by changing Sections 4 and 15 and adding Section 7.5 as  
23 follows:

24 (5 ILCS 315/4) (from Ch. 48, par. 1604)

1           Sec. 4. Management Rights. Employers shall not be required  
2 to bargain over matters of inherent managerial policy, which  
3 shall include such areas of discretion or policy as the  
4 functions of the employer, standards of services, its overall  
5 budget, the organizational structure and selection of new  
6 employees, examination techniques and direction of employees.  
7 Employers, however, shall be required to bargain collectively  
8 with regard to policy matters directly affecting wages, hours  
9 and terms and conditions of employment as well as the impact  
10 thereon upon request by employee representatives, except as  
11 provided in Section 7.5.

12           To preserve the rights of employers and exclusive  
13 representatives which have established collective bargaining  
14 relationships or negotiated collective bargaining agreements  
15 prior to the effective date of this Act, employers shall be  
16 required to bargain collectively with regard to any matter  
17 concerning wages, hours or conditions of employment about which  
18 they have bargained for and agreed to in a collective  
19 bargaining agreement prior to the effective date of this Act, and  
20 except as provided in Section 7.5.

21           The chief judge of the judicial circuit that employs a  
22 public employee who is a court reporter, as defined in the  
23 Court Reporters Act, has the authority to hire, appoint,  
24 promote, evaluate, discipline, and discharge court reporters  
25 within that judicial circuit.

26           Nothing in this amendatory Act of the 94th General Assembly

1 shall be construed to intrude upon the judicial functions of  
2 any court. This amendatory Act of the 94th General Assembly  
3 applies only to nonjudicial administrative matters relating to  
4 the collective bargaining rights of court reporters.

5 (Source: P.A. 94-98, eff. 7-1-05.)

6 (5 ILCS 315/7.5 new)

7 Sec. 7.5. Duty to bargain regarding pension amendments.  
8 Notwithstanding any other provision of this Act, employers  
9 shall not be required to bargain over matters affected by the  
10 changes, the impact of changes, and the implementation of  
11 changes made to Article 14, 15, or 16 of the Illinois Pension  
12 Code, or to Article 1 of that Code as it applies to those  
13 Articles, by this amendatory Act of the 98th General Assembly  
14 or over any other provision of Article 14, 15, or 16 of the  
15 Illinois Pension Code, or of Article 1 of that Code as it  
16 applies to those Articles, which are prohibited subjects of  
17 bargaining; nor shall the changes, the impact of changes, or  
18 the implementation of changes made to Article 14, 15, or 16 of  
19 the Illinois Pension Code, or to Article 1 of that Code as it  
20 applies to those Articles, by this amendatory Act of the 98th  
21 General Assembly or any other provision of Article 14, 15, or  
22 16 of the Illinois Pension Code, or of Article 1 of that Code  
23 as it applies to those Articles, be subject to interest  
24 arbitration or any award issued pursuant to interest  
25 arbitration. The provisions of this Section shall not apply to



1 an employment contract or collective bargaining agreement that  
2 is in effect on the effective date of this amendatory Act of  
3 the 98th General Assembly and has not been amended, renewed, or  
4 terminated after that date.

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

8 (5 ILCS 315/15) (from Ch. 48, par. 1615)

9 Sec. 15. Act Takes Precedence.

10 (a) In case of any conflict between the provisions of this  
11 Act and any other law (other than Section 5 of the State  
12 Employees Group Insurance Act of 1971 and other than the  
13 changes made to the Illinois Pension Code by Public Act 96-889  
14 and other than as provided in Section 7.5 ~~this amendatory Act~~  
15 ~~of the 96th General Assembly~~), executive order or  
16 administrative regulation relating to wages, hours and  
17 conditions of employment and employment relations, the  
18 provisions of this Act or any collective bargaining agreement  
19 negotiated thereunder shall prevail and control. Nothing in  
20 this Act shall be construed to replace or diminish the rights  
21 of employees established by Sections 28 and 28a of the  
22 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
23 of the Regional Transportation Authority Act. The provisions of  
24 this Act are subject to Section 7.5 of this Act and Section 5  
25 of the State Employees Group Insurance Act of 1971. Nothing in

1 this Act shall be construed to replace the necessity of  
2 complaints against a sworn peace officer, as defined in Section  
3 2(a) of the Uniform Peace Officer Disciplinary Act, from having  
4 a complaint supported by a sworn affidavit.

5 (b) Except as provided in subsection (a) above, any  
6 collective bargaining contract between a public employer and a  
7 labor organization executed pursuant to this Act shall  
8 supersede any contrary statutes, charters, ordinances, rules  
9 or regulations relating to wages, hours and conditions of  
10 employment and employment relations adopted by the public  
11 employer or its agents. Any collective bargaining agreement  
12 entered into prior to the effective date of this Act shall  
13 remain in full force during its duration.

14 (c) It is the public policy of this State, pursuant to  
15 paragraphs (h) and (i) of Section 6 of Article VII of the  
16 Illinois Constitution, that the provisions of this Act are the  
17 exclusive exercise by the State of powers and functions which  
18 might otherwise be exercised by home rule units. Such powers  
19 and functions may not be exercised concurrently, either  
20 directly or indirectly, by any unit of local government,  
21 including any home rule unit, except as otherwise authorized by  
22 this Act.

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

24 Section 5. The Governor's Office of Management and Budget  
25 Act is amended by changing Sections 7 and 8 as follows:

1 (20 ILCS 3005/7) (from Ch. 127, par. 417)

2 Sec. 7. All statements and estimates of expenditures  
3 submitted to the Office in connection with the preparation of a  
4 State budget, and any other estimates of expenditures,  
5 supporting requests for appropriations, shall be formulated  
6 according to the various functions and activities for which the  
7 respective department, office or institution of the State  
8 government (including the elective officers in the executive  
9 department and including the University of Illinois and the  
10 judicial department) is responsible. All such statements and  
11 estimates of expenditures relating to a particular function or  
12 activity shall be further formulated or subject to analysis in  
13 accordance with the following classification of objects:

14 (1) Personal services

15 (2) State contribution for employee group insurance

16 (3) Contractual services

17 (4) Travel

18 (5) Commodities

19 (6) Equipment

20 (7) Permanent improvements

21 (8) Land

22 (9) Electronic Data Processing

23 (10) Telecommunication services

24 (11) Operation of Automotive Equipment

25 (12) Contingencies

- 1 (13) Reserve  
2 (14) Interest  
3 (15) Awards and Grants  
4 (16) Debt Retirement  
5 (17) Non-cost Charges-  
6 (18) State retirement contribution for annual normal cost  
7 (19) State retirement contribution for unfunded accrued  
8 liability.  
9 (Source: P.A. 93-25, eff. 6-20-03.)

10 (20 ILCS 3005/8) (from Ch. 127, par. 418)

11 Sec. 8. When used in connection with a State budget or  
12 expenditure or estimate, items (1) through (16) in the  
13 classification of objects stated in Section 7 shall have the  
14 meanings ascribed to those items in Sections 14 through 24.7,  
15 respectively, of the State Finance Act. ~~"An Act in relation to~~  
16 ~~State finance", approved June 10, 1919, as amended.~~

17 When used in connection with a State budget or expenditure  
18 or estimate, items (18) and (19) in the classification of  
19 objects stated in Section 7 shall have the meanings ascribed to  
20 those items in Sections 24.12 and 24.13, respectively, of the  
21 State Finance Act.

22 (Source: P.A. 82-325.)

23 Section 10. The State Finance Act is amended by changing  
24 Section 13 and by adding Sections 24.12 and 24.13 as follows:

1 (30 ILCS 105/13) (from Ch. 127, par. 149)

2 Sec. 13. The objects and purposes for which appropriations  
3 are made are classified and standardized by items as follows:

4 (1) Personal services;

5 (2) State contribution for employee group insurance;

6 (3) Contractual services;

7 (4) Travel;

8 (5) Commodities;

9 (6) Equipment;

10 (7) Permanent improvements;

11 (8) Land;

12 (9) Electronic Data Processing;

13 (10) Operation of automotive equipment;

14 (11) Telecommunications services;

15 (12) Contingencies;

16 (13) Reserve;

17 (14) Interest;

18 (15) Awards and Grants;

19 (16) Debt Retirement;

20 (17) Non-Cost Charges;

21 (18) State retirement contribution for annual normal cost;

22 (19) State retirement contribution for unfunded accrued  
23 liability;

24 (20) ~~(18)~~ Purchase Contract for Real Estate.

25 When an appropriation is made to an officer, department,

1 institution, board, commission or other agency, or to a private  
2 association or corporation, in one or more of the items above  
3 specified, such appropriation shall be construed in accordance  
4 with the definitions and limitations specified in this Act,  
5 unless the appropriation act otherwise provides.

6 An appropriation for a purpose other than one specified and  
7 defined in this Act may be made only as an additional, separate  
8 and distinct item, specifically stating the object and purpose  
9 thereof.

10 (Source: P.A. 84-263; 84-264.)

11 (30 ILCS 105/24.12 new)

12 Sec. 24.12. "State retirement contribution for annual  
13 normal cost" defined. The term "State retirement contribution  
14 for annual normal cost" means the portion of the total required  
15 State contribution to a retirement system for a fiscal year  
16 that represents the State's portion of the System's projected  
17 normal cost for that fiscal year, as determined and certified  
18 by the board of trustees of the retirement system in  
19 conformance with the applicable provisions of the Illinois  
20 Pension Code.

21 (30 ILCS 105/24.13 new)

22 Sec. 24.13. "State retirement contribution for unfunded  
23 accrued liability" defined. The term "State retirement  
24 contribution for unfunded accrued liability" means the portion

1 of the total required State contribution to a retirement system  
2 for a fiscal year that is not included in the State retirement  
3 contribution for annual normal cost.

4 Section 15. The Budget Stabilization Act is amended by  
5 changing Sections 20 and 25 as follows:

6 (30 ILCS 122/20)

7 Sec. 20. Pension Stabilization Fund.

8 (a) The Pension Stabilization Fund is hereby created as a  
9 special fund in the State treasury. Moneys in the fund shall be  
10 used for the sole purpose of making payments to the designated  
11 retirement systems as provided in Section 25.

12 (b) For each fiscal year when the General Assembly's  
13 appropriations and transfers or diversions as required by law  
14 from general funds do not exceed 99% of the estimated general  
15 funds revenues pursuant to subsection (a) of Section 10, the  
16 Comptroller shall transfer from the General Revenue Fund as  
17 provided by this Section a total amount equal to 0.5% of the  
18 estimated general funds revenues to the Pension Stabilization  
19 Fund.

20 (c) For each fiscal year through State fiscal year 2014,  
21 when the General Assembly's appropriations and transfers or  
22 diversions as required by law from general funds do not exceed  
23 98% of the estimated general funds revenues pursuant to  
24 subsection (b) of Section 10, the Comptroller shall transfer

1 from the General Revenue Fund as provided by this Section a  
2 total amount equal to 1.0% of the estimated general funds  
3 revenues to the Pension Stabilization Fund.

4 (c-10) In State fiscal year 2020 and each fiscal year  
5 thereafter until terminated under subsection (c-15), the State  
6 Comptroller shall order transferred and the State Treasurer  
7 shall transfer \$1,000,000,000 from the General Revenue Fund to  
8 the Pension Stabilization Fund.

9 (c-15) The transfers made pursuant to subsection (c-10) of  
10 this Section shall terminate at the end of State fiscal year  
11 2045 or when each of the designated retirement systems, as  
12 defined in Section 25, has achieved the funding ratio  
13 prescribed by law for that retirement system, whichever occurs  
14 first.

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

22 Until State fiscal year 2015, before ~~Before~~ the final  
23 transfer for a fiscal year is made, the Comptroller shall  
24 reconcile the estimated general funds revenues used in  
25 calculating the other transfers under this Section for that  
26 fiscal year with the actual general funds revenues for that



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

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

10 (30 ILCS 122/25)

11 Sec. 25. Transfers from the Pension Stabilization Fund.

12 (a) As used in this Section, "designated retirement  
13 systems" means:

14 (1) the State Employees' Retirement System of  
15 Illinois;

16 (2) the Teachers' Retirement System of the State of  
17 Illinois;

18 (3) the State Universities Retirement System;

19 (4) the Judges Retirement System of Illinois; and

20 (5) the General Assembly Retirement System.

21 (b) As soon as may be practical after any money is  
22 deposited into the Pension Stabilization Fund, the State  
23 Comptroller shall apportion the deposited amount among the  
24 designated retirement systems and the State Comptroller and  
25 State Treasurer shall pay the apportioned amounts to the

1 designated retirement systems. The amount deposited shall be  
2 apportioned among the designated retirement systems in the same  
3 proportion as their respective portions of the total actuarial  
4 reserve deficiency of the designated retirement systems, as  
5 most recently determined by the Governor's Office of Management  
6 and Budget. Amounts received by a designated retirement system  
7 under this Section shall be used for funding the unfunded  
8 liabilities of the retirement system. Payments under this  
9 Section are authorized by the continuing appropriation under  
10 Section 1.7 of the State Pension Funds Continuing Appropriation  
11 Act.

12 (c) At the request of the State Comptroller, the Governor's  
13 Office of Management and Budget shall determine the individual  
14 and total actuarial reserve deficiencies of the designated  
15 retirement systems. For this purpose, the Governor's Office of  
16 Management and Budget shall consider the latest available audit  
17 and actuarial reports of each of the retirement systems and the  
18 relevant reports and statistics of the Public Pension Division  
19 of the Department of Financial and Professional Regulation.

20 (d) Payments to the designated retirement systems under  
21 this Section shall be in addition to, and not in lieu of, any  
22 State contributions required under Section 2-124, 14-131,  
23 15-155, 16-158, or 18-131 of the Illinois Pension Code.

24 Payments to the designated retirement systems under this  
25 Section, transferred after the effective date of this  
26 amendatory Act of the 98th General Assembly, do not reduce and

1 do not constitute payment of any portion of the required State  
2 contribution under Article 2, 14, 15, 16, or 18 of the Illinois  
3 Pension Code in that fiscal year. Such amounts shall not  
4 reduce, and shall not be included in the calculation of, the  
5 required State contribution under Article 2, 14, 15, 16, or 18  
6 of the Illinois Pension Code in any future year, until the  
7 designated retirement system has received payment of  
8 contributions pursuant to this Act.

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

10 Section 20. The Illinois Pension Code is amended by  
11 changing Sections 1-103.3, 2-108, 2-108.1, 2-119, 2-119.1,  
12 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 7-109, 7-114,  
13 7-116, 7-139, 9-219, 9-220, 14-103.10, 14-104.3, 14-106,  
14 14-107, 14-108, 14-110, 14-114, 14-131, 14-132, 14-133,  
15 14-135.08, 14-152.1, 15-106, 15-107, 15-111, 15-112, 15-113.4,  
16 15-113.7, 15-125, 15-135, 15-136, 15-155, 15-156, 15-157,  
17 15-165, 15-198, 16-106, 16-121, 16-127, 16-132, 16-133,  
18 16-133.1, 16-152, 16-158, 16-158.1, 16-203, 17-116, and 17-134  
19 and by adding Sections 2-105.1, 2-105.2, 2-126.5, 14-103.40,  
20 14-103.41, 14-133.5 15-107.1, 15-107.2, 15-157.5, 16-106.4,  
21 16-106.5, 16-152.5, and 16-158.2 as follows:

22 (40 ILCS 5/1-103.3)

23 Sec. 1-103.3. Application of 1994 amendment; funding  
24 standard.

1 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
2 ~~of 1994~~ that change the method of calculating, certifying, and  
3 paying the required State contributions to the retirement  
4 systems established under Articles 2, 14, 15, 16, and 18 shall  
5 first apply to the State contributions required for State  
6 fiscal year 1996.

7 (b) (Blank) ~~The General Assembly declares that a funding~~  
8 ~~ratio (the ratio of a retirement system's total assets to its~~  
9 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
10 ~~State-funded retirement systems in Illinois, and it finds that~~  
11 ~~a funding ratio of 90% is now the generally recognized norm~~  
12 ~~throughout the nation for public employee retirement systems~~  
13 ~~that are considered to be financially secure and funded in an~~  
14 ~~appropriate and responsible manner.~~

15 (c) Every 5 years, beginning in 1999, the Commission on  
16 Government Forecasting and Accountability, in consultation  
17 with the affected retirement systems and the Governor's Office  
18 of Management and Budget (formerly Bureau of the Budget), shall  
19 consider and determine whether the funding goals ~~90% funding~~  
20 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
21 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
22 funding goals ~~goal~~ for those ~~State-funded~~ retirement systems ~~in~~  
23 ~~Illinois~~, and it shall report its findings and recommendations  
24 on this subject to the Governor and the General Assembly.

25 (Source: P.A. 93-1067, eff. 1-15-05.)

1 (40 ILCS 5/2-105.1 new)

2 Sec. 2-105.1. Tier I participant. "Tier I participant": A  
3 participant who first became a participant before January 1,  
4 2011.

5 (40 ILCS 5/2-105.2 new)

6 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a  
7 former Tier I participant who is receiving a retirement  
8 annuity.

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

10 Sec. 2-108. Salary. "Salary": (1) For members of the  
11 General Assembly, the total compensation paid to the member by  
12 the State for one year of service, including the additional  
13 amounts, if any, paid to the member as an officer pursuant to  
14 Section 1 of "An Act in relation to the compensation and  
15 emoluments of the members of the General Assembly", approved  
16 December 6, 1907, as now or hereafter amended.

17 (2) For the State executive officers specified in Section  
18 2-105, the total compensation paid to the member for one year  
19 of service.

20 (3) For members of the System who are participants under  
21 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
22 of the House of Representatives or Secretary or Assistant  
23 Secretary of the Senate, the total compensation paid to the  
24 member for one year of service, but not to exceed the salary of

1 the highest salaried officer of the General Assembly.

2 However, in the event that federal law results in any  
3 participant receiving imputed income based on the value of  
4 group term life insurance provided by the State, such imputed  
5 income shall not be included in salary for the purposes of this  
6 Article.

7 Notwithstanding any other provision of this Code, the  
8 salary of a participant for the purposes of this Code shall not  
9 exceed, for periods of service in a term of office beginning on  
10 or after the effective date of this amendatory Act of the 98th  
11 General Assembly, the greater of (i) the limitation determined  
12 from time to time under subsection (b-5) of Section 1-160 of  
13 this Code for persons subject to that Section or (ii) the  
14 annual salary of the participant during the 365 days  
15 immediately preceding that effective date.

16

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

18 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

19 Sec. 2-108.1. Highest salary for annuity purposes.

20 (a) "Highest salary for annuity purposes" means whichever  
21 of the following is applicable to the participant:

22 Except as otherwise provided below, for ~~For~~ a participant  
23 who first becomes a participant of this System before August  
24 10, 2009 (the effective date of Public Act 96-207):

25 (1) For a participant who is a member of the General

1 Assembly on his or her last day of service: the highest  
2 salary that is prescribed by law, on the participant's last  
3 day of service, for a member of the General Assembly who is  
4 not an officer; plus, if the participant was elected or  
5 appointed to serve as an officer of the General Assembly  
6 for 2 or more years and has made contributions as required  
7 under subsection (d) of Section 2-126, the highest  
8 additional amount of compensation prescribed by law, at the  
9 time of the participant's service as an officer, for  
10 members of the General Assembly who serve in that office.

11 (2) For a participant who holds one of the State  
12 executive offices specified in Section 2-105 on his or her  
13 last day of service: the highest salary prescribed by law  
14 for service in that office on the participant's last day of  
15 service.

16 (3) For a participant who is Clerk or Assistant Clerk  
17 of the House of Representatives or Secretary or Assistant  
18 Secretary of the Senate on his or her last day of service:  
19 the salary received for service in that capacity on the  
20 last day of service, but not to exceed the highest salary  
21 (including additional compensation for service as an  
22 officer) that is prescribed by law on the participant's  
23 last day of service for the highest paid officer of the  
24 General Assembly.

25 (4) For a participant who is a continuing participant  
26 under Section 2-117.1 on his or her last day of service:

1 the salary received for service in that capacity on the  
2 last day of service, but not to exceed the highest salary  
3 (including additional compensation for service as an  
4 officer) that is prescribed by law on the participant's  
5 last day of service for the highest paid officer of the  
6 General Assembly.

7 Except as otherwise provided below, for ~~For~~ a participant  
8 who first becomes a participant of this System on or after  
9 August 10, 2009 (the effective date of Public Act 96-207) and  
10 before January 1, 2011 (the effective date of Public Act  
11 96-889), the average monthly salary obtained by dividing the  
12 total salary of the participant during the period of: (1) the  
13 48 consecutive months of service within the last 120 months of  
14 service in which the total compensation was the highest, or (2)  
15 the total period of service, if less than 48 months, by the  
16 number of months of service in that period.

17 Except as otherwise provided below, for ~~For~~ a participant  
18 who first becomes a participant of this System on or after  
19 January 1, 2011 (the effective date of Public Act 96-889), the  
20 average monthly salary obtained by dividing the total salary of  
21 the participant during the 96 consecutive months of service  
22 within the last 120 months of service in which the total  
23 compensation was the highest by the number of months of service  
24 in that period; however, for periods of service in a term of  
25 office beginning on or after January 1, 2011 and before the  
26 effective date of this amendatory Act of the 98th General



1 Assembly, the highest salary for annuity purposes may not  
2 exceed \$106,800, except that that amount shall annually  
3 thereafter be increased by the lesser of (i) 3% of that amount,  
4 including all previous adjustments, or (ii) the annual  
5 unadjusted percentage increase (but not less than zero) in the  
6 consumer price index-u for the 12 months ending with the  
7 September preceding each November 1. "Consumer price index-u"  
8 means the index published by the Bureau of Labor Statistics of  
9 the United States Department of Labor that measures the average  
10 change in prices of goods and services purchased by all urban  
11 consumers, United States city average, all items, 1982-84 =  
12 100. The new amount resulting from each annual adjustment shall  
13 be determined by the Public Pension Division of the Department  
14 of Insurance and made available to the Board by November 1 of  
15 each year until there is no longer any such participant who is  
16 in service in a term of office that began before the effective  
17 date of this amendatory Act of the 98th General Assembly.

18 Notwithstanding any other provision of this Section, in  
19 determining the highest salary for annuity purposes of a  
20 participant who is in service in a term of office beginning on  
21 or after the effective date of this amendatory Act of the 98th  
22 General Assembly, the participant's salary for periods of  
23 service in a term of office beginning on or after that  
24 effective date shall not exceed the greater of (i) the  
25 limitation on salary determined from time to time under  
26 subsection (b-5) of Section 1-160 of this Code for persons

1 subject to that Section or (ii) the annual salary of the  
2 participant during the 365 days immediately preceding that  
3 effective date.

4 (b) The earnings limitations of subsection (a) apply to  
5 earnings under any other participating system under the  
6 Retirement Systems Reciprocal Act that are considered in  
7 calculating a proportional annuity under this Article, except  
8 in the case of a person who first became a member of this  
9 System before August 22, 1994 and has not, on or after the  
10 effective date of this amendatory Act of the 97th General  
11 Assembly, irrevocably elected to have those limitations apply.  
12 The limitations of subsection (a) shall apply, however, to  
13 earnings under any other participating system under the  
14 Retirement Systems Reciprocal Act that are considered in  
15 calculating the proportional annuity of a person who first  
16 became a member of this System before August 22, 1994 if, on or  
17 after the effective date of this amendatory Act of the 97th  
18 General Assembly, that member irrevocably elects to have those  
19 limitations apply.

20 (c) In calculating the subsection (a) earnings limitation  
21 to be applied to earnings under any other participating system  
22 under the Retirement Systems Reciprocal Act for the purpose of  
23 calculating a proportional annuity under this Article, the  
24 participant's last day of service shall be deemed to mean the  
25 last day of service in any participating system from which the  
26 person has applied for a proportional annuity under the

1 Retirement Systems Reciprocal Act.

2 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;  
3 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

4 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

5 Sec. 2-119. Retirement annuity - conditions for  
6 eligibility.

7 (a) A participant whose service as a member is terminated,  
8 regardless of age or cause, is entitled to a retirement annuity  
9 beginning on the date specified by the participant in a written  
10 application subject to the following conditions:

11 1. The date the annuity begins does not precede the  
12 date of final termination of service, or is not more than  
13 30 days before the receipt of the application by the board  
14 in the case of annuities based on disability or one year  
15 before the receipt of the application in the case of  
16 annuities based on attained age;

17 2. The participant meets one of the following  
18 eligibility requirements:

19 For a participant who first becomes a participant of  
20 this System before January 1, 2011 (the effective date of  
21 Public Act 96-889):

22 (A) He or she has attained age 55 and has at least  
23 8 years of service credit;

24 (B) He or she has attained age 62 and terminated  
25 service after July 1, 1971 with at least 4 years of

1 service credit; or

2 (C) He or she has completed 8 years of service and  
3 has become permanently disabled and as a consequence,  
4 is unable to perform the duties of his or her office.

5 For a participant who first becomes a participant of  
6 this System on or after January 1, 2011 (the effective date  
7 of Public Act 96-889), he or she has attained age 67 and  
8 has at least 8 years of service credit.

9 (a-5) Notwithstanding subsection (a) of this Section, for a  
10 Tier I participant who begins receiving a retirement annuity  
11 under this Section on or after July 1, 2014:

12 (1) If the Tier I participant is at least 45 years old  
13 on the effective date of this amendatory Act of the 98th  
14 General Assembly, then the references to age 55 and 62 in  
15 subsection (a) of this Section remain unchanged.

16 (2) If the Tier I participant is at least 40 but less  
17 than 45 years old on the effective date of this amendatory  
18 Act of the 98th General Assembly, then the references to  
19 age 55 and 62 in subsection (a) of this Section are  
20 increased by one year.

21 (3) If the Tier I participant is at least 35 but less  
22 than 40 years old on the effective date of this amendatory  
23 Act of the 98th General Assembly, then the references to  
24 age 55 and 62 in subsection (a) of this Section are  
25 increased by 3 years.

26 (4) If the Tier I participant is less than 35 years old

1       on the effective date of this amendatory Act of the 98th  
2       General Assembly, then the references to age 55 and 62 in  
3       subsection (a) of this Section are increased by 5 years.

4       Notwithstanding Section 1-103.1, this subsection (a-5)  
5       applies without regard to whether or not the Tier I member is  
6       in active service under this Article on or after the effective  
7       date of this amendatory Act of the 98th General Assembly.

8           (a-5) A participant who first becomes a participant of this  
9       System on or after January 1, 2011 (the effective date of  
10      Public Act 96-889) who has attained age 62 and has at least 8  
11      years of service credit may elect to receive the lower  
12      retirement annuity provided in paragraph (c) of Section  
13      2-119.01 of this Code.

14          (b) A participant shall be considered permanently disabled  
15      only if: (1) disability occurs while in service and is of such  
16      a nature as to prevent him or her from reasonably performing  
17      the duties of his or her office at the time; and (2) the board  
18      has received a written certificate by at least 2 licensed  
19      physicians appointed by the board stating that the member is  
20      disabled and that the disability is likely to be permanent.

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

22           (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

24           (a) Except as provided in subsections (a-1) and (a-2), a A  
25      participant who retires after June 30, 1967, and who has not

1 received an initial increase under this Section before the  
2 effective date of this amendatory Act of 1991, shall, in  
3 January or July next following the first anniversary of  
4 retirement, whichever occurs first, and in the same month of  
5 each year thereafter, but in no event prior to age 60, have the  
6 amount of the originally granted retirement annuity increased  
7 as follows: for each year through 1971, 1 1/2%; for each year  
8 from 1972 through 1979, 2%; and for 1980 and each year  
9 thereafter, 3%. Annuitants who have received an initial  
10 increase under this subsection prior to the effective date of  
11 this amendatory Act of 1991 shall continue to receive their  
12 annual increases in the same month as the initial increase.

13 (a-1) Notwithstanding any other provision of this Article,  
14 for a Tier I retiree, the amount of each automatic annual  
15 increase in retirement annuity occurring on or after the  
16 effective date of this amendatory Act of the 98th General  
17 Assembly shall be 3% of the lesser of (1) the total annuity  
18 payable at the time of the increase, including previous  
19 increases granted, or (2) \$1,000 multiplied by the number of  
20 years of creditable service upon which the annuity is based.

21 (a-2) Notwithstanding any other provision of this Article,  
22 for a Tier I retiree, the monthly retirement annuity shall  
23 first be subject to annual increases on the January 1 occurring  
24 on or next after the attainment of age 67 or the January 1  
25 occurring on or next after the fifth anniversary of the annuity  
26 start date, whichever occurs earlier. If on the effective date

1 of this amendatory Act of the 98th General Assembly a Tier I  
2 retiree has already received an annual increase under this  
3 Section but does not yet meet the new eligibility requirements  
4 of this subsection, the annual increases already received shall  
5 continue in force, but no additional annual increase shall be  
6 granted until the Tier I retiree meets the new eligibility  
7 requirements.

8 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
9 and (a-2) apply without regard to whether or not the Tier I  
10 retiree is in active service under this Article on or after the  
11 effective date of this amendatory Act of the 98th General  
12 Assembly.

13 (b) Beginning January 1, 1990, for eligible participants  
14 who remain in service after attaining 20 years of creditable  
15 service, the 3% increases provided under subsection (a) shall  
16 begin to accrue on the January 1 next following the date upon  
17 which the participant (1) attains age 55, or (2) attains 20  
18 years of creditable service, whichever occurs later, and shall  
19 continue to accrue while the participant remains in service;  
20 such increases shall become payable on January 1 or July 1,  
21 whichever occurs first, next following the first anniversary of  
22 retirement. For any person who has service credit in the System  
23 for the entire period from January 15, 1969 through December  
24 31, 1992, regardless of the date of termination of service, the  
25 reference to age 55 in clause (1) of this subsection (b) shall  
26 be deemed to mean age 50.

1           This subsection (b) does not apply to any person who first  
2 becomes a member of the System after August 8, 2003 (the  
3 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
4 ~~93rd General Assembly.~~

5           (b-5) Notwithstanding any other provision of this Article,  
6 a participant who first becomes a participant on or after  
7 January 1, 2011 (the effective date of Public Act 96-889)  
8 shall, in January or July next following the first anniversary  
9 of retirement, whichever occurs first, and in the same month of  
10 each year thereafter, but in no event prior to age 67, have the  
11 amount of the originally granted retirement annuity ~~then being~~  
12 ~~paid~~ increased by 3% or one-half the annual unadjusted  
13 percentage increase in the Consumer Price Index for All Urban  
14 Consumers as determined by the Public Pension Division of the  
15 Department of Insurance under subsection (b-5) ~~(a)~~ of Section  
16 1-160 2-108.1, whichever is less. The changes made to this  
17 subsection by this amendatory Act of the 98th General Assembly  
18 do not apply to any automatic annual increase granted under  
19 this subsection (b-5) before the effective date of this  
20 amendatory Act.

21           (c) The foregoing provisions relating to automatic  
22 increases are not applicable to a participant who retires  
23 before having made contributions (at the rate prescribed in  
24 Section 2-126) for automatic increases for less than the  
25 equivalent of one full year. However, in order to be eligible  
26 for the automatic increases, such a participant may make



1 arrangements to pay to the system the amount required to bring  
2 the total contributions for the automatic increase to the  
3 equivalent of one year's contributions based upon his or her  
4 last salary.

5 (d) A participant who terminated service prior to July 1,  
6 1967, with at least 14 years of service is entitled to an  
7 increase in retirement annuity beginning January, 1976, and to  
8 additional increases in January of each year thereafter.

9 The initial increase shall be 1 1/2% of the originally  
10 granted retirement annuity multiplied by the number of full  
11 years that the annuitant was in receipt of such annuity prior  
12 to January 1, 1972, plus 2% of the originally granted  
13 retirement annuity for each year after that date. The  
14 subsequent annual increases shall be at the rate of 2% of the  
15 originally granted retirement annuity for each year through  
16 1979 and at the rate of 3% for 1980 and thereafter.

17 (e) Beginning January 1, 1990, all automatic annual  
18 increases payable under this Section shall be calculated as a  
19 percentage of the total annuity payable at the time of the  
20 increase, including previous increases granted under this  
21 Article.

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

23 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

24 Sec. 2-121.1. Survivor's annuity - amount.

25 (a) A surviving spouse shall be entitled to 66 2/3% of the

1 amount of retirement annuity to which the participant or  
2 annuitant was entitled on the date of death, without regard to  
3 whether the participant had attained age 55 prior to his or her  
4 death, subject to a minimum payment of 10% of salary. If a  
5 surviving spouse, regardless of age, has in his or her care at  
6 the date of death any eligible child or children of the  
7 participant, the survivor's annuity shall be the greater of the  
8 following: (1)  $66 \frac{2}{3}\%$  of the amount of retirement annuity to  
9 which the participant or annuitant was entitled on the date of  
10 death, or (2) 30% of the participant's salary increased by 10%  
11 of salary on account of each such child, subject to a total  
12 payment for the surviving spouse and children of 50% of salary.  
13 If eligible children survive but there is no surviving spouse,  
14 or if the surviving spouse dies or becomes disqualified by  
15 remarriage while eligible children survive, each eligible  
16 child shall be entitled to an annuity of 20% of salary, subject  
17 to a maximum total payment for all such children of 50% of  
18 salary.

19 However, the survivor's annuity payable under this Section  
20 shall not be less than 100% of the amount of retirement annuity  
21 to which the participant or annuitant was entitled on the date  
22 of death, if he or she is survived by a dependent disabled  
23 child.

24 The salary to be used for determining these benefits shall  
25 be the salary used for determining the amount of retirement  
26 annuity as provided in Section 2-119.01.

1           (b) Upon the death of a participant after the termination  
2 of service or upon death of an annuitant, the maximum total  
3 payment to a surviving spouse and eligible children, or to  
4 eligible children alone if there is no surviving spouse, shall  
5 be 75% of the retirement annuity to which the participant or  
6 annuitant was entitled, unless there is a dependent disabled  
7 child among the survivors.

8           (c) When a child ceases to be an eligible child, the  
9 annuity to that child, or to the surviving spouse on account of  
10 that child, shall thereupon cease, and the annuity payable to  
11 the surviving spouse or other eligible children shall be  
12 recalculated if necessary.

13           Upon the ineligibility of the last eligible child, the  
14 annuity shall immediately revert to the amount payable upon  
15 death of a participant or annuitant who leaves no eligible  
16 children. If the surviving spouse is then under age 50, the  
17 annuity as revised shall be deferred until the attainment of  
18 age 50.

19           (d) Beginning January 1, 1990, every survivor's annuity  
20 shall be increased (1) on each January 1 occurring on or after  
21 the commencement of the annuity if the deceased member died  
22 while receiving a retirement annuity, or (2) in other cases, on  
23 each January 1 occurring on or after the first anniversary of  
24 the commencement of the annuity, by an amount equal to 3% of  
25 the current amount of the annuity, including any previous  
26 increases under this Article. Such increases shall apply

1 without regard to whether the deceased member was in service on  
2 or after the effective date of this amendatory Act of 1991, but  
3 shall not accrue for any period prior to January 1, 1990.

4 (d-5) Notwithstanding any other provision of this Article,  
5 the initial survivor's annuity of a survivor of a participant  
6 who first becomes a participant on or after January 1, 2011  
7 (the effective date of Public Act 96-889) shall be in the  
8 amount of 66 2/3% of the amount of the retirement annuity to  
9 which the participant or annuitant was entitled on the date of  
10 death and shall be increased (1) on each January 1 occurring on  
11 or after the commencement of the annuity if the deceased member  
12 died while receiving a retirement annuity or (2) in other  
13 cases, on each January 1 occurring on or after the first  
14 anniversary of the commencement of the annuity, by an amount  
15 equal to 3% or one-half the annual unadjusted percentage  
16 increase in the Consumer Price Index for All Urban Consumers as  
17 determined by the Public Pension Division of the Department of  
18 Insurance under subsection (b-5) ~~(a)~~ of Section 1-160 2-108.1,  
19 whichever is less, of the originally granted survivor's annuity  
20 ~~then being paid~~. The changes made to this subsection by this  
21 amendatory Act of the 98th General Assembly do not apply to any  
22 automatic annual increase granted under this subsection (d-5)  
23 before the effective date of this amendatory Act.

24 (e) Notwithstanding any other provision of this Article,  
25 beginning January 1, 1990, the minimum survivor's annuity  
26 payable to any person who is entitled to receive a survivor's

1 annuity under this Article shall be \$300 per month, without  
2 regard to whether or not the deceased participant was in  
3 service on the effective date of this amendatory Act of 1989.

4 (f) In the case of a proportional survivor's annuity  
5 arising under the Retirement Systems Reciprocal Act where the  
6 amount payable by the System on January 1, 1993 is less than  
7 \$300 per month, the amount payable by the System shall be  
8 increased beginning on that date by a monthly amount equal to  
9 \$2 for each full year that has expired since the annuity began.

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

11 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

12 Sec. 2-124. Contributions by State.

13 (a) The State shall make contributions to the System by  
14 appropriations of amounts which, together with the  
15 contributions of participants, interest earned on investments,  
16 and other income will meet the cost of maintaining and  
17 administering the System on a 100% ~~90%~~ funded basis in  
18 accordance with actuarial recommendations by the end of State  
19 fiscal year 2044.

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

25 (c) For State fiscal years 2015 through 2044, the minimum

1 contribution to the System to be made by the State for each  
2 fiscal year shall be an amount determined by the System to be  
3 equal to the sum of (1) the State's portion of the projected  
4 normal cost for that fiscal year, plus (2) an amount sufficient  
5 to bring the total assets of the System up to 100% of the total  
6 actuarial liabilities of the System by the end of State fiscal  
7 year 2044. In making these determinations, the required State  
8 contribution shall be calculated each year as a level  
9 percentage of payroll over the years remaining to and including  
10 fiscal year 2044 and shall be determined under the entry age  
11 normal actuarial cost method.

12 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
13 contribution to the System to be made by the State for each  
14 fiscal year shall be an amount determined by the System to be  
15 sufficient to bring the total assets of the System up to 90% of  
16 the total actuarial liabilities of the System by the end of  
17 State fiscal year 2045. In making these determinations, the  
18 required State contribution shall be calculated each year as a  
19 level percentage of payroll over the years remaining to and  
20 including fiscal year 2045 and shall be determined under the  
21 projected unit credit actuarial cost method.

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

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

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

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

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

23           Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2011 is  
25 the amount recertified by the System on or before April 1, 2011  
26 pursuant to Section 2-134 and shall be made from the proceeds

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

8 Beginning in State fiscal year 2045, the minimum State  
9 contribution for each fiscal year shall be the amount needed to  
10 maintain the total assets of the System at 100% of the total  
11 actuarial liabilities of the System.

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

16 Amounts received by the System pursuant to Section 25 of  
17 the Budget Stabilization Act or Section 8.12 of the State  
18 Finance Act in any fiscal year do not reduce and do not  
19 constitute payment of any portion of the minimum State  
20 contribution required under this Article in that fiscal year.  
21 Such amounts shall not reduce, and shall not be included in the  
22 calculation of, the required State contributions under this  
23 Article in any future year until the System has reached a  
24 funding ratio of at least 100% ~~90%~~. A reference in this Article  
25 to the "required State contribution" or any substantially  
26 similar term does not include or apply to any amounts payable



1 to the System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the  
3 required State contribution for State fiscal year 2005 and for  
4 fiscal year 2008 and each fiscal year thereafter through State  
5 fiscal year 2014, as calculated under this Section and  
6 certified under Section 2-134, shall not exceed an amount equal  
7 to (i) the amount of the required State contribution that would  
8 have been calculated under this Section for that fiscal year if  
9 the System had not received any payments under subsection (d)  
10 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
11 the portion of the State's total debt service payments for that  
12 fiscal year on the bonds issued in fiscal year 2003 for the  
13 purposes of that Section 7.2, as determined and certified by  
14 the Comptroller, that is the same as the System's portion of  
15 the total moneys distributed under subsection (d) of Section  
16 7.2 of the General Obligation Bond Act. In determining this  
17 maximum for State fiscal years 2008 through 2010, however, the  
18 amount referred to in item (i) shall be increased, as a  
19 percentage of the applicable employee payroll, in equal  
20 increments calculated from the sum of the required State  
21 contribution for State fiscal year 2007 plus the applicable  
22 portion of the State's total debt service payments for fiscal  
23 year 2007 on the bonds issued in fiscal year 2003 for the  
24 purposes of Section 7.2 of the General Obligation Bond Act, so  
25 that, by State fiscal year 2011, the State is contributing at  
26 the rate otherwise required under this Section.

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

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

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

16 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
17 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
18 7-13-12.)

19 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

20 Sec. 2-125. Obligations of State; funding guarantee.

21 (a) The payment of (1) the required State contributions,  
22 (2) all benefits granted under this system and (3) all expenses  
23 of administration and operation are obligations of the State to  
24 the extent specified in this Article.

25 (b) All income, interest and dividends derived from

1 deposits and investments shall be credited to the account of  
2 the system in the State Treasury and used to pay benefits under  
3 this Article.

4 (c) Beginning July 1, 2014, the State shall be  
5 contractually obligated to contribute to the System in each  
6 State fiscal year an amount not less than the sum of (i) the  
7 State's normal cost for the year and (ii) the portion of the  
8 unfunded accrued liability assigned to that year by law.  
9 Notwithstanding any other provision of law, if the State fails  
10 to pay an amount guaranteed under this subsection, it shall be  
11 the mandatory fiduciary obligation of the Board to seek payment  
12 of the guaranteed amount in compliance with the provisions of  
13 this Section and, if the amount remains unpaid, to bring a  
14 mandamus action in the Supreme Court of Illinois to compel the  
15 State to make the required payment.

16 If the System submits a voucher for contributions required  
17 under Section 2-124 and the State fails to pay that voucher  
18 within 90 days of its receipt, the Board shall submit a written  
19 request to the Comptroller seeking payment. A copy of the  
20 request shall be filed with the Secretary of State, and the  
21 Secretary of State shall provide a copy to the Governor and  
22 General Assembly. No earlier than the 16th day after the System  
23 files the request with the Comptroller and Secretary of State,  
24 if the amount remains unpaid, the Board shall commence a  
25 mandamus action in the Supreme Court of Illinois to compel the  
26 Comptroller to satisfy the voucher.

1       This subsection (c) constitutes an express waiver of the  
2 State's sovereign immunity solely to the extent that it permits  
3 the Board to commence a mandamus action in the Supreme Court of  
4 Illinois to compel the Comptroller to pay a voucher for the  
5 contributions required under Section 2-124.

6       (d) Beginning in State fiscal year 2020, the State shall be  
7 contractually obligated to make the transfers set forth in  
8 subsections (c-10) and (c-15) of Section 20 of the Budget  
9 Stabilization Act and to pay to the System its proportionate  
10 share of the transferred amounts in accordance with Section 25  
11 of the Budget Stabilization Act. Notwithstanding any other  
12 provision of law, if the State fails to transfer an amount  
13 guaranteed under this subsection or to pay to the System its  
14 proportionate share of the transferred amount in accordance  
15 with Section 25 of the Budget Stabilization Act, it shall be  
16 the mandatory fiduciary obligation of the Board to seek  
17 transfer or payment of the guaranteed amount in compliance with  
18 the provisions of this Section and, if the required amount  
19 remains untransferred or the required payment remains unpaid,  
20 to bring a mandamus action in the Supreme Court of Illinois to  
21 compel the State to make the required transfer or payment or  
22 both, as the case may be.

23       If the State fails to make a transfer required under  
24 subsections (c-10) and (c-15) of Section 20 of the Budget  
25 Stabilization Act or a payment to the System required under  
26 Section 25 of that Act, the Board shall submit a written

1 request to the Comptroller seeking payment. A copy of the  
2 request shall be filed with the Secretary of State, and the  
3 Secretary of State shall provide a copy to the Governor and  
4 General Assembly. No earlier than the 16th day after the System  
5 files the request with the Comptroller and Secretary of State,  
6 if the required amount remains untransferred or the required  
7 payment remains unpaid, the Board shall commence a mandamus  
8 action in the Supreme Court of Illinois to compel the  
9 Comptroller to make the required transfer or payment or both,  
10 as the case may be.

11 This subsection (d) constitutes an express waiver of the  
12 State's sovereign immunity solely to the extent that it permits  
13 the Board to commence a mandamus action in the Supreme Court of  
14 Illinois to compel the Comptroller to make a transfer required  
15 under subsections (c-10) and (c-15) of Section 20 of the Budget  
16 Stabilization Act and to pay to the System its proportionate  
17 share of the transferred amount in accordance with Section 25  
18 of the Budget Stabilization Act.

19 The obligations created by this subsection (d) expire when  
20 all of the requirements of subsections (c-10) and (c-15) of  
21 Section 20 of the Budget Stabilization Act and Section 25 of  
22 the Budget Stabilization Act have been met.

23 (e) Any payments and transfers required to be made by the  
24 State pursuant to subsection (c) or (d) are expressly  
25 subordinate to the payment of the principal, interest, and  
26 premium, if any, on any bonded debt obligation of the State or

1 any other State-created entity, either currently outstanding  
2 or to be issued, for which the source of repayment or security  
3 thereon is derived directly or indirectly from tax revenues  
4 collected by the State or any other State-created entity.  
5 Payments on such bonded obligations include any statutory fund  
6 transfers or other prefunding mechanisms or formulas set forth,  
7 now or hereafter, in State law or bond indentures, into debt  
8 service funds or accounts of the State related to such bond  
9 obligations, consistent with the payment schedules associated  
10 with such obligations.

11 (f) By the enactment of this amendatory Act of the 98th  
12 General Assembly, the State of Illinois pledges to and agrees  
13 with the Board and members of the System that the State will  
14 make the payments and transfers required to be made by the  
15 State pursuant to subsections (c) and (d). The State further  
16 pledges that the State will not limit or alter the rights and  
17 powers vested in the Board so as to impair the terms of this  
18 Section or in any way impair the rights and remedies of the  
19 Board under this Section.

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

21 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

22 Sec. 2-126. Contributions by participants.

23 (a) Each participant shall contribute toward the cost of  
24 his or her retirement annuity a percentage of each payment of  
25 salary received by him or her for service as a member as

1 follows: for service between October 31, 1947 and January 1,  
2 1959, 5%; for service between January 1, 1959 and June 30,  
3 1969, 6%; for service between July 1, 1969 and January 10,  
4 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
5 service after December 31, 1981, 8 1/2%.

6 (a-5) In addition to the contributions otherwise required  
7 under this Article, each Tier I participant shall also make the  
8 following contributions toward the cost of his or her  
9 retirement annuity from each payment of salary received by him  
10 or her for service as a member:

11 (1) beginning July 1, 2014 and through June 30, 2015,  
12 1% of salary; and

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

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

17 A participant who has no eligible survivor's annuity  
18 beneficiary may elect to cease making contributions for  
19 survivor's annuity under this subsection. A survivor's annuity  
20 shall not be payable upon the death of a person who has made  
21 this election, unless prior to that death the election has been  
22 revoked and the amount of the contributions that would have  
23 been paid under this subsection in the absence of the election  
24 is paid to the System, together with interest at the rate of 4%  
25 per year from the date the contributions would have been made  
26 to the date of payment.

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

6           (d) In addition, each participant serving as an officer of  
7 the General Assembly shall contribute, for the same purposes  
8 and at the same rates as are required of a regular participant,  
9 on each additional payment received as an officer. If the  
10 participant serves as an officer for at least 2 but less than 4  
11 years, he or she shall contribute an amount equal to the amount  
12 that would have been contributed had the participant served as  
13 an officer for 4 years. Persons who serve as officers in the  
14 87th General Assembly but cannot receive the additional payment  
15 to officers because of the ban on increases in salary during  
16 their terms may nonetheless make contributions based on those  
17 additional payments for the purpose of having the additional  
18 payments included in their highest salary for annuity purposes;  
19 however, persons electing to make these additional  
20 contributions must also pay an amount representing the  
21 corresponding employer contributions, as calculated by the  
22 System.

23           (e) Notwithstanding any other provision of this Article,  
24 the required contribution of a participant shall not be based  
25 on any salary in excess of the salary limitation applicable to  
26 that participant under Section 2-108 or ~~who first becomes a~~



1 ~~participant on or after January 1, 2011 shall not exceed the~~  
2 ~~contribution that would be due under this Article if that~~  
3 ~~participant's highest salary for annuity purposes were~~  
4 ~~\$106,800, plus any increases in that amount under Section~~  
5 ~~2-108.1.~~

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

7 (40 ILCS 5/2-126.5 new)

8 Sec. 2-126.5. Use of contributions for health care  
9 subsidies. The System shall not use any contribution received  
10 by the System under this Article to provide a subsidy for the  
11 cost of participation in a retiree health care program.

12 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

13 Sec. 2-134. To certify required State contributions and  
14 submit vouchers.

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

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

1 November 1, 2012, the Board shall submit to the State Actuary,  
2 the Governor, and the General Assembly a proposed certification  
3 of the amount of the required State contribution to the System  
4 for the next fiscal year, along with all of the actuarial  
5 assumptions, calculations, and data upon which that proposed  
6 certification is based. On or before January 1 of each year,  
7 beginning January 1, 2013, the State Actuary shall issue a  
8 preliminary report concerning the proposed certification and  
9 identifying, if necessary, recommended changes in actuarial  
10 assumptions that the Board must consider before finalizing its  
11 certification of the required State contributions.

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

24 (a-7) On or before May 1, 2004, the Board shall recalculate  
25 and recertify to the Governor the amount of the required State  
26 contribution to the System for State fiscal year 2005, taking

1 into account the amounts appropriated to and received by the  
2 System under subsection (d) of Section 7.2 of the General  
3 Obligation Bond Act.

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

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

15 (b) Beginning in State fiscal year 1996, on or as soon as  
16 possible after the 15th day of each month the Board shall  
17 submit vouchers for payment of State contributions to the  
18 System, in a total monthly amount of one-twelfth of the  
19 required annual State contribution certified under subsection  
20 (a). From the effective date of this amendatory Act of the 93rd  
21 General Assembly through June 30, 2004, the Board shall not  
22 submit vouchers for the remainder of fiscal year 2004 in excess  
23 of the fiscal year 2004 certified contribution amount  
24 determined under this Section after taking into consideration  
25 the transfer to the System under subsection (d) of Section  
26 6z-61 of the State Finance Act. These vouchers shall be paid by

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

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

19 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/2-162)

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

24 (a) As used in this Section, "new benefit increase" means  
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for  
2 any benefit under this Article, that results from an amendment  
3 to this Code that takes effect after the effective date of this  
4 amendatory Act of the 94th General Assembly. "New benefit  
5 increase", however, does not include any benefit increase  
6 resulting from the changes made to this Article or Article 1 by  
7 this amendatory Act of the 98th General Assembly.

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

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

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

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

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

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

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

24 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

25 Sec. 7-109. Employee.

1 (1) "Employee" means any person who:

2 (a) 1. Receives earnings as payment for the performance  
3 of personal services or official duties out of the  
4 general fund of a municipality, or out of any special  
5 fund or funds controlled by a municipality, or by an  
6 instrumentality thereof, or a participating  
7 instrumentality, including, in counties, the fees or  
8 earnings of any county fee office; and

9 2. Under the usual common law rules applicable in  
10 determining the employer-employee relationship, has  
11 the status of an employee with a municipality, or any  
12 instrumentality thereof, or a participating  
13 instrumentality, including aldermen, county  
14 supervisors and other persons (excepting those  
15 employed as independent contractors) who are paid  
16 compensation, fees, allowances or other emolument for  
17 official duties, and, in counties, the several county  
18 fee offices.

19 (b) Serves as a township treasurer appointed under the  
20 School Code, as heretofore or hereafter amended, and who  
21 receives for such services regular compensation as  
22 distinguished from per diem compensation, and any regular  
23 employee in the office of any township treasurer whether or  
24 not his earnings are paid from the income of the permanent  
25 township fund or from funds subject to distribution to the  
26 several school districts and parts of school districts as

1 provided in the School Code, or from both such sources; or  
2 is the chief executive officer, chief educational officer,  
3 chief fiscal officer, or other employee of a Financial  
4 Oversight Panel established pursuant to Article 1H of the  
5 School Code, other than a superintendent or certified  
6 school business official, except that such person shall not  
7 be treated as an employee under this Section if that person  
8 has negotiated with the Financial Oversight Panel, in  
9 conjunction with the school district, a contractual  
10 agreement for exclusion from this Section.

11 (c) Holds an elective office in a municipality,  
12 instrumentality thereof or participating instrumentality.

13 (2) "Employee" does not include persons who:

14 (a) Are eligible for inclusion under any of the  
15 following laws:

16 1. "An Act in relation to an Illinois State  
17 Teachers' Pension and Retirement Fund", approved May  
18 27, 1915, as amended;

19 2. Articles 15 and 16 of this Code.

20 However, such persons shall be included as employees to  
21 the extent of earnings that are not eligible for inclusion  
22 under the foregoing laws for services not of an  
23 instructional nature of any kind.

24 However, any member of the armed forces who is employed  
25 as a teacher of subjects in the Reserve Officers Training  
26 Corps of any school and who is not certified under the law



1 governing the certification of teachers shall be included  
2 as an employee.

3 (b) Are designated by the governing body of a  
4 municipality in which a pension fund is required by law to  
5 be established for policemen or firemen, respectively, as  
6 performing police or fire protection duties, except that  
7 when such persons are the heads of the police or fire  
8 department and are not eligible to be included within any  
9 such pension fund, they shall be included within this  
10 Article; provided, that such persons shall not be excluded  
11 to the extent of concurrent service and earnings not  
12 designated as being for police or fire protection duties.  
13 However, (i) any head of a police department who was a  
14 participant under this Article immediately before October  
15 1, 1977 and did not elect, under Section 3-109 of this Act,  
16 to participate in a police pension fund shall be an  
17 "employee", and (ii) any chief of police who elects to  
18 participate in this Fund under Section 3-109.1 of this  
19 Code, regardless of whether such person continues to be  
20 employed as chief of police or is employed in some other  
21 rank or capacity within the police department, shall be an  
22 employee under this Article for so long as such person is  
23 employed to perform police duties by a participating  
24 municipality and has not lawfully rescinded that election.

25 (c) After August 26, 2011 (the effective date of Public  
26 Act 97-609), are contributors to or eligible to contribute

1 to a Taft-Hartley pension plan established on or before  
2 June 1, 2011 and are employees of a theatre, arena, or  
3 convention center that is located in a municipality located  
4 in a county with a population greater than 5,000,000, and  
5 to which the participating municipality is required to  
6 contribute as the person's employer based on earnings from  
7 the municipality. Nothing in this paragraph shall affect  
8 service credit or creditable service for any period of  
9 service prior to August 26, 2011, and this paragraph shall  
10 not apply to individuals who are participating in the Fund  
11 prior to August 26, 2011.

12 (d) Become an employee of any of the following  
13 participating instrumentalities on or after the effective  
14 date of this amendatory Act of the 98th General Assembly:  
15 the Illinois Municipal League; the Illinois Association of  
16 Park Districts; the Illinois Supervisors, County  
17 Commissioners and Superintendents of Highways Association;  
18 an association or not-for-profit corporation, membership  
19 in which is authorized under Section 85-15 of the Township  
20 Code; the United Counties Council; or the Will County  
21 Governmental League.

22 (3) All persons, including, without limitation, public  
23 defenders and probation officers, who receive earnings from  
24 general or special funds of a county for performance of  
25 personal services or official duties within the territorial  
26 limits of the county, are employees of the county (unless

1 excluded by subsection (2) of this Section) notwithstanding  
2 that they may be appointed by and are subject to the direction  
3 of a person or persons other than a county board or a county  
4 officer. It is hereby established that an employer-employee  
5 relationship under the usual common law rules exists between  
6 such employees and the county paying their salaries by reason  
7 of the fact that the county boards fix their rates of  
8 compensation, appropriate funds for payment of their earnings  
9 and otherwise exercise control over them. This finding and this  
10 amendatory Act shall apply to all such employees from the date  
11 of appointment whether such date is prior to or after the  
12 effective date of this amendatory Act and is intended to  
13 clarify existing law pertaining to their status as  
14 participating employees in the Fund.

15 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;  
16 97-813, eff. 7-13-12.)

17 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

18 Sec. 7-114. Earnings. "Earnings":

19 (a) An amount to be determined by the board, equal to the  
20 sum of:

21 1. The total amount of money paid to an employee for  
22 personal services or official duties as an employee (except  
23 those employed as independent contractors) paid out of the  
24 general fund, or out of any special funds controlled by the  
25 municipality, or by any instrumentality thereof, or

1 participating instrumentality, including compensation,  
2 fees, allowances, or other emolument paid for official  
3 duties (but not including automobile maintenance, travel  
4 expense, ~~or~~ reimbursements for expenditures incurred in  
5 the performance of duties, or, in the case of a person who  
6 first becomes a participant on or after the effective date  
7 of this amendatory Act of the 98th General Assembly,  
8 payments for unused sick or vacation time) and, for fee  
9 offices, the fees or earnings of the offices to the extent  
10 such fees are paid out of funds controlled by the  
11 municipality, or instrumentality or participating  
12 instrumentality; and

13 2. The money value, as determined by rules prescribed  
14 by the governing body of the municipality, or  
15 instrumentality thereof, of any board, lodging, fuel,  
16 laundry, and other allowances provided an employee in lieu  
17 of money.

18 (b) For purposes of determining benefits payable under this  
19 fund payments to a person who is engaged in an independently  
20 established trade, occupation, profession or business and who  
21 is paid for his service on a basis other than a monthly or  
22 other regular salary, are not earnings.

23 (c) If a disabled participating employee is eligible to  
24 receive Workers' Compensation for an accidental injury and the  
25 participating municipality or instrumentality which employed  
26 the participating employee when injured continues to pay the

1 participating employee regular salary or other compensation or  
2 pays the employee an amount in excess of the Workers'  
3 Compensation amount, then earnings shall be deemed to be the  
4 total payments, including an amount equal to the Workers'  
5 Compensation payments. These payments shall be subject to  
6 employee contributions and allocated as if paid to the  
7 participating employee when the regular payroll amounts would  
8 have been paid if the participating employee had continued  
9 working, and creditable service shall be awarded for this  
10 period.

11 (d) If an elected official who is a participating employee  
12 becomes disabled but does not resign and is not removed from  
13 office, then earnings shall include all salary payments made  
14 for the remainder of that term of office and the official shall  
15 be awarded creditable service for the term of office.

16 (e) If a participating employee is paid pursuant to "An Act  
17 to provide for the continuation of compensation for law  
18 enforcement officers, correctional officers and firemen who  
19 suffer disabling injury in the line of duty", approved  
20 September 6, 1973, as amended, the payments shall be deemed  
21 earnings, and the participating employee shall be awarded  
22 creditable service for this period.

23 (f) Additional compensation received by a person while  
24 serving as a supervisor of assessments, assessor, deputy  
25 assessor or member of a board of review from the State of  
26 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax

1 Code shall not be earnings for purposes of this Article and  
2 shall not be included in the contribution formula or  
3 calculation of benefits for such person pursuant to this  
4 Article.

5 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

6 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

7 Sec. 7-116. "Final rate of earnings":

8 (a) For retirement and survivor annuities, the monthly  
9 earnings obtained by dividing the total earnings received by  
10 the employee during the period of either (1) the 48 consecutive  
11 months of service within the last 120 months of service in  
12 which his total earnings were the highest or (2) the employee's  
13 total period of service, by the number of months of service in  
14 such period.

15 (b) For death benefits, the higher of the rate determined  
16 under paragraph (a) of this Section or total earnings received  
17 in the last 12 months of service divided by twelve. If the  
18 deceased employee has less than 12 months of service, the  
19 monthly final rate shall be the monthly rate of pay the  
20 employee was receiving when he began service.

21 (c) For disability benefits, the total earnings of a  
22 participating employee in the last 12 calendar months of  
23 service prior to the date he becomes disabled divided by 12.

24 (d) In computing the final rate of earnings: (1) the  
25 earnings rate for all periods of prior service shall be

1 considered equal to the average earnings rate for the last 3  
2 calendar years of prior service for which creditable service is  
3 received under Section 7-139 or, if there is less than 3 years  
4 of creditable prior service, the average for the total prior  
5 service period for which creditable service is received under  
6 Section 7-139; (2) for out of state service and authorized  
7 leave, the earnings rate shall be the rate upon which service  
8 credits are granted; (3) periods of military leave shall not be  
9 considered; (4) the earnings rate for all periods of disability  
10 shall be considered equal to the rate of earnings upon which  
11 the employee's disability benefits are computed for such  
12 periods; (5) the earnings to be considered for each of the  
13 final three months of the final earnings period for persons who  
14 first became participants before January 1, 2012 and the  
15 earnings to be considered for each of the final 24 months for  
16 participants who first become participants on or after January  
17 1, 2012 shall not exceed 125% of the highest earnings of any  
18 other month in the final earnings period; ~~and~~ (6) the annual  
19 amount of final rate of earnings shall be the monthly amount  
20 multiplied by the number of months of service normally required  
21 by the position in a year; and (7) in the case of a person who  
22 first becomes a participant on or after the effective date of  
23 this amendatory Act of the 98th General Assembly, payments for  
24 unused sick or vacation time shall not be considered.

25 (Source: P.A. 97-609, eff. 1-1-12.)

1 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

2 Sec. 7-139. Credits and creditable service to employees.

3 (a) Each participating employee shall be granted credits  
4 and creditable service, for purposes of determining the amount  
5 of any annuity or benefit to which he or a beneficiary is  
6 entitled, as follows:

7 1. For prior service: Each participating employee who  
8 is an employee of a participating municipality or  
9 participating instrumentality on the effective date shall  
10 be granted creditable service, but no credits under  
11 paragraph 2 of this subsection (a), for periods of prior  
12 service for which credit has not been received under any  
13 other pension fund or retirement system established under  
14 this Code, as follows:

15 If the effective date of participation for the  
16 participating municipality or participating  
17 instrumentality is on or before January 1, 1998, creditable  
18 service shall be granted for the entire period of prior  
19 service with that employer without any employee  
20 contribution.

21 If the effective date of participation for the  
22 participating municipality or participating  
23 instrumentality is after January 1, 1998, creditable  
24 service shall be granted for the last 20% of the period of  
25 prior service with that employer, but no more than 5 years,  
26 without any employee contribution. A participating



1 employee may establish creditable service for the  
2 remainder of the period of prior service with that employer  
3 by making an application in writing, accompanied by payment  
4 of an employee contribution in an amount determined by the  
5 Fund, based on the employee contribution rates in effect at  
6 the time of application for the creditable service and the  
7 employee's salary rate on the effective date of  
8 participation for that employer, plus interest at the  
9 effective rate from the date of the prior service to the  
10 date of payment. Application for this creditable service  
11 may be made at any time while the employee is still in  
12 service.

13 A municipality that (i) has at least 35 employees; (ii)  
14 is located in a county with at least 2,000,000 inhabitants;  
15 and (iii) maintains an independent defined benefit pension  
16 plan for the benefit of its eligible employees may restrict  
17 creditable service in whole or in part for periods of prior  
18 service with the employer if the governing body of the  
19 municipality adopts an irrevocable resolution to restrict  
20 that creditable service and files the resolution with the  
21 board before the municipality's effective date of  
22 participation.

23 Any person who has withdrawn from the service of a  
24 participating municipality or participating  
25 instrumentality prior to the effective date, who reenters  
26 the service of the same municipality or participating

1 instrumentality after the effective date and becomes a  
2 participating employee is entitled to creditable service  
3 for prior service as otherwise provided in this subdivision  
4 (a)(1) only if he or she renders 2 years of service as a  
5 participating employee after the effective date.  
6 Application for such service must be made while in a  
7 participating status. The salary rate to be used in the  
8 calculation of the required employee contribution, if any,  
9 shall be the employee's salary rate at the time of first  
10 reentering service with the employer after the employer's  
11 effective date of participation.

12 2. For current service, each participating employee  
13 shall be credited with:

14 a. Additional credits of amounts equal to each  
15 payment of additional contributions received from him  
16 under Section 7-173, as of the date the corresponding  
17 payment of earnings is payable to him.

18 b. Normal credits of amounts equal to each payment  
19 of normal contributions received from him, as of the  
20 date the corresponding payment of earnings is payable  
21 to him, and normal contributions made for the purpose  
22 of establishing out-of-state service credits as  
23 permitted under the conditions set forth in paragraph 6  
24 of this subsection (a).

25 c. Municipality credits in an amount equal to 1.4  
26 times the normal credits, except those established by

1 out-of-state service credits, as of the date of  
2 computation of any benefit if these credits would  
3 increase the benefit.

4 d. Survivor credits equal to each payment of  
5 survivor contributions received from the participating  
6 employee as of the date the corresponding payment of  
7 earnings is payable, and survivor contributions made  
8 for the purpose of establishing out-of-state service  
9 credits.

10 3. For periods of temporary and total and permanent  
11 disability benefits, each employee receiving disability  
12 benefits shall be granted creditable service for the period  
13 during which disability benefits are payable. Normal and  
14 survivor credits, based upon the rate of earnings applied  
15 for disability benefits, shall also be granted if such  
16 credits would result in a higher benefit to any such  
17 employee or his beneficiary.

18 4. For authorized leave of absence without pay: A  
19 participating employee shall be granted credits and  
20 creditable service for periods of authorized leave of  
21 absence without pay under the following conditions:

22 a. An application for credits and creditable  
23 service is submitted to the board while the employee is  
24 in a status of active employment.

25 b. Not more than 12 complete months of creditable  
26 service for authorized leave of absence without pay

1 shall be counted for purposes of determining any  
2 benefits payable under this Article.

3 c. Credits and creditable service shall be granted  
4 for leave of absence only if such leave is approved by  
5 the governing body of the municipality, including  
6 approval of the estimated cost thereof to the  
7 municipality as determined by the fund, and employee  
8 contributions, plus interest at the effective rate  
9 applicable for each year from the end of the period of  
10 leave to date of payment, have been paid to the fund in  
11 accordance with Section 7-173. The contributions shall  
12 be computed upon the assumption earnings continued  
13 during the period of leave at the rate in effect when  
14 the leave began.

15 d. Benefits under the provisions of Sections  
16 7-141, 7-146, 7-150 and 7-163 shall become payable to  
17 employees on authorized leave of absence, or their  
18 designated beneficiary, only if such leave of absence  
19 is creditable hereunder, and if the employee has at  
20 least one year of creditable service other than the  
21 service granted for leave of absence. Any employee  
22 contributions due may be deducted from any benefits  
23 payable.

24 e. No credits or creditable service shall be  
25 allowed for leave of absence without pay during any  
26 period of prior service.

1           5. For military service: The governing body of a  
2           municipality or participating instrumentality may elect to  
3           allow creditable service to participating employees who  
4           leave their employment to serve in the armed forces of the  
5           United States for all periods of such service, provided  
6           that the person returns to active employment within 90 days  
7           after completion of full time active duty, but no  
8           creditable service shall be allowed such person for any  
9           period that can be used in the computation of a pension or  
10          any other pay or benefit, other than pay for active duty,  
11          for service in any branch of the armed forces of the United  
12          States. If necessary to the computation of any benefit, the  
13          board shall establish municipality credits for  
14          participating employees under this paragraph on the  
15          assumption that the employee received earnings at the rate  
16          received at the time he left the employment to enter the  
17          armed forces. A participating employee in the armed forces  
18          shall not be considered an employee during such period of  
19          service and no additional death and no disability benefits  
20          are payable for death or disability during such period.

21          Any participating employee who left his employment  
22          with a municipality or participating instrumentality to  
23          serve in the armed forces of the United States and who  
24          again became a participating employee within 90 days after  
25          completion of full time active duty by entering the service  
26          of a different municipality or participating

1 instrumentality, which has elected to allow creditable  
2 service for periods of military service under the preceding  
3 paragraph, shall also be allowed creditable service for his  
4 period of military service on the same terms that would  
5 apply if he had been employed, before entering military  
6 service, by the municipality or instrumentality which  
7 employed him after he left the military service and the  
8 employer costs arising in relation to such grant of  
9 creditable service shall be charged to and paid by that  
10 municipality or instrumentality.

11 Notwithstanding the foregoing, any participating  
12 employee shall be entitled to creditable service as  
13 required by any federal law relating to re-employment  
14 rights of persons who served in the United States Armed  
15 Services. Such creditable service shall be granted upon  
16 payment by the member of an amount equal to the employee  
17 contributions which would have been required had the  
18 employee continued in service at the same rate of earnings  
19 during the military leave period, plus interest at the  
20 effective rate.

21 5.1. In addition to any creditable service established  
22 under paragraph 5 of this subsection (a), creditable  
23 service may be granted for up to 48 months of service in  
24 the armed forces of the United States.

25 In order to receive creditable service for military  
26 service under this paragraph 5.1, a participating employee

1 must (1) apply to the Fund in writing and provide evidence  
2 of the military service that is satisfactory to the Board;  
3 (2) obtain the written approval of the current employer;  
4 and (3) make contributions to the Fund equal to (i) the  
5 employee contributions that would have been required had  
6 the service been rendered as a member, plus (ii) an amount  
7 determined by the board to be equal to the employer's  
8 normal cost of the benefits accrued for that military  
9 service, plus (iii) interest on items (i) and (ii) from the  
10 date of first membership in the Fund to the date of  
11 payment. The required interest shall be calculated at the  
12 regular interest rate.

13 The changes made to this paragraph 5.1 by Public Acts  
14 95-483 and 95-486 apply only to participating employees in  
15 service on or after August 28, 2007 (the effective date of  
16 those Public Acts).

17 6. For out-of-state service: Creditable service shall  
18 be granted for service rendered to an out-of-state local  
19 governmental body under the following conditions: The  
20 employee had participated and has irrevocably forfeited  
21 all rights to benefits in the out-of-state public employees  
22 pension system; the governing body of his participating  
23 municipality or instrumentality authorizes the employee to  
24 establish such service; the employee has 2 years current  
25 service with this municipality or participating  
26 instrumentality; the employee makes a payment of

1 contributions, which shall be computed at 8% (normal) plus  
2 2% (survivor) times length of service purchased times the  
3 average rate of earnings for the first 2 years of service  
4 with the municipality or participating instrumentality  
5 whose governing body authorizes the service established  
6 plus interest at the effective rate on the date such  
7 credits are established, payable from the date the employee  
8 completes the required 2 years of current service to date  
9 of payment. In no case shall more than 120 months of  
10 creditable service be granted under this provision.

11 7. For retroactive service: Any employee who could have  
12 but did not elect to become a participating employee, or  
13 who should have been a participant in the Municipal Public  
14 Utilities Annuity and Benefit Fund before that fund was  
15 superseded, may receive creditable service for the period  
16 of service not to exceed 50 months; however, a current or  
17 former elected or appointed official of a participating  
18 municipality may establish credit under this paragraph 7  
19 for more than 50 months of service as an official of that  
20 municipality, if the excess over 50 months is approved by  
21 resolution of the governing body of the affected  
22 municipality filed with the Fund before January 1, 2002.

23 Any employee who is a participating employee on or  
24 after September 24, 1981 and who was excluded from  
25 participation by the age restrictions removed by Public Act  
26 82-596 may receive creditable service for the period, on or



1 after January 1, 1979, excluded by the age restriction and,  
2 in addition, if the governing body of the participating  
3 municipality or participating instrumentality elects to  
4 allow creditable service for all employees excluded by the  
5 age restriction prior to January 1, 1979, for service  
6 during the period prior to that date excluded by the age  
7 restriction. Any employee who was excluded from  
8 participation by the age restriction removed by Public Act  
9 82-596 and who is not a participating employee on or after  
10 September 24, 1981 may receive creditable service for  
11 service after January 1, 1979. Creditable service under  
12 this paragraph shall be granted upon payment of the  
13 employee contributions which would have been required had  
14 he participated, with interest at the effective rate for  
15 each year from the end of the period of service established  
16 to date of payment.

17 8. For accumulated unused sick leave: A participating  
18 employee who first becomes a participating employee before  
19 the effective date of this amendatory Act of the 98th  
20 General Assembly and who is applying for a retirement  
21 annuity shall be entitled to creditable service for that  
22 portion of the employee's accumulated unused sick leave for  
23 which payment is not received, as follows:

24 a. Sick leave days shall be limited to those  
25 accumulated under a sick leave plan established by a  
26 participating municipality or participating

1 instrumentality which is available to all employees or  
2 a class of employees.

3 b. Except as provided in item b-1, only sick leave  
4 days accumulated with a participating municipality or  
5 participating instrumentality with which the employee  
6 was in service within 60 days of the effective date of  
7 his retirement annuity shall be credited; If the  
8 employee was in service with more than one employer  
9 during this period only the sick leave days with the  
10 employer with which the employee has the greatest  
11 number of unpaid sick leave days shall be considered.

12 b-1. If the employee was in the service of more  
13 than one employer as defined in item (2) of paragraph  
14 (a) of subsection (A) of Section 7-132, then the sick  
15 leave days from all such employers shall be credited,  
16 as long as the creditable service attributed to those  
17 sick leave days does not exceed the limitation in item  
18 f of this paragraph 8. In calculating the creditable  
19 service under this item b-1, the sick leave days from  
20 the last employer shall be considered first, then the  
21 remaining sick leave days shall be considered until  
22 there are no more days or the maximum creditable sick  
23 leave threshold under item f of this paragraph 8 has  
24 been reached.

25 c. The creditable service granted shall be  
26 considered solely for the purpose of computing the

1 amount of the retirement annuity and shall not be used  
2 to establish any minimum service period required by any  
3 provision of the Illinois Pension Code, the effective  
4 date of the retirement annuity, or the final rate of  
5 earnings.

6 d. The creditable service shall be at the rate of  
7 1/20 of a month for each full sick day, provided that  
8 no more than 12 months may be credited under this  
9 subdivision 8.

10 e. Employee contributions shall not be required  
11 for creditable service under this subdivision 8.

12 f. Each participating municipality and  
13 participating instrumentality with which an employee  
14 has service within 60 days of the effective date of his  
15 retirement annuity shall certify to the board the  
16 number of accumulated unpaid sick leave days credited  
17 to the employee at the time of termination of service.

18 9. For service transferred from another system:  
19 Credits and creditable service shall be granted for service  
20 under Article 3, 4, 5, 8, 14, or 16 of this Act, to any  
21 active member of this Fund, and to any inactive member who  
22 has been a county sheriff, upon transfer of such credits  
23 pursuant to Section 3-110.3, 4-108.3, 5-235, 8-226.7,  
24 14-105.6, or 16-131.4, and payment by the member of the  
25 amount by which (1) the employer and employee contributions  
26 that would have been required if he had participated in

1           this Fund as a sheriff's law enforcement employee during  
2           the period for which credit is being transferred, plus  
3           interest thereon at the effective rate for each year,  
4           compounded annually, from the date of termination of the  
5           service for which credit is being transferred to the date  
6           of payment, exceeds (2) the amount actually transferred to  
7           the Fund. Such transferred service shall be deemed to be  
8           service as a sheriff's law enforcement employee for the  
9           purposes of Section 7-142.1.

10           10. For service transferred from an Article 3 system  
11           under Section 3-110.8: Credits and creditable service  
12           shall be granted for service under Article 3 of this Act as  
13           provided in Section 3-110.8, to any active member of this  
14           Fund upon transfer of such credits pursuant to Section  
15           3-110.8. If the amount by which (1) the employer and  
16           employee contributions that would have been required if he  
17           had participated in this Fund during the period for which  
18           credit is being transferred, plus interest thereon at the  
19           effective rate for each year, compounded annually, from the  
20           date of termination of the service for which credit is  
21           being transferred to the date of payment, exceeds (2) the  
22           amount actually transferred to the Fund, then the amount of  
23           creditable service established under this paragraph 10  
24           shall be reduced by a corresponding amount in accordance  
25           with the rules and procedures established under this  
26           paragraph 10.

1           The board shall establish by rule the manner of making  
2           the calculation required under this paragraph 10, taking  
3           into account the appropriate actuarial assumptions; the  
4           member's service, age, and salary history; the level of  
5           funding of the employer; and any other factors that the  
6           board determines to be relevant.

7           Until January 1, 2010, members who transferred service  
8           from an Article 3 system under the provisions of Public Act  
9           94-356 may establish additional credit in this Fund, but  
10          only up to the amount of the service credit reduction in  
11          that transfer, as calculated under the actuarial  
12          assumptions. This credit may be established upon payment by  
13          the member of an amount to be determined by the board,  
14          equal to (1) the amount that would have been contributed as  
15          employee and employer contributions had all the service  
16          been as an employee under this Article, plus interest  
17          thereon compounded annually from the date of service to the  
18          date of transfer, less (2) the total amount transferred  
19          from the Article 3 system, plus (3) interest on the  
20          difference at the effective rate for each year, compounded  
21          annually, from the date of the transfer to the date of  
22          payment. The additional service credit is allowed under  
23          this amendatory Act of the 95th General Assembly  
24          notwithstanding the provisions of Article 3 terminating  
25          all transferred credits on the date of transfer.

26          (b) Creditable service - amount:

1           1. One month of creditable service shall be allowed for  
2 each month for which a participating employee made  
3 contributions as required under Section 7-173, or for which  
4 creditable service is otherwise granted hereunder. Not  
5 more than 1 month of service shall be credited and counted  
6 for 1 calendar month, and not more than 1 year of service  
7 shall be credited and counted for any calendar year. A  
8 calendar month means a nominal month beginning on the first  
9 day thereof, and a calendar year means a year beginning  
10 January 1 and ending December 31.

11           2. A seasonal employee shall be given 12 months of  
12 creditable service if he renders the number of months of  
13 service normally required by the position in a 12-month  
14 period and he remains in service for the entire 12-month  
15 period. Otherwise a fractional year of service in the  
16 number of months of service rendered shall be credited.

17           3. An intermittent employee shall be given creditable  
18 service for only those months in which a contribution is  
19 made under Section 7-173.

20           (c) No application for correction of credits or creditable  
21 service shall be considered unless the board receives an  
22 application for correction while (1) the applicant is a  
23 participating employee and in active employment with a  
24 participating municipality or instrumentality, or (2) while  
25 the applicant is actively participating in a pension fund or  
26 retirement system which is a participating system under the

1 Retirement Systems Reciprocal Act. A participating employee or  
2 other applicant shall not be entitled to credits or creditable  
3 service unless the required employee contributions are made in  
4 a lump sum or in installments made in accordance with board  
5 rule.

6 (d) Upon the granting of a retirement, surviving spouse or  
7 child annuity, a death benefit or a separation benefit, on  
8 account of any employee, all individual accumulated credits  
9 shall thereupon terminate. Upon the withdrawal of additional  
10 contributions, the credits applicable thereto shall thereupon  
11 terminate. Terminated credits shall not be applied to increase  
12 the benefits any remaining employee would otherwise receive  
13 under this Article.

14 (Source: P.A. 96-299, eff. 8-11-09; 97-415, eff. 8-16-11.)

15 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

16 Sec. 9-219. Computation of service.

17 (1) In computing the term of service of an employee prior  
18 to the effective date, the entire period beginning on the date  
19 he was first appointed and ending on the day before the  
20 effective date, except any intervening period during which he  
21 was separated by withdrawal from service, shall be counted for  
22 all purposes of this Article.

23 (2) In computing the term of service of any employee on or  
24 after the effective date, the following periods of time shall  
25 be counted as periods of service for age and service, widow's

1 and child's annuity purposes:

2 (a) The time during which he performed the duties of  
3 his position.

4 (b) Vacations, leaves of absence with whole or part  
5 pay, and leaves of absence without pay not longer than 90  
6 days.

7 (c) For an employee who is a member of a county police  
8 department or a correctional officer with the county  
9 department of corrections, approved leaves of absence  
10 without pay during which the employee serves as a full-time  
11 officer or employee of an employee association, the  
12 membership of which consists of other participants in the  
13 Fund, provided that the employee contributes to the Fund  
14 (1) the amount that he would have contributed had he  
15 remained an active employee in the position he occupied at  
16 the time the leave of absence was granted, (2) an amount  
17 calculated by the Board representing employer  
18 contributions, and (3) regular interest thereon from the  
19 date of service to the date of payment. However, if the  
20 employee's application to establish credit under this  
21 subsection is received by the Fund on or after July 1, 2002  
22 and before July 1, 2003, the amount representing employer  
23 contributions specified in item (2) shall be waived.

24 For a former member of a county police department who  
25 has received a refund under Section 9-164, periods during  
26 which the employee serves as head of an employee



1 association, the membership of which consists of other  
2 police officers, provided that the employee contributes to  
3 the Fund (1) the amount that he would have contributed had  
4 he remained an active member of the county police  
5 department in the position he occupied at the time he left  
6 service, (2) an amount calculated by the Board representing  
7 employer contributions, and (3) regular interest thereon  
8 from the date of service to the date of payment. However,  
9 if the former member of the county police department  
10 retires on or after January 1, 1993 but no later than March  
11 1, 1993, the amount representing employer contributions  
12 specified in item (2) shall be waived.

13 For leaves of absence to which this item (c) applies  
14 and for other periods to which this item (c) applies,  
15 including those leaves of absence and other periods of  
16 service beginning before January 5, 2012 (the effective  
17 date of Public Act 97-651) ~~this amendatory Act of the 97th~~  
18 ~~General Assembly~~, the employee or former member must  
19 continue to remain in sworn status, subject to the  
20 professional standards of the public employer or those  
21 terms established in statute.

22 (d) Any period of disability for which he received  
23 disability benefit or whole or part pay.

24 (e) For a person who first becomes an employee before  
25 the effective date of this amendatory Act of the 98th  
26 General Assembly, accumulated ~~Accumulated~~ vacation or

1 other time for which an employee who retires on or after  
2 November 1, 1990 receives a lump sum payment at the time of  
3 retirement, provided that contributions were made to the  
4 fund at the time such lump sum payment was received. The  
5 service granted for the lump sum payment shall not change  
6 the employee's date of withdrawal for computing the  
7 effective date of the annuity.

8 (f) An employee who first becomes an employee before  
9 the effective date of this amendatory Act of the 98th  
10 General Assembly may receive service credit for annuity  
11 purposes for accumulated sick leave as of the date of the  
12 employee's withdrawal from service, not to exceed a total  
13 of 180 days, provided that the amount of such accumulated  
14 sick leave is certified by the County Comptroller to the  
15 Board and the employee pays an amount equal to 8.5% (9% for  
16 members of the County Police Department who are eligible to  
17 receive an annuity under Section 9-128.1) of the amount  
18 that would have been paid had such accumulated sick leave  
19 been paid at the employee's final rate of salary. Such  
20 payment shall be made within 30 days after the date of  
21 withdrawal and prior to receipt of the first annuity check.  
22 The service credit granted for such accumulated sick leave  
23 shall not change the employee's date of withdrawal for the  
24 purpose of computing the effective date of the annuity.

25 (3) In computing the term of service of an employee on or  
26 after the effective date for ordinary disability benefit

1 purposes, the following periods of time shall be counted as  
2 periods of service:

3 (a) Unless otherwise specified in Section 9-157, the  
4 time during which he performed the duties of his position.

5 (b) Paid vacations and leaves of absence with whole or  
6 part pay.

7 (c) Any period for which he received duty disability  
8 benefit.

9 (d) Any period of disability for which he received  
10 whole or part pay.

11 (4) For an employee who on January 1, 1958, was transferred  
12 by Act of the 70th General Assembly from his position in a  
13 department of welfare of any city located in the county in  
14 which this Article is in force and effect to a similar position  
15 in a department of such county, service shall also be credited  
16 for ordinary disability benefit and child's annuity for such  
17 period of department of welfare service during which period he  
18 was a contributor to a statutory annuity and benefit fund in  
19 such city and for which purposes service credit would otherwise  
20 not be credited by virtue of such involuntary transfer.

21 (5) An employee described in subsection (e) of Section  
22 9-108 shall receive credit for child's annuity and ordinary  
23 disability benefit for the period of time for which he was  
24 credited with service in the fund from which he was  
25 involuntarily separated through class or group transfer;  
26 provided, that no such credit shall be allowed to the extent

1 that it results in a duplication of credits or benefits, and  
2 neither shall such credit be allowed to the extent that it was  
3 or may be forfeited by the application for and acceptance of a  
4 refund from the fund from which the employee was transferred.

5 (6) Overtime or extra service shall not be included in  
6 computing service. Not more than 1 year of service shall be  
7 allowed for service rendered during any calendar year.

8 (7) Unused sick or vacation time shall not be used to  
9 compute the service of an employee who first becomes an  
10 employee on or after the effective date of this amendatory Act  
11 of the 98th General Assembly.

12 (Source: P.A. 97-651, eff. 1-5-12.)

13 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

14 Sec. 9-220. Basis of service credit.

15 (a) In computing the period of service of any employee for  
16 annuity purposes under Section 9-134, the following provisions  
17 shall govern:

18 (1) All periods prior to the effective date shall be  
19 computed in accordance with the provisions governing the  
20 computation of such service.

21 (2) Service on or after the effective date shall  
22 include:

23 (i) The actual period of time the employee  
24 contributes or has contributed to the fund for service  
25 rendered to age 65 plus the actual period of time after

1 age 65 for which the employee performs the duties of  
2 his position or performs such duties and is given a  
3 county contribution for age and service annuity or  
4 minimum annuity purposes.

5 (ii) Leaves of absence from duty, or vacation, for  
6 which an employee receives all or part of his salary.

7 (iii) For a person who first becomes an employee  
8 before the effective date of this amendatory Act of the  
9 98th General Assembly, accumulated ~~Accumulated~~  
10 vacation or other time for which an employee who  
11 retires on or after November 1, 1990 receives a lump  
12 sum payment at the time of retirement, provided that  
13 contributions were made to the fund at the time such  
14 lump sum payment was received. The service granted for  
15 the lump sum payment shall not change the employee's  
16 date of withdrawal for computing the effective date of  
17 the annuity.

18 (iv) For a person who first becomes an employee  
19 before the effective date of this amendatory Act of the  
20 98th General Assembly, accumulated ~~Accumulated~~ sick  
21 leave as of the date of the employee's withdrawal from  
22 service, not to exceed a total of 180 days, provided  
23 that the amount of such accumulated sick leave is  
24 certified by the County Comptroller to the Board and  
25 the employee pays an amount equal to 8.5% (9% for  
26 members of the County Police Department who are

1 eligible to receive an annuity under Section 9-128.1)  
2 of the amount that would have been paid had such  
3 accumulated sick leave been paid at the employee's  
4 final rate of salary. Such payment shall be made within  
5 30 days after the date of withdrawal and prior to  
6 receipt of the first annuity check. The service credit  
7 granted for such accumulated sick leave shall not  
8 change the employee's date of withdrawal for the  
9 purpose of computing the effective date of the annuity.

10 (v) Periods during which the employee has had  
11 contributions for annuity purposes made for him in  
12 accordance with law while on military leave of absence  
13 during World War II.

14 (vi) Periods during which the employee receives a  
15 disability benefit under this Article.

16 (vii) For any person who first becomes a member on  
17 or after January 1, 2011, the actual period of time the  
18 employee contributes or has contributed to the fund for  
19 service rendered up to the limitation on salary in  
20 subsection (b-5) of Section 1-160 plus the actual  
21 period of time thereafter for which the employee  
22 performs the duties of his position and ceased  
23 contributing due to the salary limitation in  
24 subsection (b-5) of Section 1-160.

25 (3) The right to have certain periods of time  
26 considered as service as stated in paragraph (2) of Section

1 9-164 shall not apply for annuity purposes unless the  
2 refunds shall have been repaid in accordance with this  
3 Article.

4 (4) All service shall be computed in whole calendar  
5 months, and at least 15 days of service in any one calendar  
6 month shall constitute one calendar month of service, and 1  
7 year of service shall be equal to the number of months,  
8 days or hours for which an appropriation was made in the  
9 annual appropriation ordinance for the position held by the  
10 employee.

11 (5) Unused sick or vacation time shall not be used to  
12 compute the service of an employee who first becomes an  
13 employee on or after the effective date of this amendatory  
14 Act of the 98th General Assembly.

15 (b) For all other annuity purposes of this Article the  
16 following schedule shall govern the computation of a year of  
17 service of an employee whose salary or wages is on the basis  
18 stated, and any fractional part of a year of service shall be  
19 determined according to said schedule:

20 Annual or Monthly Basis: Service during 4 months in any 1  
21 calendar year;

22 Weekly Basis: Service during any 17 weeks of any 1 calendar  
23 year, and service during any week shall constitute a week of  
24 service;

25 Daily Basis: Service during 100 days in any 1 calendar  
26 year, and service during any day shall constitute a day of

1 service;

2 Hourly Basis: Service during 800 hours in any 1 calendar  
3 year, and service during any hour shall constitute an hour of  
4 service.

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

6 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

7 Sec. 14-103.10. Compensation.

8 (a) For periods of service prior to January 1, 1978, the  
9 full rate of salary or wages payable to an employee for  
10 personal services performed if he worked the full normal  
11 working period for his position, subject to the following  
12 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
13 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
14 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
15 July 1, 1957, no limitation.

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

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



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

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

10 (d) For periods of service after September 30, 1985,  
11 compensation also includes any remuneration for personal  
12 services not included as "wages" under the Social Security  
13 Enabling Act, which is deducted for purposes of participation  
14 in a program established pursuant to Section 125 of the  
15 Internal Revenue Code or its successor laws.

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

- 25 (1) for vacation;
- 26 (2) for accumulated unused sick leave;

1 (3) upon discharge or dismissal; and

2 (4) for approved holidays.

3 (f) Notwithstanding any other provision of this Code, the  
4 compensation of a Tier I member for the purposes of this Code  
5 shall not exceed, for periods of service on or after the  
6 effective date of this amendatory Act of the 98th General  
7 Assembly, the greater of (i) the limitation determined from  
8 time to time under subsection (b-5) of Section 1-160 of this  
9 Code for persons subject to that Section or (ii) the annual  
10 compensation of the member during the 365 days immediately  
11 preceding that effective date; except that this limitation does  
12 not apply to a member's compensation that is determined under  
13 an employment contract or collective bargaining agreement that  
14 is in effect on the effective date of this amendatory Act of  
15 the 98th General Assembly and has not been amended, renewed, or  
16 terminated after that date.

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

18 (40 ILCS 5/14-103.40 new)

19 Sec. 14-103.40. Tier I member. "Tier I member": A member of  
20 this System who first became a member or participant before  
21 January 1, 2011 under any reciprocal retirement system or  
22 pension fund established under this Code other than a  
23 retirement system or pension fund established under Article 2,  
24 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/14-103.41 new)

2 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former  
3 Tier I member who is receiving a retirement annuity.

4 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

5 Sec. 14-104.3. Notwithstanding provisions contained in  
6 Section 14-103.10, any person who first becomes a member before  
7 the effective date of this amendatory Act of the 98th General  
8 Assembly and who at the time of retirement and after December  
9 6, 1983 receives compensation in a lump sum for accumulated  
10 vacation, sickness, or personal business may receive service  
11 credit for such periods by making contributions within 90 days  
12 of withdrawal, based on the rate of compensation in effect  
13 immediately prior to retirement and the contribution rate then  
14 in effect. Any person who first becomes a member on or after  
15 the effective date of this amendatory Act of the 98th General  
16 Assembly and who receives compensation in a lump sum for  
17 accumulated vacation, sickness, or personal business may not  
18 receive service credit for such periods. Exercising the option  
19 provided in this Section shall not change a member's date of  
20 withdrawal or final average compensation for purposes of  
21 computing the amount or effective date of a retirement annuity.  
22 Any annuitant who establishes service credit as herein provided  
23 shall have his retirement annuity adjusted retroactively to the  
24 date of retirement.

25 (Source: P.A. 83-1362.)

1 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

2 Sec. 14-106. Membership service credit.

3 (a) After January 1, 1944, all service of a member since he  
4 last became a member with respect to which contributions are  
5 made shall count as membership service; provided, that for  
6 service on and after July 1, 1950, 12 months of service shall  
7 constitute a year of membership service, the completion of 15  
8 days or more of service during any month shall constitute 1  
9 month of membership service, 8 to 15 days shall constitute 1/2  
10 month of membership service and less than 8 days shall  
11 constitute 1/4 month of membership service. The payroll record  
12 of each department shall constitute conclusive evidence of the  
13 record of service rendered by a member.

14 (b) For a member who is employed and paid on an  
15 academic-year basis rather than on a 12-month annual basis,  
16 employment for a full academic year shall constitute a full  
17 year of membership service, except that the member shall not  
18 receive more than one year of membership service credit (plus  
19 any additional service credit granted for unused sick leave)  
20 for service during any 12-month period. This subsection (b)  
21 applies to all such service for which the member has not begun  
22 to receive a retirement annuity before January 1, 2001.

23 (c) A person who first becomes a member before the  
24 effective date of this amendatory Act of the 98th General  
25 Assembly shall be entitled to additional service credit, under

1 rules prescribed by the Board, for accumulated unused sick  
2 leave credited to his account in the last Department on the  
3 date of withdrawal from service or for any period for which he  
4 would have been eligible to receive benefits under a sick pay  
5 plan authorized by law, if he had suffered a sickness or  
6 accident on the date of withdrawal from service. It shall be  
7 the responsibility of the last Department to certify to the  
8 Board the length of time salary or benefits would have been  
9 paid to the member based upon the accumulated unused sick leave  
10 or the applicable sick pay plan if he had become entitled  
11 thereto because of sickness on the date that his status as an  
12 employee terminated. This period of service credit granted  
13 under this paragraph shall not be considered in determining the  
14 date the retirement annuity is to begin, or final average  
15 compensation.

16 (d) A person who first becomes a member on or after the  
17 effective date of this amendatory Act of the 98th General  
18 Assembly shall not be entitled to additional service credit for  
19 accumulated unused sick leave.

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

21 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

22 Sec. 14-107. Retirement annuity - service and age -  
23 conditions.

24 (a) A member is entitled to a retirement annuity after  
25 having at least 8 years of creditable service.

1       (b) A member who has at least 35 years of creditable  
2 service may claim his or her retirement annuity at any age. A  
3 member having at least 8 years of creditable service but less  
4 than 35 may claim his or her retirement annuity upon or after  
5 attainment of age 60 or, beginning January 1, 2001, any lesser  
6 age which, when added to the number of years of his or her  
7 creditable service, equals at least 85. A member upon or after  
8 attainment of age 55 having at least 25 years of creditable  
9 service (30 years if retirement is before January 1, 2001) may  
10 elect to receive the lower retirement annuity provided in  
11 paragraph (c) of Section 14-108 of this Code. For purposes of  
12 the rule of 85, portions of years shall be counted in whole  
13 months.

14       (c) Notwithstanding subsection (b) of this Section, for a  
15 Tier I member who begins receiving a retirement annuity under  
16 this Article on or after July 1, 2014:

17       (1) If the Tier I member is at least 45 years old on  
18 the effective date of this amendatory Act of the 98th  
19 General Assembly, then the references to age 55 and 60 in  
20 subsection (b) of this Section remain unchanged and the  
21 references to 85 in subsection (b) of this Section remain  
22 unchanged.

23       (2) If the Tier I member is at least 40 but less than  
24 45 years old on the effective date of this amendatory Act  
25 of the 98th General Assembly, then the references to age 55  
26 and 60 in subsection (b) of this Section are increased by

1       one year and the references to 85 in subsection (b) are  
2       increased to 87.

3       (3) If the Tier I member is at least 35 but less than  
4       40 years old on the effective date of this amendatory Act  
5       of the 98th General Assembly, then the references to age 55  
6       and 60 in subsection (b) of this Section are increased by 3  
7       years and the references to 85 in subsection (b) are  
8       increased to 91.

9       (4) If the Tier I member is less than 35 years old on  
10       the effective date of this amendatory Act of the 98th  
11       General Assembly, then the references to age 55 and 60 in  
12       subsection (b) of this Section are increased by 5 years and  
13       the references to 85 in subsection (b) are increased to 95.

14       Notwithstanding Section 1-103.1, this subsection (c)  
15       applies without regard to whether or not the Tier I member is  
16       in active service under this Article on or after the effective  
17       date of this amendatory Act of the 98th General Assembly.

18       (d) The allowance shall begin with the first full calendar  
19       month specified in the member's application therefor, the first  
20       day of which shall not be before the date of withdrawal as  
21       approved by the board. Regardless of the date of withdrawal,  
22       the allowance need not begin within one year of application  
23       therefor.

24       (Source: P.A. 91-927, eff. 12-14-00.)

1           Sec. 14-108. Amount of retirement annuity. A member who has  
2           contributed to the System for at least 12 months shall be  
3           entitled to a prior service annuity for each year of certified  
4           prior service credited to him, except that a member shall  
5           receive 1/3 of the prior service annuity for each year of  
6           service for which contributions have been made and all of such  
7           annuity shall be payable after the member has made  
8           contributions for a period of 3 years. Proportionate amounts  
9           shall be payable for service of less than a full year after  
10          completion of at least 12 months.

11          The total period of service to be considered in  
12          establishing the measure of prior service annuity shall include  
13          service credited in the Teachers' Retirement System of the  
14          State of Illinois and the State Universities Retirement System  
15          for which contributions have been made by the member to such  
16          systems; provided that at least 1 year of the total period of 3  
17          years prescribed for the allowance of a full measure of prior  
18          service annuity shall consist of membership service in this  
19          system for which credit has been granted.

20               (a) In the case of a member who retires on or after January  
21               1, 1998 and is a noncovered employee, the retirement annuity  
22               for membership service and prior service shall be 2.2% of final  
23               average compensation for each year of service. Any service  
24               credit established as a covered employee shall be computed as  
25               stated in paragraph (b).

26               (b) In the case of a member who retires on or after January



1 1, 1998 and is a covered employee, the retirement annuity for  
2 membership service and prior service shall be computed as  
3 stated in paragraph (a) for all service credit established as a  
4 noncovered employee; for service credit established as a  
5 covered employee it shall be 1.67% of final average  
6 compensation for each year of service.

7 (c) For a member retiring after attaining age 55 but before  
8 age 60 with at least 30 but less than 35 years of creditable  
9 service if retirement is before January 1, 2001, or with at  
10 least 25 but less than 30 years of creditable service if  
11 retirement is on or after January 1, 2001, the retirement  
12 annuity shall be reduced by 1/2 of 1% for each month that the  
13 member's age is under age 60 at the time of retirement. For  
14 members to whom subsection (c) of Section 14-107 applies, the  
15 references to age 55 and 60 in this subsection (c) are  
16 increased as provided in subsection (c) of Section 14-107.

17 (d) A retirement annuity shall not exceed 75% of final  
18 average compensation, subject to such extension as may result  
19 from the application of Section 14-114 or Section 14-115.

20 (e) The retirement annuity payable to any covered employee  
21 who is a member of the System and in service on January 1,  
22 1969, or in service thereafter in 1969 as a result of  
23 legislation enacted by the Illinois General Assembly  
24 transferring the member to State employment from county  
25 employment in a county Department of Public Aid in counties of  
26 3,000,000 or more population, under a plan of coordination with

1 the Old Age, Survivors and Disability provisions thereof, if  
2 not fully insured for Old Age Insurance payments under the  
3 Federal Old Age, Survivors and Disability Insurance provisions  
4 at the date of acceptance of a retirement annuity, shall not be  
5 less than the amount for which the member would have been  
6 eligible if coordination were not applicable.

7 (f) The retirement annuity payable to any covered employee  
8 who is a member of the System and in service on January 1,  
9 1969, or in service thereafter in 1969 as a result of the  
10 legislation designated in the immediately preceding paragraph,  
11 if fully insured for Old Age Insurance payments under the  
12 Federal Social Security Act at the date of acceptance of a  
13 retirement annuity, shall not be less than an amount which when  
14 added to the Primary Insurance Benefit payable to the member  
15 upon attainment of age 65 under such Federal Act, will equal  
16 the annuity which would otherwise be payable if the coordinated  
17 plan of coverage were not applicable.

18 (g) In the case of a member who is a noncovered employee,  
19 the retirement annuity for membership service as a security  
20 employee of the Department of Corrections or security employee  
21 of the Department of Human Services shall be: if retirement  
22 occurs on or after January 1, 2001, 3% of final average  
23 compensation for each year of creditable service; or if  
24 retirement occurs before January 1, 2001, 1.9% of final average  
25 compensation for each of the first 10 years of service, 2.1%  
26 for each of the next 10 years of service, 2.25% for each year

1 of service in excess of 20 but not exceeding 30, and 2.5% for  
2 each year in excess of 30; except that the annuity may be  
3 calculated under subsection (a) rather than this subsection (g)  
4 if the resulting annuity is greater.

5 (h) In the case of a member who is a covered employee, the  
6 retirement annuity for membership service as a security  
7 employee of the Department of Corrections or security employee  
8 of the Department of Human Services shall be: if retirement  
9 occurs on or after January 1, 2001, 2.5% of final average  
10 compensation for each year of creditable service; if retirement  
11 occurs before January 1, 2001, 1.67% of final average  
12 compensation for each of the first 10 years of service, 1.90%  
13 for each of the next 10 years of service, 2.10% for each year  
14 of service in excess of 20 but not exceeding 30, and 2.30% for  
15 each year in excess of 30.

16 (i) For the purposes of this Section and Section 14-133 of  
17 this Act, the term "security employee of the Department of  
18 Corrections" and the term "security employee of the Department  
19 of Human Services" shall have the meanings ascribed to them in  
20 subsection (c) of Section 14-110.

21 (j) The retirement annuity computed pursuant to paragraphs  
22 (g) or (h) shall be applicable only to those security employees  
23 of the Department of Corrections and security employees of the  
24 Department of Human Services who have at least 20 years of  
25 membership service and who are not eligible for the alternative  
26 retirement annuity provided under Section 14-110. However,

1 persons transferring to this System under Section 14-108.2 or  
2 14-108.2c who have service credit under Article 16 of this Code  
3 may count such service toward establishing their eligibility  
4 under the 20-year service requirement of this subsection; but  
5 such service may be used only for establishing such  
6 eligibility, and not for the purpose of increasing or  
7 calculating any benefit.

8 (k) (Blank).

9 (l) The changes to this Section made by this amendatory Act  
10 of 1997 (changing certain retirement annuity formulas from a  
11 stepped rate to a flat rate) apply to members who retire on or  
12 after January 1, 1998, without regard to whether employment  
13 terminated before the effective date of this amendatory Act of  
14 1997. An annuity shall not be calculated in steps by using the  
15 new flat rate for some steps and the superseded stepped rate  
16 for other steps of the same type of service.

17 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

18 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

19 Sec. 14-110. Alternative retirement annuity.

20 (a) Any member who has withdrawn from service with not less  
21 than 20 years of eligible creditable service and has attained  
22 age 55, and any member who has withdrawn from service with not  
23 less than 25 years of eligible creditable service and has  
24 attained age 50, regardless of whether the attainment of either  
25 of the specified ages occurs while the member is still in

1 service, shall be entitled to receive at the option of the  
2 member, in lieu of the regular or minimum retirement annuity, a  
3 retirement annuity computed as follows:

4 (i) for periods of service as a noncovered employee: if  
5 retirement occurs on or after January 1, 2001, 3% of final  
6 average compensation for each year of creditable service;  
7 if retirement occurs before January 1, 2001, 2 1/4% of  
8 final average compensation for each of the first 10 years  
9 of creditable service, 2 1/2% for each year above 10 years  
10 to and including 20 years of creditable service, and 2 3/4%  
11 for each year of creditable service above 20 years; and

12 (ii) for periods of eligible creditable service as a  
13 covered employee: if retirement occurs on or after January  
14 1, 2001, 2.5% of final average compensation for each year  
15 of creditable service; if retirement occurs before January  
16 1, 2001, 1.67% of final average compensation for each of  
17 the first 10 years of such service, 1.90% for each of the  
18 next 10 years of such service, 2.10% for each year of such  
19 service in excess of 20 but not exceeding 30, and 2.30% for  
20 each year in excess of 30.

21 Such annuity shall be subject to a maximum of 75% of final  
22 average compensation if retirement occurs before January 1,  
23 2001 or to a maximum of 80% of final average compensation if  
24 retirement occurs on or after January 1, 2001.

25 These rates shall not be applicable to any service  
26 performed by a member as a covered employee which is not

1 eligible creditable service. Service as a covered employee  
2 which is not eligible creditable service shall be subject to  
3 the rates and provisions of Section 14-108.

4 (a-5) Notwithstanding subsection (a) of this Section, for a  
5 Tier I member who begins receiving a retirement annuity under  
6 this Section on or after July 1, 2014:

7 (1) If the Tier I member is at least 45 years old on  
8 the effective date of this amendatory Act of the 98th  
9 General Assembly, then the references to age 50 and 55 in  
10 subsection (a) of this Section remain unchanged.

11 (2) If the Tier I member is at least 40 but less than  
12 45 years old on the effective date of this amendatory Act  
13 of the 98th General Assembly, then the references to age 50  
14 and 55 in subsection (a) of this Section are increased by  
15 one year.

16 (3) If the Tier I member is at least 35 but less than  
17 40 years old on the effective date of this amendatory Act  
18 of the 98th General Assembly, then the references to age 50  
19 and 55 in subsection (a) of this Section are increased by 3  
20 years.

21 (4) If the Tier I member is less than 35 years old on  
22 the effective date of this amendatory Act of the 98th  
23 General Assembly, then the references to age 50 and 55 in  
24 subsection (a) of this Section are increased by 5 years.

25 Notwithstanding Section 1-103.1, this subsection (a-5)  
26 applies without regard to whether or not the Tier I member is

1 in active service under this Article on or after the effective  
2 date of this amendatory Act of the 98th General Assembly.

3 (b) For the purpose of this Section, "eligible creditable  
4 service" means creditable service resulting from service in one  
5 or more of the following positions:

6 (1) State policeman;

7 (2) fire fighter in the fire protection service of a  
8 department;

9 (3) air pilot;

10 (4) special agent;

11 (5) investigator for the Secretary of State;

12 (6) conservation police officer;

13 (7) investigator for the Department of Revenue or the  
14 Illinois Gaming Board;

15 (8) security employee of the Department of Human  
16 Services;

17 (9) Central Management Services security police  
18 officer;

19 (10) security employee of the Department of  
20 Corrections or the Department of Juvenile Justice;

21 (11) dangerous drugs investigator;

22 (12) investigator for the Department of State Police;

23 (13) investigator for the Office of the Attorney  
24 General;

25 (14) controlled substance inspector;

26 (15) investigator for the Office of the State's

1 Attorneys Appellate Prosecutor;

2 (16) Commerce Commission police officer;

3 (17) arson investigator;

4 (18) State highway maintenance worker.

5 A person employed in one of the positions specified in this  
6 subsection is entitled to eligible creditable service for  
7 service credit earned under this Article while undergoing the  
8 basic police training course approved by the Illinois Law  
9 Enforcement Training Standards Board, if completion of that  
10 training is required of persons serving in that position. For  
11 the purposes of this Code, service during the required basic  
12 police training course shall be deemed performance of the  
13 duties of the specified position, even though the person is not  
14 a sworn peace officer at the time of the training.

15 (c) For the purposes of this Section:

16 (1) The term "state policeman" includes any title or  
17 position in the Department of State Police that is held by  
18 an individual employed under the State Police Act.

19 (2) The term "fire fighter in the fire protection  
20 service of a department" includes all officers in such fire  
21 protection service including fire chiefs and assistant  
22 fire chiefs.

23 (3) The term "air pilot" includes any employee whose  
24 official job description on file in the Department of  
25 Central Management Services, or in the department by which  
26 he is employed if that department is not covered by the



1 Personnel Code, states that his principal duty is the  
2 operation of aircraft, and who possesses a pilot's license;  
3 however, the change in this definition made by this  
4 amendatory Act of 1983 shall not operate to exclude any  
5 noncovered employee who was an "air pilot" for the purposes  
6 of this Section on January 1, 1984.

7 (4) The term "special agent" means any person who by  
8 reason of employment by the Division of Narcotic Control,  
9 the Bureau of Investigation or, after July 1, 1977, the  
10 Division of Criminal Investigation, the Division of  
11 Internal Investigation, the Division of Operations, or any  
12 other Division or organizational entity in the Department  
13 of State Police is vested by law with duties to maintain  
14 public order, investigate violations of the criminal law of  
15 this State, enforce the laws of this State, make arrests  
16 and recover property. The term "special agent" includes any  
17 title or position in the Department of State Police that is  
18 held by an individual employed under the State Police Act.

19 (5) The term "investigator for the Secretary of State"  
20 means any person employed by the Office of the Secretary of  
21 State and vested with such investigative duties as render  
22 him ineligible for coverage under the Social Security Act  
23 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
24 218(1)(1) of that Act.

25 A person who became employed as an investigator for the  
26 Secretary of State between January 1, 1967 and December 31,

1 1975, and who has served as such until attainment of age  
2 60, either continuously or with a single break in service  
3 of not more than 3 years duration, which break terminated  
4 before January 1, 1976, shall be entitled to have his  
5 retirement annuity calculated in accordance with  
6 subsection (a), notwithstanding that he has less than 20  
7 years of credit for such service.

8 (6) The term "Conservation Police Officer" means any  
9 person employed by the Division of Law Enforcement of the  
10 Department of Natural Resources and vested with such law  
11 enforcement duties as render him ineligible for coverage  
12 under the Social Security Act by reason of Sections  
13 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
14 term "Conservation Police Officer" includes the positions  
15 of Chief Conservation Police Administrator and Assistant  
16 Conservation Police Administrator.

17 (7) The term "investigator for the Department of  
18 Revenue" means any person employed by the Department of  
19 Revenue and vested with such investigative duties as render  
20 him ineligible for coverage under the Social Security Act  
21 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
22 218(1)(1) of that Act.

23 The term "investigator for the Illinois Gaming Board"  
24 means any person employed as such by the Illinois Gaming  
25 Board and vested with such peace officer duties as render  
26 the person ineligible for coverage under the Social

1 Security Act by reason of Sections 218(d)(5)(A),  
2 218(d)(8)(D), and 218(1)(1) of that Act.

3 (8) The term "security employee of the Department of  
4 Human Services" means any person employed by the Department  
5 of Human Services who (i) is employed at the Chester Mental  
6 Health Center and has daily contact with the residents  
7 thereof, (ii) is employed within a security unit at a  
8 facility operated by the Department and has daily contact  
9 with the residents of the security unit, (iii) is employed  
10 at a facility operated by the Department that includes a  
11 security unit and is regularly scheduled to work at least  
12 50% of his or her working hours within that security unit,  
13 or (iv) is a mental health police officer. "Mental health  
14 police officer" means any person employed by the Department  
15 of Human Services in a position pertaining to the  
16 Department's mental health and developmental disabilities  
17 functions who is vested with such law enforcement duties as  
18 render the person ineligible for coverage under the Social  
19 Security Act by reason of Sections 218(d)(5)(A),  
20 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
21 means that portion of a facility that is devoted to the  
22 care, containment, and treatment of persons committed to  
23 the Department of Human Services as sexually violent  
24 persons, persons unfit to stand trial, or persons not  
25 guilty by reason of insanity. With respect to past  
26 employment, references to the Department of Human Services

1 include its predecessor, the Department of Mental Health  
2 and Developmental Disabilities.

3 The changes made to this subdivision (c)(8) by Public  
4 Act 92-14 apply to persons who retire on or after January  
5 1, 2001, notwithstanding Section 1-103.1.

6 (9) "Central Management Services security police  
7 officer" means any person employed by the Department of  
8 Central Management Services who is vested with such law  
9 enforcement duties as render him ineligible for coverage  
10 under the Social Security Act by reason of Sections  
11 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

12 (10) For a member who first became an employee under  
13 this Article before July 1, 2005, the term "security  
14 employee of the Department of Corrections or the Department  
15 of Juvenile Justice" means any employee of the Department  
16 of Corrections or the Department of Juvenile Justice or the  
17 former Department of Personnel, and any member or employee  
18 of the Prisoner Review Board, who has daily contact with  
19 inmates or youth by working within a correctional facility  
20 or Juvenile facility operated by the Department of Juvenile  
21 Justice or who is a parole officer or an employee who has  
22 direct contact with committed persons in the performance of  
23 his or her job duties. For a member who first becomes an  
24 employee under this Article on or after July 1, 2005, the  
25 term means an employee of the Department of Corrections or  
26 the Department of Juvenile Justice who is any of the

1 following: (i) officially headquartered at a correctional  
2 facility or Juvenile facility operated by the Department of  
3 Juvenile Justice, (ii) a parole officer, (iii) a member of  
4 the apprehension unit, (iv) a member of the intelligence  
5 unit, (v) a member of the sort team, or (vi) an  
6 investigator.

7 (11) The term "dangerous drugs investigator" means any  
8 person who is employed as such by the Department of Human  
9 Services.

10 (12) The term "investigator for the Department of State  
11 Police" means a person employed by the Department of State  
12 Police who is vested under Section 4 of the Narcotic  
13 Control Division Abolition Act with such law enforcement  
14 powers as render him ineligible for coverage under the  
15 Social Security Act by reason of Sections 218(d)(5)(A),  
16 218(d)(8)(D) and 218(1)(1) of that Act.

17 (13) "Investigator for the Office of the Attorney  
18 General" means any person who is employed as such by the  
19 Office of the Attorney General and is vested with such  
20 investigative duties as render him ineligible for coverage  
21 under the Social Security Act by reason of Sections  
22 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
23 the period before January 1, 1989, the term includes all  
24 persons who were employed as investigators by the Office of  
25 the Attorney General, without regard to social security  
26 status.

1           (14) "Controlled substance inspector" means any person  
2 who is employed as such by the Department of Professional  
3 Regulation and is vested with such law enforcement duties  
4 as render him ineligible for coverage under the Social  
5 Security Act by reason of Sections 218(d)(5)(A),  
6 218(d)(8)(D) and 218(1)(1) of that Act. The term  
7 "controlled substance inspector" includes the Program  
8 Executive of Enforcement and the Assistant Program  
9 Executive of Enforcement.

10           (15) The term "investigator for the Office of the  
11 State's Attorneys Appellate Prosecutor" means a person  
12 employed in that capacity on a full time basis under the  
13 authority of Section 7.06 of the State's Attorneys  
14 Appellate Prosecutor's Act.

15           (16) "Commerce Commission police officer" means any  
16 person employed by the Illinois Commerce Commission who is  
17 vested with such law enforcement duties as render him  
18 ineligible for coverage under the Social Security Act by  
19 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
20 218(1)(1) of that Act.

21           (17) "Arson investigator" means any person who is  
22 employed as such by the Office of the State Fire Marshal  
23 and is vested with such law enforcement duties as render  
24 the person ineligible for coverage under the Social  
25 Security Act by reason of Sections 218(d)(5)(A),  
26 218(d)(8)(D), and 218(1)(1) of that Act. A person who was

1 employed as an arson investigator on January 1, 1995 and is  
2 no longer in service but not yet receiving a retirement  
3 annuity may convert his or her creditable service for  
4 employment as an arson investigator into eligible  
5 creditable service by paying to the System the difference  
6 between the employee contributions actually paid for that  
7 service and the amounts that would have been contributed if  
8 the applicant were contributing at the rate applicable to  
9 persons with the same social security status earning  
10 eligible creditable service on the date of application.

11 (18) The term "State highway maintenance worker" means  
12 a person who is either of the following:

13 (i) A person employed on a full-time basis by the  
14 Illinois Department of Transportation in the position  
15 of highway maintainer, highway maintenance lead  
16 worker, highway maintenance lead/lead worker, heavy  
17 construction equipment operator, power shovel  
18 operator, or bridge mechanic; and whose principal  
19 responsibility is to perform, on the roadway, the  
20 actual maintenance necessary to keep the highways that  
21 form a part of the State highway system in serviceable  
22 condition for vehicular traffic.

23 (ii) A person employed on a full-time basis by the  
24 Illinois State Toll Highway Authority in the position  
25 of equipment operator/laborer H-4, equipment  
26 operator/laborer H-6, welder H-4, welder H-6,

1 mechanical/electrical H-4, mechanical/electrical H-6,  
2 water/sewer H-4, water/sewer H-6, sign maker/hanger  
3 H-4, sign maker/hanger H-6, roadway lighting H-4,  
4 roadway lighting H-6, structural H-4, structural H-6,  
5 painter H-4, or painter H-6; and whose principal  
6 responsibility is to perform, on the roadway, the  
7 actual maintenance necessary to keep the Authority's  
8 tollways in serviceable condition for vehicular  
9 traffic.

10 (d) A security employee of the Department of Corrections or  
11 the Department of Juvenile Justice, and a security employee of  
12 the Department of Human Services who is not a mental health  
13 police officer, shall not be eligible for the alternative  
14 retirement annuity provided by this Section unless he or she  
15 meets the following minimum age and service requirements at the  
16 time of retirement:

17 (i) 25 years of eligible creditable service and age 55;

18 or

19 (ii) beginning January 1, 1987, 25 years of eligible  
20 creditable service and age 54, or 24 years of eligible  
21 creditable service and age 55; or

22 (iii) beginning January 1, 1988, 25 years of eligible  
23 creditable service and age 53, or 23 years of eligible  
24 creditable service and age 55; or

25 (iv) beginning January 1, 1989, 25 years of eligible  
26 creditable service and age 52, or 22 years of eligible



1           creditable service and age 55; or

2                   (v) beginning January 1, 1990, 25 years of eligible  
3           creditable service and age 51, or 21 years of eligible  
4           creditable service and age 55; or

5                   (vi) beginning January 1, 1991, 25 years of eligible  
6           creditable service and age 50, or 20 years of eligible  
7           creditable service and age 55.

8           For members to whom subsection (a-5) of this Section  
9           applies, the references to age 50 and 55 in item (vi) of this  
10           subsection are increased as provided in subsection (a-5).

11           Persons who have service credit under Article 16 of this  
12           Code for service as a security employee of the Department of  
13           Corrections or the Department of Juvenile Justice, or the  
14           Department of Human Services in a position requiring  
15           certification as a teacher may count such service toward  
16           establishing their eligibility under the service requirements  
17           of this Section; but such service may be used only for  
18           establishing such eligibility, and not for the purpose of  
19           increasing or calculating any benefit.

20           (e) If a member enters military service while working in a  
21           position in which eligible creditable service may be earned,  
22           and returns to State service in the same or another such  
23           position, and fulfills in all other respects the conditions  
24           prescribed in this Article for credit for military service,  
25           such military service shall be credited as eligible creditable  
26           service for the purposes of the retirement annuity prescribed

1 in this Section.

2 (f) For purposes of calculating retirement annuities under  
3 this Section, periods of service rendered after December 31,  
4 1968 and before October 1, 1975 as a covered employee in the  
5 position of special agent, conservation police officer, mental  
6 health police officer, or investigator for the Secretary of  
7 State, shall be deemed to have been service as a noncovered  
8 employee, provided that the employee pays to the System prior  
9 to retirement an amount equal to (1) the difference between the  
10 employee contributions that would have been required for such  
11 service as a noncovered employee, and the amount of employee  
12 contributions actually paid, plus (2) if payment is made after  
13 July 31, 1987, regular interest on the amount specified in item  
14 (1) from the date of service to the date of payment.

15 For purposes of calculating retirement annuities under  
16 this Section, periods of service rendered after December 31,  
17 1968 and before January 1, 1982 as a covered employee in the  
18 position of investigator for the Department of Revenue shall be  
19 deemed to have been service as a noncovered employee, provided  
20 that the employee pays to the System prior to retirement an  
21 amount equal to (1) the difference between the employee  
22 contributions that would have been required for such service as  
23 a noncovered employee, and the amount of employee contributions  
24 actually paid, plus (2) if payment is made after January 1,  
25 1990, regular interest on the amount specified in item (1) from  
26 the date of service to the date of payment.

1           (g) A State policeman may elect, not later than January 1,  
2 1990, to establish eligible creditable service for up to 10  
3 years of his service as a policeman under Article 3, by filing  
4 a written election with the Board, accompanied by payment of an  
5 amount to be determined by the Board, equal to (i) the  
6 difference between the amount of employee and employer  
7 contributions transferred to the System under Section 3-110.5,  
8 and the amounts that would have been contributed had such  
9 contributions been made at the rates applicable to State  
10 policemen, plus (ii) interest thereon at the effective rate for  
11 each year, compounded annually, from the date of service to the  
12 date of payment.

13           Subject to the limitation in subsection (i), a State  
14 policeman may elect, not later than July 1, 1993, to establish  
15 eligible creditable service for up to 10 years of his service  
16 as a member of the County Police Department under Article 9, by  
17 filing a written election with the Board, accompanied by  
18 payment of an amount to be determined by the Board, equal to  
19 (i) the difference between the amount of employee and employer  
20 contributions transferred to the System under Section 9-121.10  
21 and the amounts that would have been contributed had those  
22 contributions been made at the rates applicable to State  
23 policemen, plus (ii) interest thereon at the effective rate for  
24 each year, compounded annually, from the date of service to the  
25 date of payment.

26           (h) Subject to the limitation in subsection (i), a State

1 policeman or investigator for the Secretary of State may elect  
2 to establish eligible creditable service for up to 12 years of  
3 his service as a policeman under Article 5, by filing a written  
4 election with the Board on or before January 31, 1992, and  
5 paying to the System by January 31, 1994 an amount to be  
6 determined by the Board, equal to (i) the difference between  
7 the amount of employee and employer contributions transferred  
8 to the System under Section 5-236, and the amounts that would  
9 have been contributed had such contributions been made at the  
10 rates applicable to State policemen, plus (ii) interest thereon  
11 at the effective rate for each year, compounded annually, from  
12 the date of service to the date of payment.

13 Subject to the limitation in subsection (i), a State  
14 policeman, conservation police officer, or investigator for  
15 the Secretary of State may elect to establish eligible  
16 creditable service for up to 10 years of service as a sheriff's  
17 law enforcement employee under Article 7, by filing a written  
18 election with the Board on or before January 31, 1993, and  
19 paying to the System by January 31, 1994 an amount to be  
20 determined by the Board, equal to (i) the difference between  
21 the amount of employee and employer contributions transferred  
22 to the System under Section 7-139.7, and the amounts that would  
23 have been contributed had such contributions been made at the  
24 rates applicable to State policemen, plus (ii) interest thereon  
25 at the effective rate for each year, compounded annually, from  
26 the date of service to the date of payment.

1           Subject to the limitation in subsection (i), a State  
2 policeman, conservation police officer, or investigator for  
3 the Secretary of State may elect to establish eligible  
4 creditable service for up to 5 years of service as a police  
5 officer under Article 3, a policeman under Article 5, a  
6 sheriff's law enforcement employee under Article 7, a member of  
7 the county police department under Article 9, or a police  
8 officer under Article 15 by filing a written election with the  
9 Board and paying to the System an amount to be determined by  
10 the Board, equal to (i) the difference between the amount of  
11 employee and employer contributions transferred to the System  
12 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
13 and the amounts that would have been contributed had such  
14 contributions been made at the rates applicable to State  
15 policemen, plus (ii) interest thereon at the effective rate for  
16 each year, compounded annually, from the date of service to the  
17 date of payment.

18           Subject to the limitation in subsection (i), an  
19 investigator for the Office of the Attorney General, or an  
20 investigator for the Department of Revenue, may elect to  
21 establish eligible creditable service for up to 5 years of  
22 service as a police officer under Article 3, a policeman under  
23 Article 5, a sheriff's law enforcement employee under Article  
24 7, or a member of the county police department under Article 9  
25 by filing a written election with the Board within 6 months  
26 after August 25, 2009 (the effective date of Public Act 96-745)

1 and paying to the System an amount to be determined by the  
2 Board, equal to (i) the difference between the amount of  
3 employee and employer contributions transferred to the System  
4 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
5 amounts that would have been contributed had such contributions  
6 been made at the rates applicable to State policemen, plus (ii)  
7 interest thereon at the actuarially assumed rate for each year,  
8 compounded annually, from the date of service to the date of  
9 payment.

10 Subject to the limitation in subsection (i), a State  
11 policeman, conservation police officer, investigator for the  
12 Office of the Attorney General, an investigator for the  
13 Department of Revenue, or investigator for the Secretary of  
14 State may elect to establish eligible creditable service for up  
15 to 5 years of service as a person employed by a participating  
16 municipality to perform police duties, or law enforcement  
17 officer employed on a full-time basis by a forest preserve  
18 district under Article 7, a county corrections officer, or a  
19 court services officer under Article 9, by filing a written  
20 election with the Board within 6 months after August 25, 2009  
21 (the effective date of Public Act 96-745) and paying to the  
22 System an amount to be determined by the Board, equal to (i)  
23 the difference between the amount of employee and employer  
24 contributions transferred to the System under Sections 7-139.8  
25 and 9-121.10 and the amounts that would have been contributed  
26 had such contributions been made at the rates applicable to

1 State policemen, plus (ii) interest thereon at the actuarially  
2 assumed rate for each year, compounded annually, from the date  
3 of service to the date of payment.

4 (i) The total amount of eligible creditable service  
5 established by any person under subsections (g), (h), (j), (k),  
6 and (l) of this Section shall not exceed 12 years.

7 (j) Subject to the limitation in subsection (i), an  
8 investigator for the Office of the State's Attorneys Appellate  
9 Prosecutor or a controlled substance inspector may elect to  
10 establish eligible creditable service for up to 10 years of his  
11 service as a policeman under Article 3 or a sheriff's law  
12 enforcement employee under Article 7, by filing a written  
13 election with the Board, accompanied by payment of an amount to  
14 be determined by the Board, equal to (1) the difference between  
15 the amount of employee and employer contributions transferred  
16 to the System under Section 3-110.6 or 7-139.8, and the amounts  
17 that would have been contributed had such contributions been  
18 made at the rates applicable to State policemen, plus (2)  
19 interest thereon at the effective rate for each year,  
20 compounded annually, from the date of service to the date of  
21 payment.

22 (k) Subject to the limitation in subsection (i) of this  
23 Section, an alternative formula employee may elect to establish  
24 eligible creditable service for periods spent as a full-time  
25 law enforcement officer or full-time corrections officer  
26 employed by the federal government or by a state or local

1 government located outside of Illinois, for which credit is not  
2 held in any other public employee pension fund or retirement  
3 system. To obtain this credit, the applicant must file a  
4 written application with the Board by March 31, 1998,  
5 accompanied by evidence of eligibility acceptable to the Board  
6 and payment of an amount to be determined by the Board, equal  
7 to (1) employee contributions for the credit being established,  
8 based upon the applicant's salary on the first day as an  
9 alternative formula employee after the employment for which  
10 credit is being established and the rates then applicable to  
11 alternative formula employees, plus (2) an amount determined by  
12 the Board to be the employer's normal cost of the benefits  
13 accrued for the credit being established, plus (3) regular  
14 interest on the amounts in items (1) and (2) from the first day  
15 as an alternative formula employee after the employment for  
16 which credit is being established to the date of payment.

17 (1) Subject to the limitation in subsection (i), a security  
18 employee of the Department of Corrections may elect, not later  
19 than July 1, 1998, to establish eligible creditable service for  
20 up to 10 years of his or her service as a policeman under  
21 Article 3, by filing a written election with the Board,  
22 accompanied by payment of an amount to be determined by the  
23 Board, equal to (i) the difference between the amount of  
24 employee and employer contributions transferred to the System  
25 under Section 3-110.5, and the amounts that would have been  
26 contributed had such contributions been made at the rates



1 applicable to security employees of the Department of  
2 Corrections, plus (ii) interest thereon at the effective rate  
3 for each year, compounded annually, from the date of service to  
4 the date of payment.

5 (m) The amendatory changes to this Section made by this  
6 amendatory Act of the 94th General Assembly apply only to: (1)  
7 security employees of the Department of Juvenile Justice  
8 employed by the Department of Corrections before the effective  
9 date of this amendatory Act of the 94th General Assembly and  
10 transferred to the Department of Juvenile Justice by this  
11 amendatory Act of the 94th General Assembly; and (2) persons  
12 employed by the Department of Juvenile Justice on or after the  
13 effective date of this amendatory Act of the 94th General  
14 Assembly who are required by subsection (b) of Section 3-2.5-15  
15 of the Unified Code of Corrections to have a bachelor's or  
16 advanced degree from an accredited college or university with a  
17 specialization in criminal justice, education, psychology,  
18 social work, or a closely related social science or, in the  
19 case of persons who provide vocational training, who are  
20 required to have adequate knowledge in the skill for which they  
21 are providing the vocational training.

22 (n) A person employed in a position under subsection (b) of  
23 this Section who has purchased service credit under subsection  
24 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
25 any other capacity under this Article may convert up to 5 years  
26 of that service credit into service credit covered under this

1 Section by paying to the Fund an amount equal to (1) the  
2 additional employee contribution required under Section  
3 14-133, plus (2) the additional employer contribution required  
4 under Section 14-131, plus (3) interest on items (1) and (2) at  
5 the actuarially assumed rate from the date of the service to  
6 the date of payment.

7 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
8 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
9 7-2-10.)

10 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

12 (a) Except as provided in subsections (a-1) and (a-2), any  
13 ~~Any~~ person receiving a retirement annuity under this Article  
14 who retires having attained age 60, or who retires before age  
15 60 having at least 35 years of creditable service, or who  
16 retires on or after January 1, 2001 at an age which, when added  
17 to the number of years of his or her creditable service, equals  
18 at least 85, shall, on January 1 next following the first full  
19 year of retirement, have the amount of the then fixed and  
20 payable monthly retirement annuity increased 3%. Any person  
21 receiving a retirement annuity under this Article who retires  
22 before attainment of age 60 and with less than (i) 35 years of  
23 creditable service if retirement is before January 1, 2001, or  
24 (ii) the number of years of creditable service which, when  
25 added to the member's age, would equal 85, if retirement is on

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

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

21 Beginning January 1, 1990 and except as provided in  
22 subsections (a-1) and (a-2), all automatic annual increases  
23 payable under this Section shall be calculated as a percentage  
24 of the total annuity payable at the time of the increase,  
25 including previous increases granted under this Article.

26 (a-1) Notwithstanding any other provision of this Article,

1 for a Tier I retiree, the amount of each automatic annual  
2 increase in retirement annuity occurring on or after the  
3 effective date of this amendatory Act of the 98th General  
4 Assembly shall be 3% of the lesser of (1) the total annuity  
5 payable at the time of the increase, including previous  
6 increases granted or (2) \$800 (\$1,000 if the annuity is based  
7 primarily upon service as a noncovered employee) multiplied by  
8 the number of years of creditable service upon which the  
9 annuity is based.

10 (a-2) Notwithstanding any other provision of this Article,  
11 for a Tier I retiree, the monthly retirement annuity shall  
12 first be subject to annual increases on the January 1 occurring  
13 on or next after the attainment of age 67 or the January 1  
14 occurring on or next after the fifth anniversary of the annuity  
15 start date, whichever occurs earlier. If on the effective date  
16 of this amendatory Act of the 98th General Assembly a Tier I  
17 retiree has already received an annual increase under this  
18 Section but does not yet meet the new eligibility requirements  
19 of this subsection, the annual increases already received shall  
20 continue in force, but no additional annual increase shall be  
21 granted until the Tier I retiree meets the new eligibility  
22 requirements.

23 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
24 and (a-2) apply without regard to whether or not the Tier I  
25 retiree is in active service under this Article on or after the  
26 effective date of this amendatory Act of the 98th General

1 Assembly.

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

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

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

26 On January 1, 1987, any annuitant who began receiving a

1 retirement annuity on or before January 1, 1977, shall have the  
2 monthly retirement annuity increased by an amount equal to 8¢  
3 per year of creditable service times the number of years that  
4 have elapsed since the annuity began.

5 (e) Every person who receives the alternative retirement  
6 annuity under Section 14-110 and who is eligible to receive the  
7 3% increase under subsection (a) on January 1, 1986, shall also  
8 receive on that date a one-time increase in retirement annuity  
9 equal to the difference between (1) his actual retirement  
10 annuity on that date, including any increases received under  
11 subsection (a), and (2) the amount of retirement annuity he  
12 would have received on that date if the amendments to  
13 subsection (a) made by Public Act 84-162 had been in effect  
14 since the date of his retirement.

15 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
16 92-651, eff. 7-11-02.)

17 (40 ILCS 5/14-131)

18 Sec. 14-131. Contributions by State.

19 (a) The State shall make contributions to the System by  
20 appropriations of amounts which, together with other employer  
21 contributions from trust, federal, and other funds, employee  
22 contributions, investment income, and other income, will be  
23 sufficient to meet the cost of maintaining and administering  
24 the System on a 100% ~~90%~~ funded basis in accordance with  
25 actuarial recommendations by the end of State fiscal year 2044.

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

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

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

21 For the purposes of this Section and Section 14.1 of the  
22 State Finance Act, the term "eligible employees" includes  
23 employees who participate in the System, persons who may elect  
24 to participate in the System but have not so elected, persons  
25 who are serving a qualifying period that is required for  
26 participation, and annuitants employed by a department as

1 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

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

23 (c-2) For State fiscal years 2010, 2012, and 2013 only, on  
24 or as soon as possible after the 15th day of each month, the  
25 Board shall submit vouchers for payment of State contributions  
26 to the System, in a total monthly amount of one-twelfth of the



1 fiscal year General Revenue Fund contribution as certified by  
2 the System pursuant to Section 14-135.08 of the Illinois  
3 Pension Code.

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

18 (e) For State fiscal years 2015 through 2044, the minimum  
19 contribution to the System to be made by the State for each  
20 fiscal year shall be an amount determined by the System to be  
21 equal to the sum of (1) the State's portion of the projected  
22 normal cost for that fiscal year, plus (2) an amount sufficient  
23 to bring the total assets of the System up to 100% of the total  
24 actuarial liabilities of the System by the end of State fiscal  
25 year 2044. In making these determinations, the required State  
26 contribution shall be calculated each year as a level

1 percentage of payroll over the years remaining to and including  
2 fiscal year 2044 and shall be determined under the entry age  
3 normal actuarial cost method.

4 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
5 contribution to the System to be made by the State for each  
6 fiscal year shall be an amount determined by the System to be  
7 sufficient to bring the total assets of the System up to 90% of  
8 the total actuarial liabilities of the System by the end of  
9 State fiscal year 2045. In making these determinations, the  
10 required State contribution shall be calculated each year as a  
11 level percentage of payroll over the years remaining to and  
12 including fiscal year 2045 and shall be determined under the  
13 projected unit credit actuarial cost method.

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

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

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

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

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

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

1 reduction in bond proceeds due to the issuance of discounted  
2 bonds, if applicable.

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

14 Beginning in State fiscal year 2045, the minimum State  
15 contribution for each fiscal year shall be the amount needed to  
16 maintain the total assets of the System at 100% of the total  
17 actuarial liabilities of the System.

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

22 Amounts received by the System pursuant to Section 25 of  
23 the Budget Stabilization Act or Section 8.12 of the State  
24 Finance Act in any fiscal year do not reduce and do not  
25 constitute payment of any portion of the minimum State  
26 contribution required under this Article in that fiscal year.

1 Such amounts shall not reduce, and shall not be included in the  
2 calculation of, the required State contributions under this  
3 Article in any future year until the System has reached a  
4 funding ratio of at least 100% ~~90%~~. A reference in this Article  
5 to the "required State contribution" or any substantially  
6 similar term does not include or apply to any amounts payable  
7 to the System under Section 25 of the Budget Stabilization Act.

8 Notwithstanding any other provision of this Section, the  
9 required State contribution for State fiscal year 2005 and for  
10 fiscal year 2008 and each fiscal year thereafter through State  
11 fiscal year 2014, as calculated under this Section and  
12 certified under Section 14-135.08, shall not exceed an amount  
13 equal to (i) the amount of the required State contribution that  
14 would have been calculated under this Section for that fiscal  
15 year if the System had not received any payments under  
16 subsection (d) of Section 7.2 of the General Obligation Bond  
17 Act, minus (ii) the portion of the State's total debt service  
18 payments for that fiscal year on the bonds issued in fiscal  
19 year 2003 for the purposes of that Section 7.2, as determined  
20 and certified by the Comptroller, that is the same as the  
21 System's portion of the total moneys distributed under  
22 subsection (d) of Section 7.2 of the General Obligation Bond  
23 Act. In determining this maximum for State fiscal years 2008  
24 through 2010, however, the amount referred to in item (i) shall  
25 be increased, as a percentage of the applicable employee  
26 payroll, in equal increments calculated from the sum of the

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

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

1 Year 2004 Overpayment" for purposes of this Section, and the  
2 Fiscal Year 2004 Overpayment shall be repaid by the System to  
3 the Pension Contribution Fund as soon as practicable after the  
4 certification.

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

9 As of June 30, 2008, the actuarial value of the System's  
10 assets shall be equal to the market value of the assets as of  
11 that date. In determining the actuarial value of the System's  
12 assets for fiscal years after June 30, 2008, any actuarial  
13 gains or losses from investment return incurred in a fiscal  
14 year shall be recognized in equal annual amounts over the  
15 5-year period following that fiscal year.

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

20 (i) After the submission of all payments for eligible  
21 employees from personal services line items paid from the  
22 General Revenue Fund in fiscal year 2010 have been made, the  
23 Comptroller shall provide to the System a certification of the  
24 sum of all fiscal year 2010 expenditures for personal services  
25 that would have been covered by payments to the System under  
26 this Section if the provisions of this amendatory Act of the

1 96th General Assembly had not been enacted. Upon receipt of the  
2 certification, the System shall determine the amount due to the  
3 System based on the full rate certified by the Board under  
4 Section 14-135.08 for fiscal year 2010 in order to meet the  
5 State's obligation under this Section. The System shall compare  
6 this amount due to the amount received by the System in fiscal  
7 year 2010 through payments under this Section. If the amount  
8 due is more than the amount received, the difference shall be  
9 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
10 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
11 under Section 1.2 of the State Pension Funds Continuing  
12 Appropriation Act. If the amount due is less than the amount  
13 received, the difference shall be termed the "Fiscal Year 2010  
14 Overpayment" for purposes of this Section, and the Fiscal Year  
15 2010 Overpayment shall be repaid by the System to the General  
16 Revenue Fund as soon as practicable after the certification.

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



1 Section 14-135.08 for fiscal year 2011 in order to meet the  
2 State's obligation under this Section. The System shall compare  
3 this amount due to the amount received by the System in fiscal  
4 year 2011 through payments under this Section. If the amount  
5 due is more than the amount received, the difference shall be  
6 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
7 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
8 under Section 1.2 of the State Pension Funds Continuing  
9 Appropriation Act. If the amount due is less than the amount  
10 received, the difference shall be termed the "Fiscal Year 2011  
11 Overpayment" for purposes of this Section, and the Fiscal Year  
12 2011 Overpayment shall be repaid by the System to the General  
13 Revenue Fund as soon as practicable after the certification.

14 (k) For fiscal years 2012 and 2013 only, after the  
15 submission of all payments for eligible employees from personal  
16 services line items paid from the General Revenue Fund in the  
17 fiscal year have been made, the Comptroller shall provide to  
18 the System a certification of the sum of all expenditures in  
19 the fiscal year for personal services. Upon receipt of the  
20 certification, the System shall determine the amount due to the  
21 System based on the full rate certified by the Board under  
22 Section 14-135.08 for the fiscal year in order to meet the  
23 State's obligation under this Section. The System shall compare  
24 this amount due to the amount received by the System for the  
25 fiscal year. If the amount due is more than the amount  
26 received, the difference shall be termed the "Prior Fiscal Year

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

9 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
10 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
11 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
12 eff. 6-30-12.)

13 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

14 Sec. 14-132. Obligations of State; funding guarantee.

15 (a) The payment of the required department contributions,  
16 all allowances, annuities, benefits granted under this  
17 Article, and all expenses of administration of the system are  
18 obligations of the State of Illinois to the extent specified in  
19 this Article.

20 (b) All income of the system shall be credited to a  
21 separate account for this system in the State treasury and  
22 shall be used to pay allowances, annuities, benefits and  
23 administration expense.

24 (c) Beginning July 1, 2014, the State shall be  
25 contractually obligated to contribute to the System in each

1 State fiscal year an amount not less than the sum of (i) the  
2 State's normal cost for the year and (ii) the portion of the  
3 unfunded accrued liability assigned to that year by law.  
4 Notwithstanding any other provision of law, if the State fails  
5 to pay an amount guaranteed under this subsection, it shall be  
6 the mandatory fiduciary obligation of the Board to seek payment  
7 of the guaranteed amount in compliance with the provisions of  
8 this Section and, if the amount remains unpaid, to bring a  
9 mandamus action in the Supreme Court of Illinois to compel the  
10 State to make the required payment.

11 If the System or a department submits a voucher for  
12 contributions required under Section 14-131 and the State fails  
13 to pay that voucher within 90 days of its receipt, the Board  
14 shall submit a written request to the Comptroller seeking  
15 payment. A copy of the request shall be filed with the  
16 Secretary of State, and the Secretary of State shall provide a  
17 copy to the Governor and General Assembly. No earlier than the  
18 16th day after the System files the request with the  
19 Comptroller and Secretary of State, if the amount remains  
20 unpaid, the Board shall commence a mandamus action in the  
21 Supreme Court of Illinois to compel the Comptroller to satisfy  
22 the voucher.

23 This subsection (c) constitutes an express waiver of the  
24 State's sovereign immunity solely to the extent that it permits  
25 the Board to commence a mandamus action in the Supreme Court of  
26 Illinois to compel the Comptroller to pay a voucher for the

1 contributions required under Section 14-131.

2 (d) Beginning in State fiscal year 2020, the State shall be  
3 contractually obligated to make the transfers set forth in  
4 subsections (c-10) and (c-15) of Section 20 of the Budget  
5 Stabilization Act and to pay to the System its proportionate  
6 share of the transferred amounts in accordance with Section 25  
7 of the Budget Stabilization Act. Notwithstanding any other  
8 provision of law, if the State fails to transfer an amount  
9 guaranteed under this subsection or to pay to the System its  
10 proportionate share of the transferred amount in accordance  
11 with Section 25 of the Budget Stabilization Act, it shall be  
12 the mandatory fiduciary obligation of the Board to seek  
13 transfer or payment of the guaranteed amount in compliance with  
14 the provisions of this Section and, if the required amount  
15 remains untransferred or the required payment remains unpaid,  
16 to bring a mandamus action in the Supreme Court of Illinois to  
17 compel the State to make the required transfer or payment or  
18 both, as the case may be.

19 If the State fails to make a transfer required under  
20 subsections (c-10) and (c-15) of Section 20 of the Budget  
21 Stabilization Act or a payment to the System required under  
22 Section 25 of that Act, the Board shall submit a written  
23 request to the Comptroller seeking payment. A copy of the  
24 request shall be filed with the Secretary of State, and the  
25 Secretary of State shall provide a copy to the Governor and  
26 General Assembly. No earlier than the 16th day after the System

1 files the request with the Comptroller and Secretary of State,  
2 if the required amount remains untransferred or the required  
3 payment remains unpaid, the Board shall commence a mandamus  
4 action in the Supreme Court of Illinois to compel the  
5 Comptroller to make the required transfer or payment or both,  
6 as the case may be.

7 This subsection (d) constitutes an express waiver of the  
8 State's sovereign immunity solely to the extent that it permits  
9 the Board to commence a mandamus action in the Supreme Court of  
10 Illinois to compel the Comptroller to make a transfer required  
11 under subsections (c-10) and (c-15) of Section 20 of the Budget  
12 Stabilization Act and to pay to the System its proportionate  
13 share of the transferred amount in accordance with Section 25  
14 of the Budget Stabilization Act.

15 The obligations created by this subsection (d) expire when  
16 all of the requirements of subsections (c-10) and (c-15) of  
17 Section 20 of the Budget Stabilization Act and Section 25 of  
18 the Budget Stabilization Act have been met.

19 (e) Any payments and transfers required to be made by the  
20 State pursuant to subsection (c) or (d) are expressly  
21 subordinate to the payment of the principal, interest, and  
22 premium, if any, on any bonded debt obligation of the State or  
23 any other State-created entity, either currently outstanding  
24 or to be issued, for which the source of repayment or security  
25 thereon is derived directly or indirectly from tax revenues  
26 collected by the State or any other State-created entity.

1 Payments on such bonded obligations include any statutory fund  
2 transfers or other prefunding mechanisms or formulas set forth,  
3 now or hereafter, in State law or bond indentures, into debt  
4 service funds or accounts of the State related to such bond  
5 obligations, consistent with the payment schedules associated  
6 with such obligations.

7 (f) By the enactment of this amendatory Act of the 98th  
8 General Assembly, the State of Illinois pledges to and agrees  
9 with the Board and members of the System that the State will  
10 make the payments and transfers required to be made by the  
11 State pursuant to subsections (c) and (d). The State further  
12 pledges that the State will not limit or alter the rights and  
13 powers vested in the Board so as to impair the terms of this  
14 Section or in any way impair the rights and remedies of the  
15 Board under this Section.

16 (Source: P.A. 80-841.)

17 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

19 (a) Each participating employee shall make contributions  
20 to the System, based on the employee's compensation, as  
21 follows:

22 (1) Covered employees, except as indicated below, 3.5%  
23 for retirement annuity, and 0.5% for a widow or survivors  
24 annuity;

25 (2) Noncovered employees, except as indicated below,

1           7% for retirement annuity and 1% for a widow or survivors  
2 annuity;

3           (3) Noncovered employees serving in a position in which  
4 "eligible creditable service" as defined in Section 14-110  
5 may be earned, 1% for a widow or survivors annuity plus the  
6 following amount for retirement annuity: 8.5% through  
7 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
8 in 2004 and thereafter;

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

15           (5) Each security employee of the Department of  
16 Corrections or of the Department of Human Services who is a  
17 covered employee, 0.5% for a widow or survivors annuity  
18 plus the following amount for retirement annuity: 5%  
19 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
20 in 2004 and thereafter;

21           (6) Each security employee of the Department of  
22 Corrections or of the Department of Human Services who is  
23 not a covered employee, 1% for a widow or survivors annuity  
24 plus the following amount for retirement annuity: 8.5%  
25 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
26 11.5% in 2004 and thereafter.

1       (a-5) In addition to the contributions otherwise required  
2 under this Article, each Tier I member shall also make the  
3 following contributions for retirement annuity from each  
4 payment of compensation:

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

7           (2) beginning on July 1, 2015, 2% of compensation.

8       (b) Contributions shall be in the form of a deduction from  
9 compensation and shall be made notwithstanding that the  
10 compensation paid in cash to the employee shall be reduced  
11 thereby below the minimum prescribed by law or regulation. Each  
12 member is deemed to consent and agree to the deductions from  
13 compensation provided for in this Article, and shall receipt in  
14 full for salary or compensation.

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

16       (40 ILCS 5/14-133.5 new)

17       Sec. 14-133.5. Use of contributions for health care  
18 subsidies. The System shall not use any contribution received  
19 by the System under this Article to provide a subsidy for the  
20 cost of participation in a retiree health care program.

21       (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

23       (a) To certify to the Governor and to each department, on  
24 or before November 15 of each year through ~~until~~ November 15,



1 2011, the required rate for State contributions to the System  
2 for the next State fiscal year, as determined under subsection  
3 (b) of Section 14-131. The certification to the Governor under  
4 this subsection (a) shall include a copy of the actuarial  
5 recommendations upon which the rate is based ~~and shall~~  
6 ~~specifically identify the System's projected State normal cost~~  
7 ~~for that fiscal year.~~

8 (a-5) On or before November 1 of each year, beginning  
9 November 1, 2012, the Board shall submit to the State Actuary,  
10 the Governor, and the General Assembly a proposed certification  
11 of the amount of the required State contribution to the System  
12 for the next fiscal year, along with all of the actuarial  
13 assumptions, calculations, and data upon which that proposed  
14 certification is based. On or before January 1 of each year,  
15 beginning January 1, 2013, the State Actuary shall issue a  
16 preliminary report concerning the proposed certification and  
17 identifying, if necessary, recommended changes in actuarial  
18 assumptions that the Board must consider before finalizing its  
19 certification of the required State contributions.

20 On or before January 15, 2013 and each January 15  
21 thereafter, the Board shall certify to the Governor and the  
22 General Assembly the amount of the required State contribution  
23 for the next fiscal year. The certification shall include a  
24 copy of the actuarial recommendations upon which it is based  
25 and shall specifically identify the System's projected State  
26 normal cost for that fiscal year. The Board's certification

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

6 (b) The certifications under subsections (a) and (a-5)  
7 shall include an additional amount necessary to pay all  
8 principal of and interest on those general obligation bonds due  
9 the next fiscal year authorized by Section 7.2(a) of the  
10 General Obligation Bond Act and issued to provide the proceeds  
11 deposited by the State with the System in July 2003,  
12 representing deposits other than amounts reserved under  
13 Section 7.2(c) of the General Obligation Bond Act. For State  
14 fiscal year 2005, the Board shall make a supplemental  
15 certification of the additional amount necessary to pay all  
16 principal of and interest on those general obligation bonds due  
17 in State fiscal years 2004 and 2005 authorized by Section  
18 7.2(a) of the General Obligation Bond Act and issued to provide  
19 the proceeds deposited by the State with the System in July  
20 2003, representing deposits other than amounts reserved under  
21 Section 7.2(c) of the General Obligation Bond Act, as soon as  
22 practical after the effective date of this amendatory Act of  
23 the 93rd General Assembly.

24 On or before May 1, 2004, the Board shall recalculate and  
25 recertify to the Governor and to each department the amount of  
26 the required State contribution to the System and the required

1 rates for State contributions to the System for State fiscal  
2 year 2005, taking into account the amounts appropriated to and  
3 received by the System under subsection (d) of Section 7.2 of  
4 the General Obligation Bond Act.

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

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

18 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
19 97-694, eff. 6-18-12.)

20 (40 ILCS 5/14-152.1)

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

23 (a) As used in this Section, "new benefit increase" means  
24 an increase in the amount of any benefit provided under this  
25 Article, or an expansion of the conditions of eligibility for

1 any benefit under this Article, that results from an amendment  
2 to this Code that takes effect after June 1, 2005 (the  
3 effective date of Public Act 94-4). "New benefit increase",  
4 however, does not include any benefit increase resulting from  
5 the changes made to this Article or Article 1 by Public Act  
6 96-37 or by this amendatory Act of the 98th ~~96th~~ General  
7 Assembly.

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

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

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

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

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

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

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

24 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

25 Sec. 15-106. Employer. "Employer": The University of

1 Illinois, Southern Illinois University, Chicago State  
2 University, Eastern Illinois University, Governors State  
3 University, Illinois State University, Northeastern Illinois  
4 University, Northern Illinois University, Western Illinois  
5 University, the State Board of Higher Education, the Illinois  
6 Mathematics and Science Academy, the University Civil Service  
7 Merit Board, the Board of Trustees of the State Universities  
8 Retirement System, the Illinois Community College Board,  
9 community college boards, any association of community college  
10 boards organized under Section 3-55 of the Public Community  
11 College Act, the Board of Examiners established under the  
12 Illinois Public Accounting Act, and, only during the period for  
13 which employer contributions required under Section 15-155 are  
14 paid, the following organizations: the alumni associations,  
15 the foundations and the athletic associations which are  
16 affiliated with the universities and colleges included in this  
17 Section as employers. An individual that begins employment  
18 after the effective date of this amendatory Act of the 98th  
19 General Assembly with an entity not defined as an employer in  
20 this Section shall not be deemed an employee for the purposes  
21 of this Article with respect to that employment and shall not  
22 be eligible to participate in the System with respect to that  
23 employment; provided, however, that those individuals who are  
24 both employed and already participants in the System on the  
25 effective date of this amendatory Act of the 98th General  
26 Assembly shall be allowed to continue as participants in the

1 System for the duration of that employment.

2 Notwithstanding any provision of law to the contrary, an  
3 individual who begins employment with any of the following  
4 employers on or after the effective date of this amendatory Act  
5 of the 98th General Assembly shall not be deemed an employee  
6 and shall not be eligible to participate in the System with  
7 respect to that employment: any association of community  
8 college boards organized under Section 3-55 of the Public  
9 Community College Act, the Association of Illinois  
10 Middle-Grade Schools, the Illinois Association of School  
11 Administrators, the Illinois Association for Supervision and  
12 Curriculum Development, the Illinois Principals Association,  
13 the Illinois Association of School Business Officials, or the  
14 Illinois Special Olympics; provided, however, that those  
15 individuals who are both employed and already participants in  
16 the System on the effective date of this amendatory Act of the  
17 98th General Assembly shall be allowed to continue as  
18 participants in the System for the duration of that employment.

19 A department as defined in Section 14-103.04 is an employer  
20 for any person appointed by the Governor under the Civil  
21 Administrative Code of Illinois who is a participating employee  
22 as defined in Section 15-109. The Department of Central  
23 Management Services is an employer with respect to persons  
24 employed by the State Board of Higher Education in positions  
25 with the Illinois Century Network as of June 30, 2004 who  
26 remain continuously employed after that date by the Department

1 of Central Management Services in positions with the Illinois  
2 Century Network, the Bureau of Communication and Computer  
3 Services, or, if applicable, any successor bureau.

4 The cities of Champaign and Urbana shall be considered  
5 employers, but only during the period for which contributions  
6 are required to be made under subsection (b-1) of Section  
7 15-155 and only with respect to individuals described in  
8 subsection (h) of Section 15-107.

9 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See  
10 Sec. 999.)

11 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

12 Sec. 15-107. Employee.

13 (a) "Employee" means any member of the educational,  
14 administrative, secretarial, clerical, mechanical, labor or  
15 other staff of an employer whose employment is permanent and  
16 continuous or who is employed in a position in which services  
17 are expected to be rendered on a continuous basis for at least  
18 4 months or one academic term, whichever is less, who (A)  
19 receives payment for personal services on a warrant issued  
20 pursuant to a payroll voucher certified by an employer and  
21 drawn by the State Comptroller upon the State Treasurer or by  
22 an employer upon trust, federal or other funds, or (B) is on a  
23 leave of absence without pay. Employment which is irregular,  
24 intermittent or temporary shall not be considered continuous  
25 for purposes of this paragraph.



1           However, a person is not an "employee" if he or she:

2           (1) is a student enrolled in and regularly attending  
3           classes in a college or university which is an employer,  
4           and is employed on a temporary basis at less than full  
5           time;

6           (2) is currently receiving a retirement annuity or a  
7           disability retirement annuity under Section 15-153.2 from  
8           this System;

9           (3) is on a military leave of absence;

10          (4) is eligible to participate in the Federal Civil  
11          Service Retirement System and is currently making  
12          contributions to that system based upon earnings paid by an  
13          employer;

14          (5) is on leave of absence without pay for more than 60  
15          days immediately following termination of disability  
16          benefits under this Article;

17          (6) is hired after June 30, 1979 as a public service  
18          employment program participant under the Federal  
19          Comprehensive Employment and Training Act and receives  
20          earnings in whole or in part from funds provided under that  
21          Act; or

22          (7) is employed on or after July 1, 1991 to perform  
23          services that are excluded by subdivision (a)(7)(f) or  
24          (a)(19) of Section 210 of the federal Social Security Act  
25          from the definition of employment given in that Section (42  
26          U.S.C. 410).

1           (b) Any employer may, by filing a written notice with the  
2 board, exclude from the definition of "employee" all persons  
3 employed pursuant to a federally funded contract entered into  
4 after July 1, 1982 with a federal military department in a  
5 program providing training in military courses to federal  
6 military personnel on a military site owned by the United  
7 States Government, if this exclusion is not prohibited by the  
8 federally funded contract or federal laws or rules governing  
9 the administration of the contract.

10           (c) Any person appointed by the Governor under the Civil  
11 Administrative Code of the State is an employee, if he or she  
12 is a participant in this system on the effective date of the  
13 appointment.

14           (d) A participant on lay-off status under civil service  
15 rules is considered an employee for not more than 120 days from  
16 the date of the lay-off.

17           (e) A participant is considered an employee during (1) the  
18 first 60 days of disability leave, (2) the period, not to  
19 exceed one year, in which his or her eligibility for disability  
20 benefits is being considered by the board or reviewed by the  
21 courts, and (3) the period he or she receives disability  
22 benefits under the provisions of Section 15-152, workers'  
23 compensation or occupational disease benefits, or disability  
24 income under an insurance contract financed wholly or partially  
25 by the employer.

26           (f) Absences without pay, other than formal leaves of

1 absence, of less than 30 calendar days, are not considered as  
2 an interruption of a person's status as an employee. If such  
3 absences during any period of 12 months exceed 30 work days,  
4 the employee status of the person is considered as interrupted  
5 as of the 31st work day.

6 (g) A staff member whose employment contract requires  
7 services during an academic term is to be considered an  
8 employee during the summer and other vacation periods, unless  
9 he or she declines an employment contract for the succeeding  
10 academic term or his or her employment status is otherwise  
11 terminated, and he or she receives no earnings during these  
12 periods.

13 (h) An individual who was a participating employee employed  
14 in the fire department of the University of Illinois's  
15 Champaign-Urbana campus immediately prior to the elimination  
16 of that fire department and who immediately after the  
17 elimination of that fire department became employed by the fire  
18 department of the City of Urbana or the City of Champaign shall  
19 continue to be considered as an employee for purposes of this  
20 Article for so long as the individual remains employed as a  
21 firefighter by the City of Urbana or the City of Champaign. The  
22 individual shall cease to be considered an employee under this  
23 subsection (h) upon the first termination of the individual's  
24 employment as a firefighter by the City of Urbana or the City  
25 of Champaign.

26 (i) An individual who is employed on a full-time basis as

1 an officer or employee of a statewide teacher organization that  
2 serves System participants or an officer of a national teacher  
3 organization that serves System participants may participate  
4 in the System and shall be deemed an employee, provided that  
5 (1) the individual has previously earned creditable service  
6 under this Article, (2) the individual files with the System an  
7 irrevocable election to become a participant before the  
8 effective date of this amendatory Act of the 97th General  
9 Assembly, (3) the individual does not receive credit for that  
10 employment under any other Article of this Code, and (4) the  
11 individual first became a full-time employee of the teacher  
12 organization and becomes a participant before the effective  
13 date of this amendatory Act of the 97th General Assembly. An  
14 employee under this subsection (i) is responsible for paying to  
15 the System both (A) employee contributions based on the actual  
16 compensation received for service with the teacher  
17 organization and (B) employer contributions equal to the normal  
18 costs (as defined in Section 15-155) resulting from that  
19 service; all or any part of these contributions may be paid on  
20 the employee's behalf or picked up for tax purposes (if  
21 authorized under federal law) by the teacher organization.

22 A person who is an employee as defined in this subsection  
23 (i) may establish service credit for similar employment prior  
24 to becoming an employee under this subsection by paying to the  
25 System for that employment the contributions specified in this  
26 subsection, plus interest at the effective rate from the date

1 of service to the date of payment. However, credit shall not be  
2 granted under this subsection for any such prior employment for  
3 which the applicant received credit under any other provision  
4 of this Code, or during which the applicant was on a leave of  
5 absence under Section 15-113.2.

6 (j) A person employed by the State Board of Higher  
7 Education in a position with the Illinois Century Network as of  
8 June 30, 2004 shall be considered to be an employee for so long  
9 as he or she remains continuously employed after that date by  
10 the Department of Central Management Services in a position  
11 with the Illinois Century Network, the Bureau of Communication  
12 and Computer Services, or, if applicable, any successor bureau  
13 and meets the requirements of subsection (a).

14 (k) In the case of doubt as to whether any person is an  
15 employee within the meaning of this Section, the decision of  
16 the Board shall be final.

17 (Source: P.A. 97-651, eff. 1-5-12.)

18 (40 ILCS 5/15-107.1 new)

19 Sec. 15-107.1. Tier I participant. "Tier I participant": A  
20 participant under this Article, other than a participant in the  
21 self-managed plan under Section 15-158.2, who first became a  
22 member or participant before January 1, 2011 under any  
23 reciprocal retirement system or pension fund established under  
24 this Code other than a retirement system or pension fund  
25 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/15-107.2 new)

2 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former  
3 Tier I participant who is receiving a retirement annuity.

4 A person does not become a Tier I retiree by virtue of  
5 receiving a reversionary, survivors, beneficiary, or  
6 disability annuity.

7 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

8 Sec. 15-111. Earnings. "Earnings": An amount paid for  
9 personal services equal to the sum of the basic compensation  
10 plus extra compensation for summer teaching, overtime or other  
11 extra service. For periods for which an employee receives  
12 service credit under subsection (c) of Section 15-113.1 or  
13 Section 15-113.2, earnings are equal to the basic compensation  
14 on which contributions are paid by the employee during such  
15 periods. Compensation for employment which is irregular,  
16 intermittent and temporary shall not be considered earnings,  
17 unless the participant is also receiving earnings from the  
18 employer as an employee under Section 15-107.

19 With respect to transition pay paid by the University of  
20 Illinois to a person who was a participating employee employed  
21 in the fire department of the University of Illinois's  
22 Champaign-Urbana campus immediately prior to the elimination  
23 of that fire department:

24 (1) "Earnings" includes transition pay paid to the

1 employee on or after the effective date of this amendatory  
2 Act of the 91st General Assembly.

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

16 Notwithstanding any other provision of this Code, the  
17 earnings of a Tier I participant for the purposes of this Code  
18 shall not exceed, for periods of service on or after the  
19 effective date of this amendatory Act of the 98th General  
20 Assembly, the greater of (i) the limitation determined from  
21 time to time under subsection (b-5) of Section 1-160 of this  
22 Code for persons subject to that Section or (ii) the annual  
23 earnings of the participant during the 365 days immediately  
24 preceding that effective date; except that this limitation does  
25 not apply to a participant's earnings that are determined under  
26 an employment contract or collective bargaining agreement that

1 is in effect on the effective date of this amendatory Act of  
2 the 98th General Assembly and has not been amended, renewed, or  
3 terminated after that date.

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

5 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

6 Sec. 15-112. Final rate of earnings.

7 "Final rate of earnings":

8 (a) This subsection (a) applies only to a person who first  
9 becomes a participant of any system before January 1, 2011.

10 For an employee who is paid on an hourly basis or who  
11 receives an annual salary in installments during 12 months of  
12 each academic year, the average annual earnings during the 48  
13 consecutive calendar month period ending with the last day of  
14 final termination of employment or the 4 consecutive academic  
15 years of service in which the employee's earnings were the  
16 highest, whichever is greater. For any other employee, the  
17 average annual earnings during the 4 consecutive academic years  
18 of service in which his or her earnings were the highest. For  
19 an employee with less than 48 months or 4 consecutive academic  
20 years of service, the average earnings during his or her entire  
21 period of service. The earnings of an employee with more than  
22 36 months of service prior to the date of becoming a  
23 participant are, for such period, considered equal to the  
24 average earnings during the last 36 months of such service.

25 (b) This subsection (b) applies to a person to whom



1 subsection (a) does not apply.

2 For an employee who is paid on an hourly basis or who  
3 receives an annual salary in installments during 12 months of  
4 each academic year, the average annual earnings obtained by  
5 dividing by 8 the total earnings of the employee during the 96  
6 consecutive months in which the total earnings were the highest  
7 within the last 120 months prior to termination.

8 For any other employee, the average annual earnings during  
9 the 8 consecutive academic years within the 10 years prior to  
10 termination in which the employee's earnings were the highest.  
11 For an employee with less than 96 consecutive months or 8  
12 consecutive academic years of service, whichever is necessary,  
13 the average earnings during his or her entire period of  
14 service.

15 (c) For an employee on leave of absence with pay, or on  
16 leave of absence without pay who makes contributions during  
17 such leave, earnings are assumed to be equal to the basic  
18 compensation on the date the leave began.

19 (d) For an employee on disability leave, earnings are  
20 assumed to be equal to the basic compensation on the date  
21 disability occurs or the average earnings during the 24 months  
22 immediately preceding the month in which disability occurs,  
23 whichever is greater.

24 (e) For a participant who retires on or after the effective  
25 date of this amendatory Act of 1997 with at least 20 years of  
26 service as a firefighter or police officer under this Article,

1 the final rate of earnings shall be the annual rate of earnings  
2 received by the participant on his or her last day as a  
3 firefighter or police officer under this Article, if that is  
4 greater than the final rate of earnings as calculated under the  
5 other provisions of this Section.

6 (f) If a participant to whom subsection (a) of this Section  
7 applies is an employee for at least 6 months during the  
8 academic year in which his or her employment is terminated, the  
9 annual final rate of earnings shall be 25% of the sum of (1)  
10 the annual basic compensation for that year, and (2) the amount  
11 earned during the 36 months immediately preceding that year, if  
12 this is greater than the final rate of earnings as calculated  
13 under the other provisions of this Section.

14 (g) In the determination of the final rate of earnings for  
15 an employee, that part of an employee's earnings for any  
16 academic year beginning after June 30, 1997, which exceeds the  
17 employee's earnings with that employer for the preceding year  
18 by more than 20 percent shall be excluded; in the event that an  
19 employee has more than one employer this limitation shall be  
20 calculated separately for the earnings with each employer. In  
21 making such calculation, only the basic compensation of  
22 employees shall be considered, without regard to vacation or  
23 overtime or to contracts for summer employment.

24 (h) The following are not considered as earnings in  
25 determining final rate of earnings: (1) severance or separation  
26 pay, (2) retirement pay, (3) payment for unused sick leave, and

1 (4) payments from an employer for the period used in  
2 determining final rate of earnings for any purpose other than  
3 (i) services rendered, (ii) leave of absence or vacation  
4 granted during that period, and (iii) vacation of up to 56 work  
5 days allowed upon termination of employment; except that, if  
6 the benefit has been collectively bargained between the  
7 employer and the recognized collective bargaining agent  
8 pursuant to the Illinois Educational Labor Relations Act,  
9 payment received during a period of up to 2 academic years for  
10 unused sick leave may be considered as earnings in accordance  
11 with the applicable collective bargaining agreement, subject  
12 to the 20% increase limitation of this Section, and if the  
13 person first becomes a participant on or after the effective  
14 date of this amendatory Act of the 98th General Assembly,  
15 payments for unused sick or vacation time shall not be  
16 considered as earnings. Any unused sick leave considered as  
17 earnings under this Section shall not be taken into account in  
18 calculating service credit under Section 15-113.4.

19 (i) Intermittent periods of service shall be considered as  
20 consecutive in determining final rate of earnings.

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

22 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

23 Sec. 15-113.4. Service for unused sick leave. "Service for  
24 unused sick leave": A person who first becomes a participant  
25 before the effective date of this amendatory Act of the 98th

1 General Assembly and who is an employee under this System or  
2 one of the other systems subject to Article 20 of this Code  
3 within 60 days immediately preceding the date on which his or  
4 her retirement annuity begins, is entitled to credit for  
5 service for that portion of unused sick leave earned in the  
6 course of employment with an employer and credited on the date  
7 of termination of employment by an employer for which payment  
8 is not received, in accordance with the following schedule: 30  
9 through 90 full calendar days and 20 through 59 full work days  
10 of unused sick leave, 1/4 of a year of service; 91 through 180  
11 full calendar days and 60 through 119 full work days, 1/2 of a  
12 year of service; 181 through 270 full calendar days and 120  
13 through 179 full work days, 3/4 of a year of service; 271  
14 through 360 full calendar days and 180 through 240 full work  
15 days, one year of service. Only uncompensated, unused sick  
16 leave earned in accordance with an employer's sick leave  
17 accrual policy generally applicable to employees or a class of  
18 employees shall be taken into account in calculating service  
19 credit under this Section. Any uncompensated, unused sick leave  
20 granted by an employer to facilitate the hiring, retirement,  
21 termination, or other special circumstances of an employee  
22 shall not be taken into account in calculating service credit  
23 under this Section. If a participant transfers from one  
24 employer to another, the unused sick leave credited by the  
25 previous employer shall be considered in determining service to  
26 be credited under this Section, even if the participant

1 terminated service prior to the effective date of P.A. 86-272  
2 (August 23, 1989); if necessary, the retirement annuity shall  
3 be recalculated to reflect such sick leave credit. Each  
4 employer shall certify to the board the number of days of  
5 unused sick leave accrued to the participant's credit on the  
6 date that the participant's status as an employee terminated.  
7 This period of unused sick leave shall not be considered in  
8 determining the date the retirement annuity begins. A person  
9 who first becomes a participant on or after the effective date  
10 of this amendatory Act of the 98th General Assembly shall not  
11 receive service credit for unused sick leave.

12 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

13 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

14 Sec. 15-113.7. Service for other public employment.  
15 "Service for other public employment": Includes those periods  
16 not exceeding the lesser of 10 years or 2/3 of the service  
17 granted under other Sections of this Article dealing with  
18 service credit, during which a person was employed full time by  
19 the United States government, or by the government of a state,  
20 or by a political subdivision of a state, or by an agency or  
21 instrumentality of any of the foregoing, if the person (1)  
22 cannot qualify for a retirement pension or other benefit based  
23 upon employer contributions from another retirement system,  
24 exclusive of federal social security, based in whole or in part  
25 upon this employment, and (2) pays the lesser of (A) an amount

1 equal to 8% of his or her annual basic compensation on the date  
2 of becoming a participating employee subsequent to this service  
3 multiplied by the number of years of such service, together  
4 with compound interest from the date participation begins to  
5 the date payment is received by the board at the rate of 6% per  
6 annum through August 31, 1982, and at the effective rates after  
7 that date, and (B) 50% of the actuarial value of the increase  
8 in the retirement annuity provided by this service, and (3)  
9 contributes for at least 5 years subsequent to this employment  
10 to one or more of the following systems: the State Universities  
11 Retirement System, the Teachers' Retirement System of the State  
12 of Illinois, and the Public School Teachers' Pension and  
13 Retirement Fund of Chicago. If a function of a governmental  
14 unit as defined by Section 20-107 is transferred by law, in  
15 whole or in part to an employer, and an employee transfers  
16 employment from this governmental unit to such employer within  
17 6 months of the transfer of the function, the payment for  
18 service authorized under this Section shall not exceed the  
19 amount which would have been payable for this service to the  
20 retirement system covering the governmental unit from which the  
21 function was transferred.

22 The service granted under this Section shall not be  
23 considered in determining whether the person has the minimum of  
24 8 years of service required to qualify for a retirement annuity  
25 at age 55 or the 5 years of service required to qualify for a  
26 retirement annuity at age 62, as provided in Section 15-135 or

1 the 10 years required by subsection (c) of Section 1-160. The  
2 maximum allowable service of 10 years for this governmental  
3 employment shall be reduced by the service credit which is  
4 validated under paragraph (2) of subsection (b) of Section  
5 16-127 and paragraph one of Section 17-133.

6 Except as hereinafter provided, this Section shall not  
7 apply to persons who become participants in the system after  
8 September 1, 1974.

9 (Source: P.A. 95-83, eff. 8-13-07.)

10 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

11 Sec. 15-125. "Prescribed Rate of Interest; Effective Rate  
12 of Interest".

13 (1) "Prescribed rate of interest": The rate of interest to  
14 be used in actuarial valuations and in development of actuarial  
15 tables as determined by the board on the basis of the probable  
16 average effective rate of interest on a long term basis.

17 (2) "Effective rate of interest": The interest rate for all  
18 or any part of a fiscal year that is determined by the State  
19 Comptroller ~~board~~ based on factors including the system's past  
20 and expected investment experience; historical and expected  
21 fluctuations in the market value of investments; the  
22 desirability of minimizing volatility in the effective rate of  
23 interest from year to year; and the provision of reserves for  
24 anticipated losses upon sales, redemptions, or other  
25 disposition of investments and for variations in interest

1 ~~experience; except that for the purpose of determining the~~  
2 ~~accumulated normal contributions used in calculating~~  
3 ~~retirement annuities under Rule 2 of Section 15-136, the~~  
4 ~~effective rate of interest shall be determined by the State~~  
5 ~~Comptroller rather than the board.~~ The State Comptroller shall  
6 determine the effective rate of interest to be used for this  
7 purpose using the factors listed above, and shall certify to  
8 the board and the Commission on Government Forecasting and  
9 Accountability the rate to be used for this purpose for fiscal  
10 year 2006 as soon as possible after the effective date of this  
11 amendatory Act of the 94th General Assembly, and for each  
12 fiscal year thereafter no later than the January 31 immediately  
13 preceding the start of that fiscal year.

14 (2.1) The phrase "expected investment experience" as  
15 providing special consideration to the rates of return achieved  
16 by long-term U.S. Treasury Bonds. Subject to the limitations  
17 set forth in Section 1-103.1 of the Pension Code the definition  
18 of this phrase is a clarification of existing law.

19 (3) The change made to this Section by Public Acts 90-65  
20 and 90-511 is a clarification of existing law.

21 (Source: P.A. 94-4, eff. 6-1-05; 94-982, eff. 6-30-06.)

22 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

23 Sec. 15-135. Retirement annuities - Conditions.

24 (a) A participant who retires in one of the following  
25 specified years with the specified amount of service is



1 entitled to a retirement annuity at any age under the  
2 retirement program applicable to the participant:

3 35 years if retirement is in 1997 or before;

4 34 years if retirement is in 1998;

5 33 years if retirement is in 1999;

6 32 years if retirement is in 2000;

7 31 years if retirement is in 2001;

8 30 years if retirement is in 2002 or later.

9 A participant with 8 or more years of service after  
10 September 1, 1941, is entitled to a retirement annuity on or  
11 after attainment of age 55.

12 A participant with at least 5 but less than 8 years of  
13 service after September 1, 1941, is entitled to a retirement  
14 annuity on or after attainment of age 62.

15 A participant who has at least 25 years of service in this  
16 system as a police officer or firefighter is entitled to a  
17 retirement annuity on or after the attainment of age 50, if  
18 Rule 4 of Section 15-136 is applicable to the participant.

19 (a-5) Notwithstanding subsection (a) of this Section, for a  
20 Tier I participant who begins receiving a retirement annuity  
21 under this Article on or after July 1, 2014:

22 (1) If the Tier I participant is at least 45 years old  
23 on the effective date of this amendatory Act of the 98th  
24 General Assembly, then the reference to retirement with 30  
25 years of service as well as the references to age 50, 55,  
26 and 62 in subsection (a) of this Section remain unchanged.

1           (2) If the Tier I participant is at least 40 but less  
2           than 45 years old on the effective date of this amendatory  
3           Act of the 98th General Assembly, then the reference to  
4           retirement with 30 years of service as well as the  
5           references to age 50, 55, and 62 in subsection (a) of this  
6           Section shall be increased by one year.

7           (3) If the Tier I participant is at least 35 but less  
8           than 40 years old on the effective date of this amendatory  
9           Act of the 98th General Assembly, then the reference to  
10          retirement with 30 years of service as well as the  
11          references to age 50, 55, and 62 in subsection (a) of this  
12          Section shall be increased by 3 years.

13          (4) If the Tier I participant is less than 35 years old  
14          on the effective date of this amendatory Act of the 98th  
15          General Assembly, then the reference to retirement with 30  
16          years of service as well as the references to age 50, 55,  
17          and 62 in subsection (a) of this Section shall be increased  
18          by 5 years.

19          Notwithstanding Section 1-103.1, this subsection (a-5)  
20          applies without regard to whether or not the Tier I participant  
21          is in active service under this Article on or after the  
22          effective date of this amendatory Act of the 98th General  
23          Assembly.

24          (b) The annuity payment period shall begin on the date  
25          specified by the participant or the recipient of a disability  
26          retirement annuity submitting a written application, which

1 date shall not be prior to termination of employment or more  
2 than one year before the application is received by the board;  
3 however, if the participant is not an employee of an employer  
4 participating in this System or in a participating system as  
5 defined in Article 20 of this Code on April 1 of the calendar  
6 year next following the calendar year in which the participant  
7 attains age 70 1/2, the annuity payment period shall begin on  
8 that date regardless of whether an application has been filed.

9 (c) An annuity is not payable if the amount provided under  
10 Section 15-136 is less than \$10 per month.

11 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

12 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

13 Sec. 15-136. Retirement annuities - Amount. The provisions  
14 of this Section 15-136 apply only to those participants who are  
15 participating in the traditional benefit package or the  
16 portable benefit package and do not apply to participants who  
17 are participating in the self-managed plan.

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

22 Rule 1: The retirement annuity shall be 1.67% of final rate  
23 of earnings for each of the first 10 years of service, 1.90%  
24 for each of the next 10 years of service, 2.10% for each year  
25 of service in excess of 20 but not exceeding 30, and 2.30% for

1 each year in excess of 30; or for persons who retire on or  
2 after January 1, 1998, 2.2% of the final rate of earnings for  
3 each year of service.

4 Rule 2: The retirement annuity shall be the sum of the  
5 following, determined from amounts credited to the participant  
6 in accordance with the actuarial tables and the effective rate  
7 of interest in effect at the time the retirement annuity  
8 begins:

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

12 (ii) an annuity from employer contributions of an  
13 amount equal to that which can be provided on an  
14 actuarially equivalent basis from the accumulated normal  
15 contributions made by the participant under Section  
16 15-113.6 and Section 15-113.7 plus 1.4 times all other  
17 accumulated normal contributions made by the participant;  
18 and

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

22 For the purpose of calculating an annuity under this Rule  
23 2, the contribution required under subsection (c-5) of Section  
24 15-157 shall not be considered when determining the  
25 participant's accumulated normal contributions under clause  
26 (i) or the employer contribution under clause (ii).

1           With respect to a police officer or firefighter who retires  
2 on or after August 14, 1998, the accumulated normal  
3 contributions taken into account under clauses (i) and (ii) of  
4 this Rule 2 shall include the additional normal contributions  
5 made by the police officer or firefighter under Section  
6 15-157(a).

7           The amount of a retirement annuity calculated under this  
8 Rule 2 shall be computed solely on the basis of the  
9 participant's accumulated normal contributions, as specified  
10 in this Rule and defined in Section 15-116. Neither an employee  
11 or employer contribution for early retirement under Section  
12 15-136.2 nor any other employer contribution shall be used in  
13 the calculation of the amount of a retirement annuity under  
14 this Rule 2.

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

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

21           Rule 3: The retirement annuity of a participant who is  
22 employed at least one-half time during the period on which his  
23 or her final rate of earnings is based, shall be equal to the  
24 participant's years of service not to exceed 30, multiplied by  
25 (1) \$96 if the participant's final rate of earnings is less  
26 than \$3,500, (2) \$108 if the final rate of earnings is at least

1 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
2 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
3 the final rate of earnings is at least \$5,500 but less than  
4 \$6,500, (5) \$144 if the final rate of earnings is at least  
5 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
6 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
7 the final rate of earnings is at least \$8,500 but less than  
8 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
9 more, except that the annuity for those persons having made an  
10 election under Section 15-154(a-1) shall be calculated and  
11 payable under the portable retirement benefit program pursuant  
12 to the provisions of Section 15-136.4.

13 Rule 4: A participant who is at least age 50 and has 25 or  
14 more years of service as a police officer or firefighter, and a  
15 participant who is age 55 or over and has at least 20 but less  
16 than 25 years of service as a police officer or firefighter,  
17 shall be entitled to a retirement annuity of 2 1/4% of the  
18 final rate of earnings for each of the first 10 years of  
19 service as a police officer or firefighter, 2 1/2% for each of  
20 the next 10 years of service as a police officer or  
21 firefighter, and 2 3/4% for each year of service as a police  
22 officer or firefighter in excess of 20. The retirement annuity  
23 for all other service shall be computed under Rule 1.

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

26 (i) service that is performed while the person is an

1 employee under subsection (h) of Section 15-107; and

2 (ii) in the case of an individual who was a  
3 participating employee employed in the fire department of  
4 the University of Illinois's Champaign-Urbana campus  
5 immediately prior to the elimination of that fire  
6 department and who immediately after the elimination of  
7 that fire department transferred to another job with the  
8 University of Illinois, service performed as an employee of  
9 the University of Illinois in a position other than police  
10 officer or firefighter, from the date of that transfer  
11 until the employee's next termination of service with the  
12 University of Illinois.

13 Rule 5: The retirement annuity of a participant who elected  
14 early retirement under the provisions of Section 15-136.2 and  
15 who, on or before February 16, 1995, brought administrative  
16 proceedings pursuant to the administrative rules adopted by the  
17 System to challenge the calculation of his or her retirement  
18 annuity shall be the sum of the following, determined from  
19 amounts credited to the participant in accordance with the  
20 actuarial tables and the prescribed rate of interest in effect  
21 at the time the retirement annuity begins:

22 (i) the normal annuity which can be provided on an  
23 actuarially equivalent basis, by the accumulated normal  
24 contributions as of the date the annuity begins; and

25 (ii) an annuity from employer contributions of an  
26 amount equal to that which can be provided on an

1 actuarially equivalent basis from the accumulated normal  
2 contributions made by the participant under Section  
3 15-113.6 and Section 15-113.7 plus 1.4 times all other  
4 accumulated normal contributions made by the participant;  
5 and

6 (iii) an annuity which can be provided on an  
7 actuarially equivalent basis from the employee  
8 contribution for early retirement under Section 15-136.2,  
9 and an annuity from employer contributions of an amount  
10 equal to that which can be provided on an actuarially  
11 equivalent basis from the employee contribution for early  
12 retirement under Section 15-136.2.

13 In no event shall a retirement annuity under this Rule 5 be  
14 lower than the amount obtained by adding (1) the monthly amount  
15 obtained by dividing the combined employee and employer  
16 contributions made under Section 15-136.2 by the System's  
17 annuity factor for the age of the participant at the beginning  
18 of the annuity payment period and (2) the amount equal to the  
19 participant's annuity if calculated under Rule 1, reduced under  
20 Section 15-136(b) as if no contributions had been made under  
21 Section 15-136.2.

22 With respect to a participant who is qualified for a  
23 retirement annuity under this Rule 5 whose retirement annuity  
24 began before the effective date of this amendatory Act of the  
25 91st General Assembly, and for whom an employee contribution  
26 was made under Section 15-136.2, the System shall recalculate



1 the retirement annuity under this Rule 5 and shall pay any  
2 additional amounts due in the manner provided in Section  
3 15-186.1 for benefits mistakenly set too low.

4 The amount of a retirement annuity calculated under this  
5 Rule 5 shall be computed solely on the basis of those  
6 contributions specifically set forth in this Rule 5. Except as  
7 provided in clause (iii) of this Rule 5, neither an employee  
8 nor employer contribution for early retirement under Section  
9 15-136.2, nor any other employer contribution, shall be used in  
10 the calculation of the amount of a retirement annuity under  
11 this Rule 5.

12 The General Assembly has adopted the changes set forth in  
13 Section 25 of this amendatory Act of the 91st General Assembly  
14 in recognition that the decision of the Appellate Court for the  
15 Fourth District in *Mattis v. State Universities Retirement*  
16 *System et al.* might be deemed to give some right to the  
17 plaintiff in that case. The changes made by Section 25 of this  
18 amendatory Act of the 91st General Assembly are a legislative  
19 implementation of the decision of the Appellate Court for the  
20 Fourth District in *Mattis v. State Universities Retirement*  
21 *System et al.* with respect to that plaintiff.

22 The changes made by Section 25 of this amendatory Act of  
23 the 91st General Assembly apply without regard to whether the  
24 person is in service as an employee on or after its effective  
25 date.

26 (b) The retirement annuity provided under Rules 1 and 3

1 above shall be reduced by 1/2 of 1% for each month the  
2 participant is under age 60 at the time of retirement. However,  
3 this reduction shall not apply in the following cases:

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

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

11 (3) For that portion of a retirement annuity which has  
12 been provided on account of service of the participant  
13 during periods when he or she performed the duties of a  
14 police officer or firefighter, if these duties were  
15 performed for at least 5 years immediately preceding the  
16 date the retirement annuity is to begin.

17 (c) The maximum retirement annuity provided under Rules 1,  
18 2, 4, and 5 shall be the lesser of (1) the annual limit of  
19 benefits as specified in Section 415 of the Internal Revenue  
20 Code of 1986, as such Section may be amended from time to time  
21 and as such benefit limits shall be adjusted by the  
22 Commissioner of Internal Revenue, and (2) 80% of final rate of  
23 earnings.

24 (d) Subject to the provisions of subsections (d-1) and  
25 (d-2), an ~~An~~ annuitant whose status as an employee terminates  
26 after August 14, 1969 shall receive automatic increases in his

1 or her retirement annuity as follows:

2       Effective January 1 immediately following the date the  
3 retirement annuity begins, the annuitant shall receive an  
4 increase in his or her monthly retirement annuity of 0.125% of  
5 the monthly retirement annuity provided under Rule 1, Rule 2,  
6 Rule 3, Rule 4, or Rule 5, contained in this Section,  
7 multiplied by the number of full months which elapsed from the  
8 date the retirement annuity payments began to January 1, 1972,  
9 plus 0.1667% of such annuity, multiplied by the number of full  
10 months which elapsed from January 1, 1972, or the date the  
11 retirement annuity payments began, whichever is later, to  
12 January 1, 1978, plus 0.25% of such annuity multiplied by the  
13 number of full months which elapsed from January 1, 1978, or  
14 the date the retirement annuity payments began, whichever is  
15 later, to the effective date of the increase.

16       The annuitant shall receive an increase in his or her  
17 monthly retirement annuity on each January 1 thereafter during  
18 the annuitant's life of 3% of the monthly annuity provided  
19 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in  
20 this Section. The change made under this subsection by P.A.  
21 81-970 is effective January 1, 1980 and applies to each  
22 annuitant whose status as an employee terminates before or  
23 after that date.

24       Beginning January 1, 1990 and except as provided in  
25 subsections (d-1) and (d-2), all automatic annual increases  
26 payable under this Section shall be calculated as a percentage

1 of the total annuity payable at the time of the increase,  
2 including all increases previously granted under this Article.

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

6 (d-1) Notwithstanding any other provision of this Article,  
7 for a Tier I retiree, the amount of each automatic annual  
8 increase in retirement annuity occurring on or after the  
9 effective date of this amendatory Act of the 98th General  
10 Assembly shall be 3% of the lesser of (1) the total annuity  
11 payable at the time of the increase, including previous  
12 increases granted, or (2) \$1,000 multiplied by the number of  
13 years of creditable service upon which the annuity is based.

14 (d-2) Notwithstanding any other provision of this Article,  
15 for a Tier I retiree, the monthly retirement annuity shall  
16 first be subject to annual increases on the January 1 occurring  
17 on or next after the attainment of age 67 or the January 1  
18 occurring on or next after the fifth anniversary of the annuity  
19 start date, whichever occurs earlier. If on the effective date  
20 of this amendatory Act of the 98th General Assembly a Tier I  
21 retiree has already received an annual increase under this  
22 Section but does not yet meet the new eligibility requirements  
23 of this subsection, the annual increases already received shall  
24 continue in force, but no additional annual increase shall be  
25 granted until the Tier I retiree meets the new eligibility  
26 requirements.

1       (d-3) Notwithstanding Section 1-103.1, subsections (d-1)  
2 and (d-2) apply without regard to whether or not the Tier I  
3 retiree is in active service under this Article on or after the  
4 effective date of this amendatory Act of the 98th General  
5 Assembly.

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

23       (f) A participant is entitled to such additional annuity as  
24 may be provided on an actuarially equivalent basis, by any  
25 accumulated additional contributions to his or her credit.  
26 However, the additional contributions made by the participant

1 toward the automatic increases in annuity provided under this  
2 Section and the contributions made under subsection (c-5) of  
3 Section 15-157 by this amendatory Act of the 98th General  
4 Assembly shall not be taken into account in determining the  
5 amount of such additional annuity.

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

21 (h) On January 1, 1981, an annuitant who was receiving a  
22 retirement annuity on or before January 1, 1971 shall have his  
23 or her retirement annuity then being paid increased \$1 per  
24 month for each year of creditable service. On January 1, 1982,  
25 an annuitant whose retirement annuity began on or before  
26 January 1, 1977, shall have his or her retirement annuity then

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

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

8 (j) For participants to whom subsection (a-5) of Section  
9 15-135 applies, the references to age 50, 55, and 62 in this  
10 Section are increased as provided in subsection (a-5) of  
11 Section 15-135.

12 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

13 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

14 Sec. 15-155. Employer contributions.

15 (a) The State of Illinois shall make contributions by  
16 appropriations of amounts which, together with the other  
17 employer contributions from trust, federal, and other funds,  
18 employee contributions, income from investments, and other  
19 income of this System, will be sufficient to meet the cost of  
20 maintaining and administering the System on a 100% ~~90%~~ funded  
21 basis in accordance with actuarial recommendations by the end  
22 of State fiscal year 2044.

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

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

3 (a-1) For State fiscal years 2015 through 2044, the minimum  
4 contribution to the System to be made by the State for each  
5 fiscal year shall be an amount determined by the System to be  
6 equal to the sum of (1) the State's portion of the projected  
7 normal cost for that fiscal year, plus (2) an amount sufficient  
8 to bring the total assets of the System up to 100% of the total  
9 actuarial liabilities of the System by the end of State fiscal  
10 year 2044. In making these determinations, the required State  
11 contribution shall be calculated each year as a level  
12 percentage of payroll over the years remaining to and including  
13 fiscal year 2044 and shall be determined under the entry age  
14 normal actuarial cost method.

15 Beginning in State fiscal year 2045, the minimum State  
16 contribution for each fiscal year shall be the amount needed to  
17 maintain the total assets of the System at 100% of the total  
18 actuarial liabilities of the System.

19 For State fiscal years 2012 and 2014 ~~through 2045~~, the  
20 minimum contribution to the System to be made by the State for  
21 each fiscal year shall be an amount determined by the System to  
22 be sufficient to bring the total assets of the System up to 90%  
23 of the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a  
26 level percentage of payroll over the years remaining to and



1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

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

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2006 is  
10 \$166,641,900.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2007 is  
13 \$252,064,100.

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

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2010 is  
22 \$702,514,000 and shall be made from the State Pensions Fund and  
23 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
24 7.2 of the General Obligation Bond Act, less (i) the pro rata  
25 share of bond sale expenses determined by the System's share of  
26 total bond proceeds, (ii) any amounts received from the General

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

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

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

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

1 funding ratio of at least 100% ~~90%~~. A reference in this Article  
2 to the "required State contribution" or any substantially  
3 similar term does not include or apply to any amounts payable  
4 to the System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter through State  
8 fiscal year 2014, as calculated under this Section and  
9 certified under Section 15-165, shall not exceed an amount  
10 equal to (i) the amount of the required State contribution that  
11 would have been calculated under this Section for that fiscal  
12 year if the System had not received any payments under  
13 subsection (d) of Section 7.2 of the General Obligation Bond  
14 Act, minus (ii) the portion of the State's total debt service  
15 payments for that fiscal year on the bonds issued in fiscal  
16 year 2003 for the purposes of that Section 7.2, as determined  
17 and certified by the Comptroller, that is the same as the  
18 System's portion of the total moneys distributed under  
19 subsection (d) of Section 7.2 of the General Obligation Bond  
20 Act. In determining this maximum for State fiscal years 2008  
21 through 2010, however, the amount referred to in item (i) shall  
22 be increased, as a percentage of the applicable employee  
23 payroll, in equal increments calculated from the sum of the  
24 required State contribution for State fiscal year 2007 plus the  
25 applicable portion of the State's total debt service payments  
26 for fiscal year 2007 on the bonds issued in fiscal year 2003

1 for the purposes of Section 7.2 of the General Obligation Bond  
2 Act, so that, by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

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

19 (b-1) The City of Urbana and the City of Champaign shall  
20 each make employer contributions to this System for their  
21 respective firefighter employees who participate in this  
22 System pursuant to subsection (h) of Section 15-107. The rate  
23 of contributions to be made by those municipalities shall be  
24 determined annually by the Board on the basis of the actuarial  
25 assumptions adopted by the Board and the recommendations of the  
26 actuary, and shall be expressed as a percentage of salary for

1 each such employee. The Board shall certify the rate to the  
2 affected municipalities as soon as may be practical. The  
3 employer contributions required under this subsection shall be  
4 remitted by the municipality to the System at the same time and  
5 in the same manner as employee contributions.

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

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

22 (e) The State Comptroller shall draw warrants payable to  
23 the System upon proper certification by the System or by the  
24 employer in accordance with the appropriation laws and this  
25 Code.

26 (f) Normal costs under this Section means liability for

1 pensions and other benefits which accrues to the System because  
2 of the credits earned for service rendered by the participants  
3 during the fiscal year and expenses of administering the  
4 System, but shall not include the principal of or any  
5 redemption premium or interest on any bonds issued by the Board  
6 or any expenses incurred or deposits required in connection  
7 therewith.

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

24 Whenever it determines that a payment is or may be required  
25 under this subsection (g), the System shall calculate the  
26 amount of the payment and bill the employer for that amount.

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

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

22 (h) This subsection (h) applies only to payments made or  
23 salary increases given on or after June 1, 2005 but before July  
24 1, 2011. The changes made by Public Act 94-1057 shall not  
25 require the System to refund any payments received before July  
26 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

24          When assessing payment for any amount due under subsection  
25 (g), the System shall exclude any earnings increase resulting  
26 from (i) a promotion for which the employee moves from one



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

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

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

25 (1) The number of recalculations required by the  
26 changes made to this Section by Public Act 94-1057 for each

1 employer.

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

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

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

11 (k) The Illinois Community College Board shall adopt rules  
12 for recommending lists of promotional positions submitted to  
13 the Board by community colleges and for reviewing the  
14 promotional lists on an annual basis. When recommending  
15 promotional lists, the Board shall consider the similarity of  
16 the positions submitted to those positions recognized for State  
17 universities by the State Universities Civil Service System.  
18 The Illinois Community College Board shall file a copy of its  
19 findings with the System. The System shall consider the  
20 findings of the Illinois Community College Board when making  
21 determinations under this Section. The System shall not exclude  
22 any earnings increases resulting from a promotion when the  
23 promotion was not submitted by a community college. Nothing in  
24 this subsection (k) shall require any community college to  
25 submit any information to the Community College Board.

26 (l) For purposes of determining the required State

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

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

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

15 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
16 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
17 7-13-12; revised 10-17-12.)

18 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

19 Sec. 15-156. Obligations of State; funding guarantees.

20 (a) The payment of (1) the required State contributions,  
21 (2) all benefits granted under this system and (3) all expenses  
22 in connection with the administration and operation thereof are  
23 obligations of the State of Illinois to the extent specified in  
24 this Article. The accumulated employee normal, additional and  
25 survivors insurance contributions credited to the accounts of

1 active and inactive participants shall not be used to pay the  
2 State's share of the obligations.

3 (b) (Reserved).

4 (c) Beginning July 1, 2014, the State shall be  
5 contractually obligated to contribute to the System in each  
6 State fiscal year an amount not less than the sum of (i) the  
7 State's normal cost for the year and (ii) the portion of the  
8 unfunded accrued liability assigned to that year by law.  
9 Notwithstanding any other provision of law, if the State fails  
10 to pay an amount guaranteed under this subsection, it shall be  
11 the mandatory fiduciary obligation of the Board to seek payment  
12 of the guaranteed amount in compliance with the provisions of  
13 this Section and, if the amount remains unpaid, to bring a  
14 mandamus action in the Supreme Court of Illinois to compel the  
15 State to make the required payment.

16 If the System submits a voucher for contributions required  
17 under Section 15-155 and the State fails to pay that voucher  
18 within 90 days of its receipt, the Board shall submit a written  
19 request to the Comptroller seeking payment. A copy of the  
20 request shall be filed with the Secretary of State, and the  
21 Secretary of State shall provide a copy to the Governor and  
22 General Assembly. No earlier than the 16th day after the System  
23 files the request with the Comptroller and Secretary of State,  
24 if the amount remains unpaid, the Board shall commence a  
25 mandamus action in the Supreme Court of Illinois to compel the  
26 Comptroller to satisfy the voucher.

1       This subsection (c) constitutes an express waiver of the  
2 State's sovereign immunity solely to the extent that it permits  
3 the Board to commence a mandamus action in the Supreme Court of  
4 Illinois to compel the Comptroller to pay a voucher for the  
5 contributions required under Section 15-155.

6       (d) Beginning in State fiscal year 2020, the State shall be  
7 contractually obligated to make the transfers set forth in  
8 subsections (c-10) and (c-15) of Section 20 of the Budget  
9 Stabilization Act and to pay to the System its proportionate  
10 share of the transferred amounts in accordance with Section 25  
11 of the Budget Stabilization Act. Notwithstanding any other  
12 provision of law, if the State fails to transfer an amount  
13 guaranteed under this subsection or to pay to the System its  
14 proportionate share of the transferred amount in accordance  
15 with Section 25 of the Budget Stabilization Act, it shall be  
16 the mandatory fiduciary obligation of the Board to seek  
17 transfer or payment of the guaranteed amount in compliance with  
18 the provisions of this Section and, if the required amount  
19 remains untransferred or the required payment remains unpaid,  
20 to bring a mandamus action in the Supreme Court of Illinois to  
21 compel the State to make the required transfer or payment or  
22 both, as the case may be.

23       If the State fails to make a transfer required under  
24 subsections (c-10) and (c-15) of Section 20 of the Budget  
25 Stabilization Act or a payment to the System required under  
26 Section 25 of that Act, the Board shall submit a written

1 request to the Comptroller seeking payment. A copy of the  
2 request shall be filed with the Secretary of State, and the  
3 Secretary of State shall provide a copy to the Governor and  
4 General Assembly. No earlier than the 16th day after the System  
5 files the request with the Comptroller and Secretary of State,  
6 if the required amount remains untransferred or the required  
7 payment remains unpaid, the Board shall commence a mandamus  
8 action in the Supreme Court of Illinois to compel the  
9 Comptroller to make the required transfer or payment or both,  
10 as the case may be.

11 This subsection (d) constitutes an express waiver of the  
12 State's sovereign immunity solely to the extent that it permits  
13 the Board to commence a mandamus action in the Supreme Court of  
14 Illinois to compel the Comptroller to make a transfer required  
15 under subsections (c-10) and (c-15) of Section 20 of the Budget  
16 Stabilization Act and to pay to the System its proportionate  
17 share of the transferred amount in accordance with Section 25  
18 of the Budget Stabilization Act.

19 The obligations created by this subsection (d) expire when  
20 all of the requirements of subsections (c-10) and (c-15) of  
21 Section 20 of the Budget Stabilization Act and Section 25 of  
22 the Budget Stabilization Act have been met.

23 (e) Any payments and transfers required to be made by the  
24 State pursuant to subsection (c) or (d) are expressly  
25 subordinate to the payment of the principal, interest, and  
26 premium, if any, on any bonded debt obligation of the State or

1 any other State-created entity, either currently outstanding  
2 or to be issued, for which the source of repayment or security  
3 thereon is derived directly or indirectly from tax revenues  
4 collected by the State or any other State-created entity.  
5 Payments on such bonded obligations include any statutory fund  
6 transfers or other prefunding mechanisms or formulas set forth,  
7 now or hereafter, in State law or bond indentures, into debt  
8 service funds or accounts of the State related to such bond  
9 obligations, consistent with the payment schedules associated  
10 with such obligations.

11 (f) By the enactment of this amendatory Act of the 98th  
12 General Assembly, the State of Illinois pledges to and agrees  
13 with the Board and members of the System that the State will  
14 make the payments and transfers required to be made by the  
15 State pursuant to subsections (c) and (d). The State further  
16 pledges that the State will not limit or alter the rights and  
17 powers vested in the Board so as to impair the terms of this  
18 Section or in any way impair the rights and remedies of the  
19 Board under this Section.

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

21 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

22 Sec. 15-157. Employee Contributions.

23 (a) Each participating employee shall make contributions  
24 towards the retirement benefits payable under the retirement  
25 program applicable to the employee from each payment of

1 earnings applicable to employment under this system on and  
2 after the date of becoming a participant as follows: Prior to  
3 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
4 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
5 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
6 are to be considered as normal contributions for purposes of  
7 this Article.

8 Each participant who is a police officer or firefighter  
9 shall make normal contributions of 8% of each payment of  
10 earnings applicable to employment as a police officer or  
11 firefighter under this system on or after September 1, 1981,  
12 unless he or she files with the board within 60 days after the  
13 effective date of this amendatory Act of 1991 or 60 days after  
14 the board receives notice that he or she is employed as a  
15 police officer or firefighter, whichever is later, a written  
16 notice waiving the retirement formula provided by Rule 4 of  
17 Section 15-136. This waiver shall be irrevocable. If a  
18 participant had met the conditions set forth in Section  
19 15-132.1 prior to the effective date of this amendatory Act of  
20 1991 but failed to make the additional normal contributions  
21 required by this paragraph, he or she may elect to pay the  
22 additional contributions plus compound interest at the  
23 effective rate. If such payment is received by the board, the  
24 service shall be considered as police officer service in  
25 calculating the retirement annuity under Rule 4 of Section  
26 15-136. While performing service described in clause (i) or



1 (ii) of Rule 4 of Section 15-136, a participating employee  
2 shall be deemed to be employed as a firefighter for the purpose  
3 of determining the rate of employee contributions under this  
4 Section.

5 (b) Starting September 1, 1969, each participating  
6 employee shall make additional contributions of 1/2 of 1% of  
7 earnings to finance a portion of the cost of the annual  
8 increases in retirement annuity provided under Section 15-136,  
9 except that with respect to participants in the self-managed  
10 plan this additional contribution shall be used to finance the  
11 benefits obtained under that retirement program.

12 (c) In addition to the amounts described in subsections (a)  
13 and (b) of this Section, each participating employee shall make  
14 contributions of 1% of earnings applicable under this system on  
15 and after August 1, 1959. The contributions made under this  
16 subsection (c) shall be considered as survivor's insurance  
17 contributions for purposes of this Article if the employee is  
18 covered under the traditional benefit package, and such  
19 contributions shall be considered as additional contributions  
20 for purposes of this Article if the employee is participating  
21 in the self-managed plan or has elected to participate in the  
22 portable benefit package and has completed the applicable  
23 one-year waiting period. Contributions in excess of \$80 during  
24 any fiscal year beginning before August 31, 1969 and in excess  
25 of \$120 during any fiscal year thereafter until September 1,  
26 1971 shall be considered as additional contributions for

1 purposes of this Article.

2 (c-5) In addition to the contributions otherwise required  
3 under this Article, each Tier I participant shall also make the  
4 following contributions toward the retirement benefits payable  
5 under the retirement program applicable to the employee from  
6 each payment of earnings applicable to employment under this  
7 system:

8 (1) beginning July 1, 2014 and through June 30, 2015,  
9 1% of earnings; and

10 (2) beginning on July 1, 2015, 2% of earnings.

11 Except as otherwise specified, these contributions are to  
12 be considered as normal contributions for purposes of this  
13 Article.

14 (d) If the board by board rule so permits and subject to  
15 such conditions and limitations as may be specified in its  
16 rules, a participant may make other additional contributions of  
17 such percentage of earnings or amounts as the participant shall  
18 elect in a written notice thereof received by the board.

19 (e) That fraction of a participant's total accumulated  
20 normal contributions, the numerator of which is equal to the  
21 number of years of service in excess of that which is required  
22 to qualify for the maximum retirement annuity, and the  
23 denominator of which is equal to the total service of the  
24 participant, shall be considered as accumulated additional  
25 contributions. The determination of the applicable maximum  
26 annuity and the adjustment in contributions required by this

1 provision shall be made as of the date of the participant's  
2 retirement.

3 (f) Notwithstanding the foregoing, a participating  
4 employee shall not be required to make contributions under this  
5 Section after the date upon which continuance of such  
6 contributions would otherwise cause his or her retirement  
7 annuity to exceed the maximum retirement annuity as specified  
8 in clause (1) of subsection (c) of Section 15-136.

9 (g) A participating employee may make contributions for the  
10 purchase of service credit under this Article.

11 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
12 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
13 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

14 (40 ILCS 5/15-157.5 new)

15 Sec. 15-157.5. Use of contributions for health care  
16 subsidies. The System shall not use any contribution received  
17 by the System under this Article to provide a subsidy for the  
18 cost of participation in a retiree health care program.

19 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

21 (a) The Board shall certify to the Governor on or before  
22 November 15 of each year through ~~until~~ November 15, 2011 the  
23 appropriation required from State funds for the purposes of  
24 this System for the following fiscal year. The certification

1 under this subsection (a) shall include a copy of the actuarial  
2 recommendations upon which it is based ~~and shall specifically~~  
3 ~~identify the System's projected State normal cost for that~~  
4 ~~fiscal year and the projected State cost for the self-managed~~  
5 ~~plan for that fiscal year.~~

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

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

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

23 (a-5) On or before November 1 of each year, beginning  
24 November 1, 2012, the Board shall submit to the State Actuary,  
25 the Governor, and the General Assembly a proposed certification  
26 of the amount of the required State contribution to the System

1 for the next fiscal year, along with all of the actuarial  
2 assumptions, calculations, and data upon which that proposed  
3 certification is based. On or before January 1 of each year,  
4 beginning January 1, 2013, the State Actuary shall issue a  
5 preliminary report concerning the proposed certification and  
6 identifying, if necessary, recommended changes in actuarial  
7 assumptions that the Board must consider before finalizing its  
8 certification of the required State contributions.

9 On or before January 15, 2013 and each January 15  
10 thereafter, the Board shall certify to the Governor and the  
11 General Assembly the amount of the required State contribution  
12 for the next fiscal year. The certification shall include a  
13 copy of the actuarial recommendations upon which it is based  
14 and shall specifically identify the System's projected State  
15 normal cost for that fiscal year and the projected State cost  
16 for the self-managed plan for that fiscal year. The Board's  
17 certification must note, in a written response to the State  
18 Actuary, any deviations from the State Actuary's recommended  
19 changes, the reason or reasons for not following the State  
20 Actuary's recommended changes, and the fiscal impact of not  
21 following the State Actuary's recommended changes on the  
22 required State contribution.

23 (b) The Board shall certify to the State Comptroller or  
24 employer, as the case may be, from time to time, by its  
25 president and secretary, with its seal attached, the amounts  
26 payable to the System from the various funds.

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

15           If in any month the amount remaining unexpended from all  
16 other appropriations to the System for the applicable fiscal  
17 year (including the appropriations to the System under Section  
18 8.12 of the State Finance Act and Section 1 of the State  
19 Pension Funds Continuing Appropriation Act) is less than the  
20 amount lawfully vouchered under this Section, the difference  
21 shall be paid from the General Revenue Fund under the  
22 continuing appropriation authority provided in Section 1.1 of  
23 the State Pension Funds Continuing Appropriation Act.

24           (d) So long as the payments received are the full amount  
25 lawfully vouchered under this Section, payments received by the  
26 System under this Section shall be applied first toward the

1 employer contribution to the self-managed plan established  
2 under Section 15-158.2. Payments shall be applied second toward  
3 the employer's portion of the normal costs of the System, as  
4 defined in subsection (f) of Section 15-155. The balance shall  
5 be applied toward the unfunded actuarial liabilities of the  
6 System.

7 (e) In the event that the System does not receive, as a  
8 result of legislative enactment or otherwise, payments  
9 sufficient to fully fund the employer contribution to the  
10 self-managed plan established under Section 15-158.2 and to  
11 fully fund that portion of the employer's portion of the normal  
12 costs of the System, as calculated in accordance with Section  
13 15-155(a-1), then any payments received shall be applied  
14 proportionately to the optional retirement program established  
15 under Section 15-158.2 and to the employer's portion of the  
16 normal costs of the System, as calculated in accordance with  
17 Section 15-155(a-1).

18 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
19 97-694, eff. 6-18-12.)

20 (40 ILCS 5/15-198)

21 Sec. 15-198. Application and expiration of new benefit  
22 increases.

23 (a) As used in this Section, "new benefit increase" means  
24 an increase in the amount of any benefit provided under this  
25 Article, or an expansion of the conditions of eligibility for

1 any benefit under this Article or Article 1, that results from  
2 an amendment to this Code that takes effect after the effective  
3 date of this amendatory Act of the 94th General Assembly. "New  
4 benefit increase", however, does not include any benefit  
5 increase resulting from the changes made to this Article or  
6 Article 1 by this amendatory Act of the 98th General Assembly.

7 (b) Notwithstanding any other provision of this Code or any  
8 subsequent amendment to this Code, every new benefit increase  
9 is subject to this Section and shall be deemed to be granted  
10 only in conformance with and contingent upon compliance with  
11 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 the  
22 Department of Financial and Professional Regulation. A new  
23 benefit increase created by a Public Act that does not include  
24 the additional funding required under this subsection is null  
25 and void. If the Public Pension Division determines that the  
26 additional funding provided for a new benefit increase under



1 this subsection is or has become inadequate, it may so certify  
2 to the Governor and the State Comptroller and, in the absence  
3 of corrective action by the General Assembly, the new benefit  
4 increase shall expire at the end of the fiscal year in which  
5 the certification is 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. 94-4, eff. 6-1-05.)

23 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

24 Sec. 16-106. Teacher. "Teacher": The following  
25 individuals, provided that, for employment prior to July 1,

1 1990, they are employed on a full-time basis, or if not  
2 full-time, on a permanent and continuous basis in a position in  
3 which services are expected to be rendered for at least one  
4 school term:

5 (1) Any educational, administrative, professional or  
6 other staff employed in the public common schools included  
7 within this system in a position requiring certification  
8 under the law governing the certification of teachers;

9 (2) Any educational, administrative, professional or  
10 other staff employed in any facility of the Department of  
11 Children and Family Services or the Department of Human  
12 Services, in a position requiring certification under the  
13 law governing the certification of teachers, and any person  
14 who (i) works in such a position for the Department of  
15 Corrections, (ii) was a member of this System on May 31,  
16 1987, and (iii) did not elect to become a member of the  
17 State Employees' Retirement System pursuant to Section  
18 14-108.2 of this Code; except that "teacher" does not  
19 include any person who (A) becomes a security employee of  
20 the Department of Human Services, as defined in Section  
21 14-110, after June 28, 2001 (the effective date of Public  
22 Act 92-14), or (B) becomes a member of the State Employees'  
23 Retirement System pursuant to Section 14-108.2c of this  
24 Code;

25 (3) Any regional superintendent of schools, assistant  
26 regional superintendent of schools, State Superintendent

1 of Education; any person employed by the State Board of  
2 Education as an executive; any executive of the boards  
3 engaged in the service of public common school education in  
4 school districts covered under this system of which the  
5 State Superintendent of Education is an ex-officio member;

6 (4) Any employee of a school board association  
7 operating in compliance with Article 23 of the School Code  
8 who is certificated under the law governing the  
9 certification of teachers, provided that he or she becomes  
10 such an employee before the effective date of this  
11 amendatory Act of the 98th General Assembly;

12 (5) Any person employed by the retirement system who:

13 (i) was an employee of and a participant in the  
14 system on August 17, 2001 (the effective date of Public  
15 Act 92-416), or

16 (ii) becomes an employee of the system on or after  
17 August 17, 2001;

18 (6) Any educational, administrative, professional or  
19 other staff employed by and under the supervision and  
20 control of a regional superintendent of schools, provided  
21 such employment position requires the person to be  
22 certificated under the law governing the certification of  
23 teachers and is in an educational program serving 2 or more  
24 districts in accordance with a joint agreement authorized  
25 by the School Code or by federal legislation;

26 (7) Any educational, administrative, professional or

1 other staff employed in an educational program serving 2 or  
2 more school districts in accordance with a joint agreement  
3 authorized by the School Code or by federal legislation and  
4 in a position requiring certification under the laws  
5 governing the certification of teachers;

6 (8) Any officer or employee of a statewide teacher  
7 organization or officer of a national teacher organization  
8 who is certified under the law governing certification of  
9 teachers, provided: (i) the individual had previously  
10 established creditable service under this Article, (ii)  
11 the individual files with the system an irrevocable  
12 election to become a member before the effective date of  
13 this amendatory Act of the 97th General Assembly, (iii) the  
14 individual does not receive credit for such service under  
15 any other Article of this Code, and (iv) the individual  
16 first became an officer or employee of the teacher  
17 organization and becomes a member before the effective date  
18 of this amendatory Act of the 97th General Assembly;

19 (9) Any educational, administrative, professional, or  
20 other staff employed in a charter school operating in  
21 compliance with the Charter Schools Law who is certificated  
22 under the law governing the certification of teachers; ~~;~~

23 (10) Any person employed, on the effective date of this  
24 amendatory Act of the 94th General Assembly, by the  
25 Macon-Piatt Regional Office of Education in a  
26 birth-through-age-three pilot program receiving funds

1 under Section 2-389 of the School Code who is required by  
2 the Macon-Piatt Regional Office of Education to hold a  
3 teaching certificate, provided that the Macon-Piatt  
4 Regional Office of Education makes an election, within 6  
5 months after the effective date of this amendatory Act of  
6 the 94th General Assembly, to have the person participate  
7 in the system. Any service established prior to the  
8 effective date of this amendatory Act of the 94th General  
9 Assembly for service as an employee of the Macon-Piatt  
10 Regional Office of Education in a birth-through-age-three  
11 pilot program receiving funds under Section 2-389 of the  
12 School Code shall be considered service as a teacher if  
13 employee and employer contributions have been received by  
14 the system and the system has not refunded those  
15 contributions.

16 An annuitant receiving a retirement annuity under this  
17 Article or under Article 17 of this Code who is employed by a  
18 board of education or other employer as permitted under Section  
19 16-118 or 16-150.1 is not a "teacher" for purposes of this  
20 Article. A person who has received a single-sum retirement  
21 benefit under Section 16-136.4 of this Article is not a  
22 "teacher" for purposes of this Article.

23 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

24 (40 ILCS 5/16-106.4 new)

25 Sec. 16-106.4. Tier I member. "Tier I member": A member

1 under this Article who first became a member or participant  
2 before January 1, 2011 under any reciprocal retirement system  
3 or pension fund established under this Code other than a  
4 retirement system or pension fund established under Article 2,  
5 3, 4, 5, 6, or 18 of this Code.

6 (40 ILCS 5/16-106.5 new)

7 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former  
8 Tier I member who is receiving a retirement annuity.

9 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

10 Sec. 16-121. Salary. "Salary": The actual compensation  
11 received by a teacher during any school year and recognized by  
12 the system in accordance with rules of the board. For purposes  
13 of this Section, "school year" includes the regular school term  
14 plus any additional period for which a teacher is compensated  
15 and such compensation is recognized by the rules of the board.  
16 In the case of a person who first becomes a member on or after  
17 the effective date of this amendatory Act of the 98th General  
18 Assembly, "salary" shall not include any payment for unused  
19 sick or vacation time.

20 Notwithstanding any other provision of this Code, the  
21 salary of a Tier I member for the purposes of this Code shall  
22 not exceed, for periods of service on or after the effective  
23 date of this amendatory Act of the 98th General Assembly, the  
24 greater of (i) the limitation determined from time to time

1 under subsection (b-5) of Section 1-160 of this Code for  
2 persons subject to that Section or (ii) the annual salary of  
3 the member during the 365 days immediately preceding that  
4 effective date; except that this limitation does not apply to a  
5 member's salary that is determined under an employment contract  
6 or collective bargaining agreement that is in effect on the  
7 effective date of this amendatory Act of the 98th General  
8 Assembly and has not been amended, renewed, or terminated after  
9 that date.

10 (Source: P.A. 84-1028.)

11 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)  
12 Sec. 16-127. Computation of creditable service.

13 (a) Each member shall receive regular credit for all  
14 service as a teacher from the date membership begins, for which  
15 satisfactory evidence is supplied and all contributions have  
16 been paid.

17 (b) The following periods of service shall earn optional  
18 credit and each member shall receive credit for all such  
19 service for which satisfactory evidence is supplied and all  
20 contributions have been paid as of the date specified:

21 (1) Prior service as a teacher.

22 (2) Service in a capacity essentially similar or  
23 equivalent to that of a teacher, in the public common  
24 schools in school districts in this State not included  
25 within the provisions of this System, or of any other

1 State, territory, dependency or possession of the United  
2 States, or in schools operated by or under the auspices of  
3 the United States, or under the auspices of any agency or  
4 department of any other State, and service during any  
5 period of professional speech correction or special  
6 education experience for a public agency within this State  
7 or any other State, territory, dependency or possession of  
8 the United States, and service prior to February 1, 1951 as  
9 a recreation worker for the Illinois Department of Public  
10 Safety, for a period not exceeding the lesser of 2/5 of the  
11 total creditable service of the member or 10 years. The  
12 maximum service of 10 years which is allowable under this  
13 paragraph shall be reduced by the service credit which is  
14 validated by other retirement systems under paragraph (i)  
15 of Section 15-113 and paragraph 1 of Section 17-133. Credit  
16 granted under this paragraph may not be used in  
17 determination of a retirement annuity or disability  
18 benefits unless the member has at least 5 years of  
19 creditable service earned subsequent to this employment  
20 with one or more of the following systems: Teachers'  
21 Retirement System of the State of Illinois, State  
22 Universities Retirement System, and the Public School  
23 Teachers' Pension and Retirement Fund of Chicago. Whenever  
24 such service credit exceeds the maximum allowed for all  
25 purposes of this Article, the first service rendered in  
26 point of time shall be considered. The changes to this



1 subdivision (b)(2) made by Public Act 86-272 shall apply  
2 not only to persons who on or after its effective date  
3 (August 23, 1989) are in service as a teacher under the  
4 System, but also to persons whose status as such a teacher  
5 terminated prior to such effective date, whether or not  
6 such person is an annuitant on that date.

7 (3) Any periods immediately following teaching  
8 service, under this System or under Article 17, (or  
9 immediately following service prior to February 1, 1951 as  
10 a recreation worker for the Illinois Department of Public  
11 Safety) spent in active service with the military forces of  
12 the United States; periods spent in educational programs  
13 that prepare for return to teaching sponsored by the  
14 federal government following such active military service;  
15 if a teacher returns to teaching service within one  
16 calendar year after discharge or after the completion of  
17 the educational program, a further period, not exceeding  
18 one calendar year, between time spent in military service  
19 or in such educational programs and the return to  
20 employment as a teacher under this System; and a period of  
21 up to 2 years of active military service not immediately  
22 following employment as a teacher.

23 The changes to this Section and Section 16-128 relating  
24 to military service made by P.A. 87-794 shall apply not  
25 only to persons who on or after its effective date are in  
26 service as a teacher under the System, but also to persons

1       whose status as a teacher terminated prior to that date,  
2       whether or not the person is an annuitant on that date. In  
3       the case of an annuitant who applies for credit allowable  
4       under this Section for a period of military service that  
5       did not immediately follow employment, and who has made the  
6       required contributions for such credit, the annuity shall  
7       be recalculated to include the additional service credit,  
8       with the increase taking effect on the date the System  
9       received written notification of the annuitant's intent to  
10      purchase the credit, if payment of all the required  
11      contributions is made within 60 days of such notice, or  
12      else on the first annuity payment date following the date  
13      of payment of the required contributions. In calculating  
14      the automatic annual increase for an annuity that has been  
15      recalculated under this Section, the increase attributable  
16      to the additional service allowable under P.A. 87-794 shall  
17      be included in the calculation of automatic annual  
18      increases accruing after the effective date of the  
19      recalculation.

20           Credit for military service shall be determined as  
21      follows: if entry occurs during the months of July, August,  
22      or September and the member was a teacher at the end of the  
23      immediately preceding school term, credit shall be granted  
24      from July 1 of the year in which he or she entered service;  
25      if entry occurs during the school term and the teacher was  
26      in teaching service at the beginning of the school term,

1 credit shall be granted from July 1 of such year. In all  
2 other cases where credit for military service is allowed,  
3 credit shall be granted from the date of entry into the  
4 service.

5 The total period of military service for which credit  
6 is granted shall not exceed 5 years for any member unless  
7 the service: (A) is validated before July 1, 1964, and (B)  
8 does not extend beyond July 1, 1963. Credit for military  
9 service shall be granted under this Section only if not  
10 more than 5 years of the military service for which credit  
11 is granted under this Section is used by the member to  
12 qualify for a military retirement allotment from any branch  
13 of the armed forces of the United States. The changes to  
14 this subdivision (b)(3) made by Public Act 86-272 shall  
15 apply not only to persons who on or after its effective  
16 date (August 23, 1989) are in service as a teacher under  
17 the System, but also to persons whose status as such a  
18 teacher terminated prior to such effective date, whether or  
19 not such person is an annuitant on that date.

20 (4) Any periods served as a member of the General  
21 Assembly.

22 (5) (i) Any periods for which a teacher, as defined in  
23 Section 16-106, is granted a leave of absence, provided he  
24 or she returns to teaching service creditable under this  
25 System or the State Universities Retirement System  
26 following the leave; (ii) periods during which a teacher is

1 involuntarily laid off from teaching, provided he or she  
2 returns to teaching following the lay-off; (iii) periods  
3 prior to July 1, 1983 during which a teacher ceased covered  
4 employment due to pregnancy, provided that the teacher  
5 returned to teaching service creditable under this System  
6 or the State Universities Retirement System following the  
7 pregnancy and submits evidence satisfactory to the Board  
8 documenting that the employment ceased due to pregnancy;  
9 and (iv) periods prior to July 1, 1983 during which a  
10 teacher ceased covered employment for the purpose of  
11 adopting an infant under 3 years of age or caring for a  
12 newly adopted infant under 3 years of age, provided that  
13 the teacher returned to teaching service creditable under  
14 this System or the State Universities Retirement System  
15 following the adoption and submits evidence satisfactory  
16 to the Board documenting that the employment ceased for the  
17 purpose of adopting an infant under 3 years of age or  
18 caring for a newly adopted infant under 3 years of age.  
19 However, total credit under this paragraph (5) may not  
20 exceed 3 years.

21 Any qualified member or annuitant may apply for credit  
22 under item (iii) or (iv) of this paragraph (5) without  
23 regard to whether service was terminated before the  
24 effective date of this amendatory Act of 1997. In the case  
25 of an annuitant who establishes credit under item (iii) or  
26 (iv), the annuity shall be recalculated to include the

1 additional service credit. The increase in annuity shall  
2 take effect on the date the System receives written  
3 notification of the annuitant's intent to purchase the  
4 credit, if the required evidence is submitted and the  
5 required contribution paid within 60 days of that  
6 notification, otherwise on the first annuity payment date  
7 following the System's receipt of the required evidence and  
8 contribution. The increase in an annuity recalculated  
9 under this provision shall be included in the calculation  
10 of automatic annual increases in the annuity accruing after  
11 the effective date of the recalculation.

12 Optional credit may be purchased under this subsection  
13 (b) (5) for periods during which a teacher has been granted  
14 a leave of absence pursuant to Section 24-13 of the School  
15 Code. A teacher whose service under this Article terminated  
16 prior to the effective date of P.A. 86-1488 shall be  
17 eligible to purchase such optional credit. If a teacher who  
18 purchases this optional credit is already receiving a  
19 retirement annuity under this Article, the annuity shall be  
20 recalculated as if the annuitant had applied for the leave  
21 of absence credit at the time of retirement. The difference  
22 between the entitled annuity and the actual annuity shall  
23 be credited to the purchase of the optional credit. The  
24 remainder of the purchase cost of the optional credit shall  
25 be paid on or before April 1, 1992.

26 The change in this paragraph made by Public Act 86-273

1 shall be applicable to teachers who retire after June 1,  
2 1989, as well as to teachers who are in service on that  
3 date.

4 (6) For a person who first becomes a member before the  
5 effective date of this amendatory Act of the 98th General  
6 Assembly, any ~~Any~~ days of unused and uncompensated  
7 accumulated sick leave earned by a teacher. The service  
8 credit granted under this paragraph shall be the ratio of  
9 the number of unused and uncompensated accumulated sick  
10 leave days to 170 days, subject to a maximum of 2 years of  
11 service credit. Prior to the member's retirement, each  
12 former employer shall certify to the System the number of  
13 unused and uncompensated accumulated sick leave days  
14 credited to the member at the time of termination of  
15 service. The period of unused sick leave shall not be  
16 considered in determining the effective date of  
17 retirement. A member is not required to make contributions  
18 in order to obtain service credit for unused sick leave.

19 Credit for sick leave shall, at retirement, be granted  
20 by the System for any retiring regional or assistant  
21 regional superintendent of schools who first becomes a  
22 member before the effective date of this amendatory Act of  
23 the 98th General Assembly at the rate of 6 days per year of  
24 creditable service or portion thereof established while  
25 serving as such superintendent or assistant  
26 superintendent.

1           (7) Periods prior to February 1, 1987 served as an  
2           employee of the Illinois Mathematics and Science Academy  
3           for which credit has not been terminated under Section  
4           15-113.9 of this Code.

5           (8) Service as a substitute teacher for work performed  
6           prior to July 1, 1990.

7           (9) Service as a part-time teacher for work performed  
8           prior to July 1, 1990.

9           (10) Up to 2 years of employment with Southern Illinois  
10           University - Carbondale from September 1, 1959 to August  
11           31, 1961, or with Governors State University from September  
12           1, 1972 to August 31, 1974, for which the teacher has no  
13           credit under Article 15. To receive credit under this item  
14           (10), a teacher must apply in writing to the Board and pay  
15           the required contributions before May 1, 1993 and have at  
16           least 12 years of service credit under this Article.

17           (b-1) A member may establish optional credit for up to 2  
18           years of service as a teacher or administrator employed by a  
19           private school recognized by the Illinois State Board of  
20           Education, provided that the teacher (i) was certified under  
21           the law governing the certification of teachers at the time the  
22           service was rendered, (ii) applies in writing on or after  
23           August 1, 2009 and on or before August 1, 2012, (iii) supplies  
24           satisfactory evidence of the employment, (iv) completes at  
25           least 10 years of contributing service as a teacher as defined  
26           in Section 16-106, and (v) pays the contribution required in

1 subsection (d-5) of Section 16-128. The member may apply for  
2 credit under this subsection and pay the required contribution  
3 before completing the 10 years of contributing service required  
4 under item (iv), but the credit may not be used until the item  
5 (iv) contributing service requirement has been met.

6 (c) The service credits specified in this Section shall be  
7 granted only if: (1) such service credits are not used for  
8 credit in any other statutory tax-supported public employee  
9 retirement system other than the federal Social Security  
10 program; and (2) the member makes the required contributions as  
11 specified in Section 16-128. Except as provided in subsection  
12 (b-1) of this Section, the service credit shall be effective as  
13 of the date the required contributions are completed.

14 Any service credits granted under this Section shall  
15 terminate upon cessation of membership for any cause.

16 Credit may not be granted under this Section covering any  
17 period for which an age retirement or disability retirement  
18 allowance has been paid.

19 (Source: P.A. 96-546, eff. 8-17-09.)

20 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

21 Sec. 16-132. Retirement annuity eligibility.

22 (a) A member who has at least 20 years of creditable  
23 service is entitled to a retirement annuity upon or after  
24 attainment of age 55. A member who has at least 10 but less  
25 than 20 years of creditable service is entitled to a retirement



1 annuity upon or after attainment of age 60. A member who has at  
2 least 5 but less than 10 years of creditable service is  
3 entitled to a retirement annuity upon or after attainment of  
4 age 62. A member who (i) has earned during the period  
5 immediately preceding the last day of service at least one year  
6 of contributing creditable service as an employee of a  
7 department as defined in Section 14-103.04, (ii) has earned at  
8 least 5 years of contributing creditable service as an employee  
9 of a department as defined in Section 14-103.04, and (iii)  
10 retires on or after January 1, 2001 is entitled to a retirement  
11 annuity upon or after attainment of an age which, when added to  
12 the number of years of his or her total creditable service,  
13 equals at least 85. Portions of years shall be counted as  
14 decimal equivalents.

15 A member who is eligible to receive a retirement annuity of  
16 at least 74.6% of final average salary and will attain age 55  
17 on or before December 31 during the year which commences on  
18 July 1 shall be deemed to attain age 55 on the preceding June  
19 1.

20 (b) Notwithstanding subsection (a) of this Section, for a  
21 Tier I member who begins receiving a retirement annuity under  
22 this Article on or after July 1, 2014:

23 (1) If the Tier I member is at least 45 years old on  
24 the effective date of this amendatory Act of the 98th  
25 General Assembly, then the references to age 55, 60, and 62  
26 in subsection (a) of this Section remain unchanged and the

1       reference to 85 in subsection (a) of this Section remains  
2       unchanged.

3       (2) If the Tier I member is at least 40 but less than  
4       45 years old on the effective date of this amendatory Act  
5       of the 98th General Assembly, then the references to age  
6       55, 60, and 62 in subsection (a) of this Section are  
7       increased by one year and the reference to 85 in subsection  
8       (a) is increased to 87.

9       (3) If the Tier I member is at least 35 but less than  
10       40 years old on the effective date of this amendatory Act  
11       of the 98th General Assembly, then the references to age  
12       55, 60, and 62 in subsection (a) of this Section are  
13       increased by 3 years and the reference to 85 in subsection  
14       (a) is increased to 91.

15       (4) If the Tier I member is less than 35 years old on  
16       the effective date of this amendatory Act of the 98th  
17       General Assembly, then the references to age 55, 60, and 62  
18       in subsection (a) of this Section are increased by 5 years  
19       and the reference to 85 in subsection (a) is increased to  
20       95.

21       Notwithstanding Section 1-103.1, this subsection (b)  
22       applies without regard to whether or not the Tier I member is  
23       in active service under this Article on or after the effective  
24       date of this amendatory Act of the 98th General Assembly.

25       (c) A member meeting the above eligibility conditions is  
26       entitled to a retirement annuity upon written application to

1 the board setting forth the date the member wishes the  
2 retirement annuity to commence. However, the effective date of  
3 the retirement annuity shall be no earlier than the day  
4 following the last day of creditable service, regardless of the  
5 date of official termination of employment.

6 (d) To be eligible for a retirement annuity, a member shall  
7 not be employed as a teacher in the schools included under this  
8 System or under Article 17, except (i) as provided in Section  
9 16-118 or 16-150.1, (ii) if the member is disabled (in which  
10 event, eligibility for salary must cease), or (iii) if the  
11 System is required by federal law to commence payment due to  
12 the member's age; the changes to this sentence made by Public  
13 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
14 apply without regard to whether the member terminated  
15 employment before or after its effective date.

16 (Source: P.A. 93-320, eff. 7-23-03.)

17 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

18 Sec. 16-133. Retirement annuity; amount.

19 (a) The amount of the retirement annuity shall be (i) in  
20 the case of a person who first became a teacher under this  
21 Article before July 1, 2005, the larger of the amounts  
22 determined under paragraphs (A) and (B) below, or (ii) in the  
23 case of a person who first becomes a teacher under this Article  
24 on or after July 1, 2005, the amount determined under the  
25 applicable provisions of paragraph (B):

1 (A) An amount consisting of the sum of the following:

2 (1) An amount that can be provided on an  
3 actuarially equivalent basis by the member's  
4 accumulated contributions at the time of retirement;  
5 and

6 (2) The sum of (i) the amount that can be provided  
7 on an actuarially equivalent basis by the member's  
8 accumulated contributions representing service prior  
9 to July 1, 1947, and (ii) the amount that can be  
10 provided on an actuarially equivalent basis by the  
11 amount obtained by multiplying 1.4 times the member's  
12 accumulated contributions covering service subsequent  
13 to June 30, 1947; and

14 (3) If there is prior service, 2 times the amount  
15 that would have been determined under subparagraph (2)  
16 of paragraph (A) above on account of contributions  
17 which would have been made during the period of prior  
18 service creditable to the member had the System been in  
19 operation and had the member made contributions at the  
20 contribution rate in effect prior to July 1, 1947.

21 For the purpose of calculating the sum provided under  
22 this paragraph (A), the contribution required under  
23 subsection (a-5) of Section 16-152 shall not be considered  
24 when determining the amount of the member's accumulated  
25 contributions under subparagraph (1) or (2).

26 This paragraph (A) does not apply to a person who first

1 becomes a teacher under this Article on or after July 1,  
2 2005.

3 (B) An amount consisting of the greater of the  
4 following:

5 (1) For creditable service earned before July 1,  
6 1998 that has not been augmented under Section  
7 16-129.1: 1.67% of final average salary for each of the  
8 first 10 years of creditable service, 1.90% of final  
9 average salary for each year in excess of 10 but not  
10 exceeding 20, 2.10% of final average salary for each  
11 year in excess of 20 but not exceeding 30, and 2.30% of  
12 final average salary for each year in excess of 30; and

13 For creditable service earned on or after July 1,  
14 1998 by a member who has at least 24 years of  
15 creditable service on July 1, 1998 and who does not  
16 elect to augment service under Section 16-129.1: 2.2%  
17 of final average salary for each year of creditable  
18 service earned on or after July 1, 1998 but before the  
19 member reaches a total of 30 years of creditable  
20 service and 2.3% of final average salary for each year  
21 of creditable service earned on or after July 1, 1998  
22 and after the member reaches a total of 30 years of  
23 creditable service; and

24 For all other creditable service: 2.2% of final  
25 average salary for each year of creditable service; or

26 (2) 1.5% of final average salary for each year of

1           creditable service plus the sum \$7.50 for each of the  
2           first 20 years of creditable service.

3           The amount of the retirement annuity determined under this  
4           paragraph (B) shall be reduced by 1/2 of 1% for each month  
5           that the member is less than age 60 at the time the  
6           retirement annuity begins. However, this reduction shall  
7           not apply (i) if the member has at least 35 years of  
8           creditable service, or (ii) if the member retires on  
9           account of disability under Section 16-149.2 of this  
10          Article with at least 20 years of creditable service, or  
11          (iii) if the member (1) has earned during the period  
12          immediately preceding the last day of service at least one  
13          year of contributing creditable service as an employee of a  
14          department as defined in Section 14-103.04, (2) has earned  
15          at least 5 years of contributing creditable service as an  
16          employee of a department as defined in Section 14-103.04,  
17          (3) retires on or after January 1, 2001, and (4) retires  
18          having attained an age which, when added to the number of  
19          years of his or her total creditable service, equals at  
20          least 85. Portions of years shall be counted as decimal  
21          equivalents. For participants to whom subsection (b) of  
22          Section 16-132 applies, the reference to age 60 in this  
23          paragraph and the reference to 85 in this paragraph are  
24          increased as provided in subsection (b) of Section 16-132.

25          (b) For purposes of this Section, final average salary  
26          shall be the average salary for the highest 4 consecutive years

1 within the last 10 years of creditable service as determined  
2 under rules of the board. The minimum final average salary  
3 shall be considered to be \$2,400 per year.

4 In the determination of final average salary for members  
5 other than elected officials and their appointees when such  
6 appointees are allowed by statute, that part of a member's  
7 salary for any year beginning after June 30, 1979 which exceeds  
8 the member's annual full-time salary rate with the same  
9 employer for the preceding year by more than 20% shall be  
10 excluded. The exclusion shall not apply in any year in which  
11 the member's creditable earnings are less than 50% of the  
12 preceding year's mean salary for downstate teachers as  
13 determined by the survey of school district salaries provided  
14 in Section 2-3.103 of the School Code.

15 (c) In determining the amount of the retirement annuity  
16 under paragraph (B) of this Section, a fractional year shall be  
17 granted proportional credit.

18 (d) The retirement annuity determined under paragraph (B)  
19 of this Section shall be available only to members who render  
20 teaching service after July 1, 1947 for which member  
21 contributions are required, and to annuitants who re-enter  
22 under the provisions of Section 16-150.

23 (e) The maximum retirement annuity provided under  
24 paragraph (B) of this Section shall be 75% of final average  
25 salary.

26 (f) A member retiring after the effective date of this

1 amendatory Act of 1998 shall receive a pension equal to 75% of  
2 final average salary if the member is qualified to receive a  
3 retirement annuity equal to at least 74.6% of final average  
4 salary under this Article or as proportional annuities under  
5 Article 20 of this Code.

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

7 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

8 Sec. 16-133.1. Automatic annual increase in annuity.

9 (a) Each member with creditable service and retiring on or  
10 after August 26, 1969 is entitled to the automatic annual  
11 increases in annuity provided under this Section while  
12 receiving a retirement annuity or disability retirement  
13 annuity from the system.

14 An annuitant shall first be entitled to an initial increase  
15 under this Section on the January 1 next following the first  
16 anniversary of retirement, or January 1 of the year next  
17 following attainment of age 61, whichever is later. At such  
18 time, the system shall pay an initial increase determined as  
19 follows or as provided in subsections (a-1) and (a-2):

20 (1) 1.5% of the originally granted retirement annuity  
21 or disability retirement annuity multiplied by the number  
22 of years elapsed, if any, from the date of retirement until  
23 January 1, 1972, plus

24 (2) 2% of the originally granted annuity multiplied by  
25 the number of years elapsed, if any, from the date of



1 retirement or January 1, 1972, whichever is later, until  
2 January 1, 1978, plus

3 (3) 3% of the originally granted annuity multiplied by  
4 the number of years elapsed from the date of retirement or  
5 January 1, 1978, whichever is later, until the effective  
6 date of the initial increase.

7 However, the initial annual increase calculated under this  
8 Section for the recipient of a disability retirement annuity  
9 granted under Section 16-149.2 shall be reduced by an amount  
10 equal to the total of all increases in that annuity received  
11 under Section 16-149.5 (but not exceeding 100% of the amount of  
12 the initial increase otherwise provided under this Section).

13 Following the initial increase, automatic annual increases  
14 in annuity shall be payable on each January 1 thereafter during  
15 the lifetime of the annuitant, determined as a percentage of  
16 the originally granted retirement annuity or disability  
17 retirement annuity for increases granted prior to January 1,  
18 1990, and calculated as a percentage of the total amount of  
19 annuity, including previous increases under this Section, for  
20 increases granted on or after January 1, 1990, as follows: 1.5%  
21 for periods prior to January 1, 1972, 2% for periods after  
22 December 31, 1971 and prior to January 1, 1978, and 3% for  
23 periods after December 31, 1977, or as provided in subsections  
24 (a-1) and (a-2).

25 (a-1) Notwithstanding any other provision of this Article,  
26 for a Tier I retiree, the amount of each automatic annual

1 increase in retirement annuity occurring on or after the  
2 effective date of this amendatory Act of the 98th General  
3 Assembly shall be 3% of the lesser of (1) the total annuity  
4 payable at the time of the increase, including previous  
5 increases granted, or (2) \$1,000 multiplied by the number of  
6 years of creditable service upon which the annuity is based.

7 (a-2) Notwithstanding any other provision of this Article,  
8 for a Tier I retiree, the monthly retirement annuity shall  
9 first be subject to annual increases on the January 1 occurring  
10 on or next after the attainment of age 67 or the January 1  
11 occurring on or next after the fifth anniversary of the annuity  
12 start date, whichever occurs earlier. If on the effective date  
13 of this amendatory Act of the 98th General Assembly a Tier I  
14 retiree has already received an annual increase under this  
15 Section but does not yet meet the new eligibility requirements  
16 of this subsection, the annual increases already received shall  
17 continue in force, but no additional annual increase shall be  
18 granted until the Tier I retiree meets the new eligibility  
19 requirements.

20 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)  
21 and (a-2) apply without regard to whether or not the Tier I  
22 retiree is in active service under this Article on or after the  
23 effective date of this amendatory Act of the 98th General  
24 Assembly.

25 (b) The automatic annual increases in annuity provided  
26 under this Section shall not be applicable unless a member has

1 made contributions toward such increases for a period  
2 equivalent to one full year of creditable service. If a member  
3 contributes for service performed after August 26, 1969 but the  
4 member becomes an annuitant before such contributions amount to  
5 one full year's contributions based on the salary at the date  
6 of retirement, he or she may pay the necessary balance of the  
7 contributions to the system and be eligible for the automatic  
8 annual increases in annuity provided under this Section.

9 (c) Each member shall make contributions toward the cost of  
10 the automatic annual increases in annuity as provided under  
11 Section 16-152.

12 (d) An annuitant receiving a retirement annuity or  
13 disability retirement annuity on July 1, 1969, who subsequently  
14 re-enters service as a teacher is eligible for the automatic  
15 annual increases in annuity provided under this Section if he  
16 or she renders at least one year of creditable service  
17 following the latest re-entry.

18 (e) In addition to the automatic annual increases in  
19 annuity provided under this Section, an annuitant who meets the  
20 service requirements of this Section and whose retirement  
21 annuity or disability retirement annuity began on or before  
22 January 1, 1971 shall receive, on January 1, 1981, an increase  
23 in the annuity then being paid of one dollar per month for each  
24 year of creditable service. On January 1, 1982, an annuitant  
25 whose retirement annuity or disability retirement annuity  
26 began on or before January 1, 1977 shall receive an increase in

1 the annuity then being paid of one dollar per month for each  
2 year of creditable service.

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

8 (Source: P.A. 91-927, eff. 12-14-00.)

9 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

10 Sec. 16-152. Contributions by members.

11 (a) Each member shall make contributions for membership  
12 service to this System as follows:

13 (1) Effective July 1, 1998, contributions of 7.50% of  
14 salary towards the cost of the retirement annuity. Such  
15 contributions shall be deemed "normal contributions".

16 (2) Effective July 1, 1969, contributions of 1/2 of 1%  
17 of salary toward the cost of the automatic annual increase  
18 in retirement annuity provided under Section 16-133.1.

19 (3) Effective July 24, 1959, contributions of 1% of  
20 salary towards the cost of survivor benefits. Such  
21 contributions shall not be credited to the individual  
22 account of the member and shall not be subject to refund  
23 except as provided under Section 16-143.2.

24 (4) Effective July 1, 2005, contributions of 0.40% of  
25 salary toward the cost of the early retirement without

1 discount option provided under Section 16-133.2. This  
2 contribution shall cease upon termination of the early  
3 retirement without discount option as provided in Section  
4 16-176.

5 (a-5) In addition to the contributions otherwise required  
6 under this Article, each Tier I member shall also make the  
7 following contributions toward the cost of the retirement  
8 annuity from each payment of salary:

9 (1) beginning July 1, 2014 and through June 30, 2015,  
10 1% of salary; and

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

12 Except as otherwise specified, these contributions are to  
13 be considered as normal contributions for purposes of this  
14 Article.

15 (b) The minimum required contribution for any year of  
16 full-time teaching service shall be \$192.

17 (c) Contributions shall not be required of any annuitant  
18 receiving a retirement annuity who is given employment as  
19 permitted under Section 16-118 or 16-150.1.

20 (d) A person who (i) was a member before July 1, 1998, (ii)  
21 retires with more than 34 years of creditable service, and  
22 (iii) does not elect to qualify for the augmented rate under  
23 Section 16-129.1 shall be entitled, at the time of retirement,  
24 to receive a partial refund of contributions made under this  
25 Section for service occurring after the later of June 30, 1998  
26 or attainment of 34 years of creditable service, in an amount

1 equal to 1.00% of the salary upon which those contributions  
2 were based.

3 (e) A member's contributions toward the cost of early  
4 retirement without discount made under item (a)(4) of this  
5 Section shall not be refunded if the member has elected early  
6 retirement without discount under Section 16-133.2 and has  
7 begun to receive a retirement annuity under this Article  
8 calculated in accordance with that election. Otherwise, a  
9 member's contributions toward the cost of early retirement  
10 without discount made under item (a)(4) of this Section shall  
11 be refunded according to whichever one of the following  
12 circumstances occurs first:

13 (1) The contributions shall be refunded to the member,  
14 without interest, within 120 days after the member's  
15 retirement annuity commences, if the member does not elect  
16 early retirement without discount under Section 16-133.2.

17 (2) The contributions shall be included, without  
18 interest, in any refund claimed by the member under Section  
19 16-151.

20 (3) The contributions shall be refunded to the member's  
21 designated beneficiary (or if there is no beneficiary, to  
22 the member's estate), without interest, if the member dies  
23 without having begun to receive a retirement annuity under  
24 this Article.

25 (4) The contributions shall be refunded to the member,  
26 without interest, within 120 days after the early

1 retirement without discount option provided under Section  
2 16-133.2 is terminated under Section 16-176.

3 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

4 (40 ILCS 5/16-152.5 new)

5 Sec. 16-152.5. Use of contributions for health care  
6 subsidies. The System shall not use any contribution received  
7 by the System under this Article to provide a subsidy for the  
8 cost of participation in a retiree health care program.

9 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

10 Sec. 16-158. Contributions by State and other employing  
11 units.

12 (a) The State shall make contributions to the System by  
13 means of appropriations from the Common School Fund and other  
14 State funds of amounts which, together with other employer  
15 contributions, employee contributions, investment income, and  
16 other income, will be sufficient to meet the cost of  
17 maintaining and administering the System on a 100% ~~90%~~ funded  
18 basis in accordance with actuarial recommendations by the end  
19 of State fiscal year 2044.

20 The Board shall determine the amount of State contributions  
21 required for each fiscal year on the basis of the actuarial  
22 tables and other assumptions adopted by the Board and the  
23 recommendations of the actuary, using the formula in subsection  
24 (b-3).

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

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

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

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

25           (a-5) On or before November 1 of each year, beginning  
26 November 1, 2012, the Board shall submit to the State Actuary,



1 the Governor, and the General Assembly a proposed certification  
2 of the amount of the required State contribution to the System  
3 for the next fiscal year, along with all of the actuarial  
4 assumptions, calculations, and data upon which that proposed  
5 certification is based. On or before January 1 of each year,  
6 beginning January 1, 2013, the State Actuary shall issue a  
7 preliminary report concerning the proposed certification and  
8 identifying, if necessary, recommended changes in actuarial  
9 assumptions that the Board must consider before finalizing its  
10 certification of the required State contributions.

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

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

26 (b-1) Beginning in State fiscal year 1996, on the 15th day

1 of each month, or as soon thereafter as may be practicable, the  
2 Board shall submit vouchers for payment of State contributions  
3 to the System, in a total monthly amount of one-twelfth of the  
4 required annual State contribution certified under subsection  
5 (a-1). From the effective date of this amendatory Act of the  
6 93rd General Assembly through June 30, 2004, the Board shall  
7 not submit vouchers for the remainder of fiscal year 2004 in  
8 excess of the fiscal year 2004 certified contribution amount  
9 determined under this Section after taking into consideration  
10 the transfer to the System under subsection (a) of Section  
11 6z-61 of the State Finance Act. These vouchers shall be paid by  
12 the State Comptroller and Treasurer by warrants drawn on the  
13 funds appropriated to the System for that fiscal year.

14 If in any month the amount remaining unexpended from all  
15 other appropriations to the System for the applicable fiscal  
16 year (including the appropriations to the System under Section  
17 8.12 of the State Finance Act and Section 1 of the State  
18 Pension Funds Continuing Appropriation Act) is less than the  
19 amount lawfully vouchered under this subsection, the  
20 difference shall be paid from the Common School Fund under the  
21 continuing appropriation authority provided in Section 1.1 of  
22 the State Pension Funds Continuing Appropriation Act.

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

26 (b-3) For State fiscal years 2015 through 2044, the minimum

1 contribution to the System to be made by the State for each  
2 fiscal year shall be an amount determined by the System to be  
3 equal to the sum of (1) the State's portion of the projected  
4 normal cost for that fiscal year, plus (2) an amount sufficient  
5 to bring the total assets of the System up to 100% of the total  
6 actuarial liabilities of the System by the end of State fiscal  
7 year 2044. In making these determinations, the required State  
8 contribution shall be calculated each year as a level  
9 percentage of payroll over the years remaining to and including  
10 fiscal year 2044 and shall be determined under the entry age  
11 normal actuarial cost method.

12 Beginning in State fiscal year 2045, the minimum State  
13 contribution for each fiscal year shall be the amount needed to  
14 maintain the total assets of the System at 100% of the total  
15 actuarial liabilities of the System.

16 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
17 contribution to the System to be made by the State for each  
18 fiscal year shall be an amount determined by the System to be  
19 sufficient to bring the total assets of the System up to 90% of  
20 the total actuarial liabilities of the System by the end of  
21 State fiscal year 2045. In making these determinations, the  
22 required State contribution shall be calculated each year as a  
23 level percentage of payroll over the years remaining to and  
24 including fiscal year 2045 and shall be determined under the  
25 projected unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

1 contribution to the System, as a percentage of the applicable  
2 employee payroll, shall be increased in equal annual increments  
3 so that by State fiscal year 2011, the State is contributing at  
4 the rate required under this Section; except that in the  
5 following specified State fiscal years, the State contribution  
6 to the System shall not be less than the following indicated  
7 percentages of the applicable employee payroll, even if the  
8 indicated percentage will produce a State contribution in  
9 excess of the amount otherwise required under this subsection  
10 and subsection (a), and notwithstanding any contrary  
11 certification made under subsection (a-1) before the effective  
12 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
13 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
14 2003; and 13.56% in FY 2004.

15 Notwithstanding any other provision of this Article, the  
16 total required State contribution for State fiscal year 2006 is  
17 \$534,627,700.

18 Notwithstanding any other provision of this Article, the  
19 total required State contribution for State fiscal year 2007 is  
20 \$738,014,500.

21 For each of State fiscal years 2008 through 2009, the State  
22 contribution to the System, as a percentage of the applicable  
23 employee payroll, shall be increased in equal annual increments  
24 from the required State contribution for State fiscal year  
25 2007, so that by State fiscal year 2011, the State is  
26 contributing at the rate otherwise required under this Section.

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2010 is  
3 \$2,089,268,000 and shall be made from the proceeds of bonds  
4 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
5 Obligation Bond Act, less (i) the pro rata share of bond sale  
6 expenses determined by the System's share of total bond  
7 proceeds, (ii) any amounts received from the Common School Fund  
8 in fiscal year 2010, and (iii) any reduction in bond proceeds  
9 due to the issuance of discounted bonds, if applicable.

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

26           ~~Beginning in State fiscal year 2046, the minimum State~~

1 ~~contribution for each fiscal year shall be the amount needed to~~  
2 ~~maintain the total assets of the System at 90% of the total~~  
3 ~~actuarial liabilities of the System.~~

4       Amounts received by the System pursuant to Section 25 of  
5 the Budget Stabilization Act or Section 8.12 of the State  
6 Finance Act in any fiscal year do not reduce and do not  
7 constitute payment of any portion of the minimum State  
8 contribution required under this Article in that fiscal year.  
9 Such amounts shall not reduce, and shall not be included in the  
10 calculation of, the required State contributions under this  
11 Article in any future year until the System has reached a  
12 funding ratio of at least 100% ~~90%~~. A reference in this Article  
13 to the "required State contribution" or any substantially  
14 similar term does not include or apply to any amounts payable  
15 to the System under Section 25 of the Budget Stabilization Act.

16       Notwithstanding any other provision of this Section, the  
17 required State contribution for State fiscal year 2005 and for  
18 fiscal year 2008 and each fiscal year thereafter through State  
19 fiscal year 2014, as calculated under this Section and  
20 certified under subsection (a-1), shall not exceed an amount  
21 equal to (i) the amount of the required State contribution that  
22 would have been calculated under this Section for that fiscal  
23 year if the System had not received any payments under  
24 subsection (d) of Section 7.2 of the General Obligation Bond  
25 Act, minus (ii) the portion of the State's total debt service  
26 payments for that fiscal year on the bonds issued in fiscal

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

15 (c) Payment of the required State contributions and of all  
16 pensions, retirement annuities, death benefits, refunds, and  
17 other benefits granted under or assumed by this System, and all  
18 expenses in connection with the administration and operation  
19 thereof, are obligations of the State.

20 If members are paid from special trust or federal funds  
21 which are administered by the employing unit, whether school  
22 district or other unit, the employing unit shall pay to the  
23 System from such funds the full accruing retirement costs based  
24 upon that service, as determined by the System. Employer  
25 contributions, based on salary paid to members from federal  
26 funds, may be forwarded by the distributing agency of the State

1 of Illinois to the System prior to allocation, in an amount  
2 determined in accordance with guidelines established by such  
3 agency and the System.

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

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

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

26 (1) Beginning July 1, 1998 through June 30, 1999, the



1 employer contribution shall be equal to 0.3% of each  
2 teacher's salary.

3 (2) Beginning July 1, 1999 and thereafter, the employer  
4 contribution shall be equal to 0.58% of each teacher's  
5 salary.

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

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

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

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

26 If an employer is required by a contract in effect on May

1 1, 1998 between the employer and an employee organization to  
2 pay, on behalf of all its full-time employees covered by this  
3 Article, all mandatory employee contributions required under  
4 this Article, then the employer shall be excused from paying  
5 the employer contribution required under this subsection (e)  
6 for the balance of the term of that contract. The employer and  
7 the employee organization shall jointly certify to the System  
8 the existence of the contractual requirement, in such form as  
9 the System may prescribe. This exclusion shall cease upon the  
10 termination, extension, or renewal of the contract at any time  
11 after May 1, 1998.

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

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

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

25 The employer contributions required under this subsection  
26 (f) may be paid in the form of a lump sum within 90 days after

1 receipt of the bill. If the employer contributions are not paid  
2 within 90 days after receipt of the bill, then interest will be  
3 charged at a rate equal to the System's annual actuarially  
4 assumed rate of return on investment compounded annually from  
5 the 91st day after receipt of the bill. Payments must be  
6 concluded within 3 years after the employer's receipt of the  
7 bill.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (j) For purposes of determining the required State  
25 contribution to the System, the value of the System's assets  
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

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

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

13 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
14 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
15 6-18-12; 97-813, eff. 7-13-12.)

16 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

17 Sec. 16-158.1. Actions to enforce payments by school  
18 districts and other employing units other than the State. Any  
19 school district or other employing unit, other than the State,  
20 that fails ~~failing~~ to transmit to the System contributions  
21 required of it under this Article or contributions required of  
22 teachers, for more than 90 days after such contributions are  
23 due is subject to the following: after giving notice to the  
24 district or other unit, the System may certify to the State  
25 Comptroller or the Regional Superintendent of Schools the

1 amounts of such delinquent payments and the State Comptroller  
2 or the Regional Superintendent of Schools shall deduct the  
3 amounts so certified or any part thereof from any State funds  
4 to be remitted to the school district or other employing unit  
5 involved and shall pay the amount so deducted to the System. If  
6 State funds from which such deductions may be made are not  
7 available, the System may proceed against the school district  
8 or other employing unit to recover the amounts of such  
9 delinquent payments in the appropriate circuit court.

10 The System may provide for an audit of the records of a  
11 school district or other employing unit, other than the State,  
12 as may be required to establish the amounts of required  
13 contributions. The school district or other employing unit  
14 shall make its records available to the System for the purpose  
15 of such audit. The cost of such audit shall be added to the  
16 amount of the delinquent payments and shall be recovered by the  
17 System from the school district or other employing unit at the  
18 same time and in the same manner as the delinquent payments are  
19 recovered.

20 (Source: P.A. 90-448, eff. 8-16-97.)

21 (40 ILCS 5/16-158.2 new)

22 Sec. 16-158.2. Obligations of State; funding guarantee.

23 (a) Beginning July 1, 2014, the State shall be  
24 contractually obligated to contribute to the System in each  
25 State fiscal year an amount not less than the sum of (i) the



1 State's normal cost for the year and (ii) the portion of the  
2 unfunded accrued liability assigned to that year by law.  
3 Notwithstanding any other provision of law, if the State fails  
4 to pay an amount guaranteed under this subsection, it shall be  
5 the mandatory fiduciary obligation of the Board to seek payment  
6 of the guaranteed amount in compliance with the provisions of  
7 this Section and, if the amount remains unpaid, to bring a  
8 mandamus action in the Supreme Court of Illinois to compel the  
9 State to make the required payment.

10 If the System submits a voucher for contributions required  
11 under Section 16-158 and the State fails to pay that voucher  
12 within 90 days of its receipt, the Board shall submit a written  
13 request to the Comptroller seeking payment. A copy of the  
14 request shall be filed with the Secretary of State, and the  
15 Secretary of State shall provide a copy to the Governor and  
16 General Assembly. No earlier than the 16th day after the System  
17 files the request with the Comptroller and Secretary of State,  
18 if the amount remains unpaid, the Board shall commence a  
19 mandamus action in the Supreme Court of Illinois to compel the  
20 Comptroller to satisfy the voucher.

21 This subsection (a) constitutes an express waiver of the  
22 State's sovereign immunity solely to the extent that it permits  
23 the Board to commence a mandamus action in the Supreme Court of  
24 Illinois to compel the Comptroller to pay a voucher for the  
25 contributions required under Section 16-158.

26 (b) Beginning in State fiscal year 2020, the State shall be

1 contractually obligated to make the transfers set forth in  
2 subsections (c-10) and (c-15) of Section 20 of the Budget  
3 Stabilization Act and to pay to the System its proportionate  
4 share of the transferred amounts in accordance with Section 25  
5 of the Budget Stabilization Act. Notwithstanding any other  
6 provision of law, if the State fails to transfer an amount  
7 guaranteed under this subsection or to pay to the System its  
8 proportionate share of the transferred amount in accordance  
9 with Section 25 of the Budget Stabilization Act, it shall be  
10 the mandatory fiduciary obligation of the Board to seek  
11 transfer or payment of the guaranteed amount in compliance with  
12 the provisions of this Section and, if the required amount  
13 remains untransferred or the required payment remains unpaid,  
14 to bring a mandamus action in the Supreme Court of Illinois to  
15 compel the State to make the required transfer or payment or  
16 both, as the case may be.

17 If the State fails to make a transfer required under  
18 subsections (c-10) and (c-15) of Section 20 of the Budget  
19 Stabilization Act or a payment to the System required under  
20 Section 25 of that Act, the Board shall submit a written  
21 request to the Comptroller seeking payment. A copy of the  
22 request shall be filed with the Secretary of State, and the  
23 Secretary of State shall provide a copy to the Governor and  
24 General Assembly. No earlier than the 16th day after the System  
25 files the request with the Comptroller and Secretary of State,  
26 if the required amount remains untransferred or the required

1 payment remains unpaid, the Board shall commence a mandamus  
2 action in the Supreme Court of Illinois to compel the  
3 Comptroller to make the required transfer or payment or both,  
4 as the case may be.

5 This subsection (b) constitutes an express waiver of the  
6 State's sovereign immunity solely to the extent that it permits  
7 the Board to commence a mandamus action in the Supreme Court of  
8 Illinois to compel the Comptroller to make a transfer required  
9 under subsections (c-10) and (c-15) of Section 20 of the Budget  
10 Stabilization Act and to pay to the System its proportionate  
11 share of the transferred amount in accordance with Section 25  
12 of the Budget Stabilization Act.

13 The obligations created by this subsection (b) expire when  
14 all of the requirements of subsections (c-10) and (c-15) of  
15 Section 20 of the Budget Stabilization Act and Section 25 of  
16 the Budget Stabilization Act have been met.

17 (c) Any payments and transfers required to be made by the  
18 State pursuant to subsection (a) or (b) are expressly  
19 subordinate to the payment of the principal, interest, and  
20 premium, if any, on any bonded debt obligation of the State or  
21 any other State-created entity, either currently outstanding  
22 or to be issued, for which the source of repayment or security  
23 thereon is derived directly or indirectly from tax revenues  
24 collected by the State or any other State-created entity.  
25 Payments on such bonded obligations include any statutory fund  
26 transfers or other prefunding mechanisms or formulas set forth,

1 now or hereafter, in State law or bond indentures, into debt  
2 service funds or accounts of the State related to such bond  
3 obligations, consistent with the payment schedules associated  
4 with such obligations.

5 (d) By the enactment of this amendatory Act of the 98th  
6 General Assembly, the State of Illinois pledges to and agrees  
7 with the Board and members of the System that the State will  
8 make the payments and transfers required to be made by the  
9 State pursuant to subsections (a) and (b). The State further  
10 pledges that the State will not limit or alter the rights and  
11 powers vested in the Board so as to impair the terms of this  
12 Section or in any way impair the rights and remedies of the  
13 Board under this Section.

14 (40 ILCS 5/16-203)

15 Sec. 16-203. Application and expiration of new benefit  
16 increases.

17 (a) As used in this Section, "new benefit increase" means  
18 an increase in the amount of any benefit provided under this  
19 Article, or an expansion of the conditions of eligibility for  
20 any benefit under this Article, that results from an amendment  
21 to this Code that takes effect after June 1, 2005 (the  
22 effective date of Public Act 94-4). "New benefit increase",  
23 however, does not include any benefit increase resulting from  
24 the changes made to this Article or Article 1 by Public Act  
25 95-910 or this amendatory Act of the 98th ~~95th~~ General

1 Assembly.

2 (b) Notwithstanding any other provision of this Code or any  
3 subsequent amendment to this Code, every new benefit increase  
4 is subject to this Section and shall be deemed to be granted  
5 only in conformance with and contingent upon compliance with  
6 the provisions of this Section.

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

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

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

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

17 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

18 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

19 Sec. 17-116. Service retirement pension.

20 (a) Each teacher having 20 years of service upon attainment  
21 of age 55, or who thereafter attains age 55 shall be entitled  
22 to a service retirement pension upon or after attainment of age  
23 55; and each teacher in service on or after July 1, 1971, with  
24 5 or more but less than 20 years of service shall be entitled  
25 to receive a service retirement pension upon or after

1 attainment of age 62.

2 (b) The service retirement pension for a teacher who  
3 retires on or after June 25, 1971, at age 60 or over, shall be  
4 calculated as follows:

5 (1) For creditable service earned before July 1, 1998  
6 that has not been augmented under Section 17-119.1: 1.67%  
7 for each of the first 10 years of service; 1.90% for each  
8 of the next 10 years of service; 2.10% for each year of  
9 service in excess of 20 but not exceeding 30; and 2.30% for  
10 each year of service in excess of 30, based upon average  
11 salary as herein defined.

12 (2) For creditable service earned on or after July 1,  
13 1998 by a member who has at least 30 years of creditable  
14 service on July 1, 1998 and who does not elect to augment  
15 service under Section 17-119.1: 2.3% of average salary for  
16 each year of creditable service earned on or after July 1,  
17 1998.

18 (3) For all other creditable service: 2.2% of average  
19 salary for each year of creditable service.

20 (c) When computing such service retirement pensions, the  
21 following conditions shall apply:

22 1. Average salary shall consist of the average annual  
23 rate of salary for the 4 consecutive years of validated  
24 service within the last 10 years of service when such  
25 average annual rate was highest. In the determination of  
26 average salary for retirement allowance purposes, for

1 members who commenced employment after August 31, 1979,  
2 that part of the salary for any year shall be excluded  
3 which exceeds the annual full-time salary rate for the  
4 preceding year by more than 20%. In the case of a member  
5 who commenced employment before August 31, 1979 and who  
6 receives salary during any year after September 1, 1983  
7 which exceeds the annual full time salary rate for the  
8 preceding year by more than 20%, an Employer and other  
9 employers of eligible contributors as defined in Section  
10 17-106 shall pay to the Fund an amount equal to the present  
11 value of the additional service retirement pension  
12 resulting from such excess salary. The present value of the  
13 additional service retirement pension shall be computed by  
14 the Board on the basis of actuarial tables adopted by the  
15 Board. If a member elects to receive a pension from this  
16 Fund provided by Section 20-121, his salary under the State  
17 Universities Retirement System and the Teachers'  
18 Retirement System of the State of Illinois shall be  
19 considered in determining such average salary. Amounts  
20 paid after the effective date of this amendatory Act of  
21 1991 for unused vacation time earned after that effective  
22 date shall not under any circumstances be included in the  
23 calculation of average salary or the annual rate of salary  
24 for the purposes of this Article.

25 2. Proportionate credit shall be given for validated  
26 service of less than one year.



1           3. For retirement at age 60 or over the pension shall  
2 be payable at the full rate.

3           4. For separation from service below age 60 to a  
4 minimum age of 55, the pension shall be discounted at the  
5 rate of 1/2 of one per cent for each month that the age of  
6 the contributor is less than 60, but a teacher may elect to  
7 defer the effective date of pension in order to eliminate  
8 or reduce this discount. This discount shall not be  
9 applicable to any participant who has at least 34 years of  
10 service or a retirement pension of at least 74.6% of  
11 average salary on the date the retirement annuity begins.

12           5. No additional pension shall be granted for service  
13 exceeding 45 years. Beginning June 26, 1971 no pension  
14 shall exceed the greater of \$1,500 per month or 75% of  
15 average salary as herein defined.

16           6. Service retirement pensions shall begin on the  
17 effective date of resignation, retirement, the day  
18 following the close of the payroll period for which service  
19 credit was validated, or the time the person resigning or  
20 retiring attains age 55, or on a date elected by the  
21 teacher, whichever shall be latest.

22           7. A member who is eligible to receive a retirement  
23 pension of at least 74.6% of average salary and will attain  
24 age 55 on or before December 31 during the year which  
25 commences on July 1 shall be deemed to attain age 55 on the  
26 preceding June 1.

1           8. A member retiring after the effective date of this  
2           amendatory Act of 1998 shall receive a pension equal to 75%  
3           of average salary if the member is qualified to receive a  
4           retirement pension equal to at least 74.6% of average  
5           salary under this Article or as proportional annuities  
6           under Article 20 of this Code.

7           9. In the case of a person who first becomes a  
8           participant on or after the effective date of this  
9           amendatory Act of the 98th General Assembly, payments for  
10           unused sick or vacation time shall not be used in the  
11           calculation of average salary.

12           (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

13           (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

14           Sec. 17-134. Contributions for leaves of absence; military  
15           service; computing service. In computing service for pension  
16           purposes the following periods of service shall stand in lieu  
17           of a like number of years of teaching service upon payment  
18           therefor in the manner hereinafter provided: (a) time spent on  
19           a leave of absence granted by the employer; (b) service with  
20           teacher or labor organizations based upon special leaves of  
21           absence therefor granted by an Employer; (c) a maximum of 5  
22           years spent in the military service of the United States, of  
23           which up to 2 years may have been served outside the pension  
24           period; (d) unused sick days at termination of service to a  
25           maximum of 244 days; (e) time lost due to layoff and

1 curtailment of the school term from June 6 through June 21,  
2 1976; and (f) time spent after June 30, 1982 as a member of the  
3 Board of Education, if required to resign from an  
4 administrative or teaching position in order to qualify as a  
5 member of the Board of Education.

6 (1) For time spent on or after September 6, 1948 on  
7 sabbatical leaves of absence or sick leaves, for which  
8 salaries are paid, an Employer shall make payroll  
9 deductions at the applicable rates in effect during such  
10 periods.

11 (2) For time spent on a leave of absence granted by the  
12 employer for which no salaries are paid, teachers desiring  
13 credit therefor shall pay the required contributions at the  
14 rates in effect during such periods as though they were in  
15 teaching service. If an Employer pays salary for vacations  
16 which occur during a teacher's sick leave or maternity or  
17 paternity leave without salary, vacation pay for which the  
18 teacher would have qualified while in active service shall  
19 be considered part of the teacher's total salary for  
20 pension purposes. No more than 36 months of leave credit  
21 may be allowed any person during the entire term of  
22 service. Sabbatical leave credit shall be limited to the  
23 time the person on leave without salary under an Employer's  
24 rules is allowed to engage in an activity for which he  
25 receives salary or compensation.

26 (3) For time spent prior to September 6, 1948, on

1 sabbatical leaves of absence or sick leaves for which  
2 salaries were paid, teachers desiring service credit  
3 therefor shall pay the required contributions at the  
4 maximum applicable rates in effect during such periods.

5 (4) For service with teacher or labor organizations  
6 authorized by special leaves of absence, for which no  
7 payroll deductions are made by an Employer, teachers  
8 desiring service credit therefor shall contribute to the  
9 Fund upon the basis of the actual salary received from such  
10 organizations at the percentage rates in effect during such  
11 periods for certified positions with such Employer. To the  
12 extent the actual salary exceeds the regular salary, which  
13 shall be defined as the salary rate, as calculated by the  
14 Board, in effect for the teacher's regular position in  
15 teaching service on September 1, 1983 or on the effective  
16 date of the leave with the organization, whichever is  
17 later, the organization shall pay to the Fund the  
18 employer's normal cost as set by the Board on the  
19 increment. Notwithstanding any other provision of this  
20 subdivision (4), teachers are only eligible for credit for  
21 service under this subdivision (4) if the special leave of  
22 absence begins before January 5, 2012 (the effective date  
23 of Public Act 97-651) ~~this amendatory Act of the 97th~~  
24 ~~General Assembly.~~

25 (5) For time spent in the military service, teachers  
26 entitled to and desiring credit therefor shall contribute

1 the amount required for each year of service or fraction  
2 thereof at the rates in force (a) at the date of  
3 appointment, or (b) on return to teaching service as a  
4 regularly certified teacher, as the case may be; provided  
5 such rates shall not be less than \$450 per year of service.  
6 These conditions shall apply unless an Employer elects to  
7 and does pay into the Fund the amount which would have been  
8 due from such person had he been employed as a teacher  
9 during such time. In the case of credit for military  
10 service not during the pension period, the teacher must  
11 also pay to the Fund an amount determined by the Board to  
12 be equal to the employer's normal cost of the benefits  
13 accrued from such service, plus interest thereon at 5% per  
14 year, compounded annually, from the date of appointment to  
15 the date of payment.

16 The changes to this Section made by Public Act 87-795  
17 shall apply not only to persons who on or after its  
18 effective date are in service under the Fund, but also to  
19 persons whose status as a teacher terminated prior to that  
20 date, whether or not the person is an annuitant on that  
21 date. In the case of an annuitant who applies for credit  
22 allowable under this Section for a period of military  
23 service that did not immediately follow employment, and who  
24 has made the required contributions for such credit, the  
25 annuity shall be recalculated to include the additional  
26 service credit, with the increase taking effect on the date

1 the Fund received written notification of the annuitant's  
2 intent to purchase the credit, if payment of all the  
3 required contributions is made within 60 days of such  
4 notice, or else on the first annuity payment date following  
5 the date of payment of the required contributions. In  
6 calculating the automatic annual increase for an annuity  
7 that has been recalculated under this Section, the increase  
8 attributable to the additional service allowable under  
9 this amendatory Act of 1991 shall be included in the  
10 calculation of automatic annual increases accruing after  
11 the effective date of the recalculation.

12 The total credit for military service shall not exceed  
13 5 years, except that any teacher who on July 1, 1963, had  
14 validated credit for more than 5 years of military service  
15 shall be entitled to the total amount of such credit.

16 (6) For persons who first become teachers before the  
17 effective date of this amendatory Act of the 98th General  
18 Assembly, a ~~A~~ maximum of 244 unused sick days credited to  
19 his account by an Employer on the date of termination of  
20 employment. Members, upon verification of unused sick  
21 days, may add this service time to total creditable  
22 service.

23 (7) In all cases where time spent on leave is  
24 creditable and no payroll deductions therefor are made by  
25 an Employer, persons desiring service credit shall make the  
26 required contributions directly to the Fund.

1           (8) For time lost without pay due to layoff and  
2           curtailment of the school term from June 6 through June 21,  
3           1976, as provided in item (e) of the first paragraph of  
4           this Section, persons who were contributors on the days  
5           immediately preceding such layoff shall receive credit  
6           upon paying to the Fund a contribution based on the rates  
7           of compensation and employee contributions in effect at the  
8           time of such layoff, together with an additional amount  
9           equal to 12.2% of the compensation computed for such period  
10          of layoff, plus interest on the entire amount at 5% per  
11          annum from January 1, 1978 to the date of payment. If such  
12          contribution is paid, salary for pension purposes for any  
13          year in which such a layoff occurred shall include the  
14          compensation recognized for purposes of computing that  
15          contribution.

16          (9) For time spent after June 30, 1982, as a  
17          nonsalaried member of the Board of Education, if required  
18          to resign from an administrative or teaching position in  
19          order to qualify as a member of the Board of Education, an  
20          administrator or teacher desiring credit therefor shall  
21          pay the required contributions at the rates and salaries in  
22          effect during such periods as though the member were in  
23          service.

24          Effective September 1, 1974, the interest charged for  
25          validation of service described in paragraphs (2) through (5)  
26          of this Section shall be compounded annually at a rate of 5%

1 commencing one year after the termination of the leave or  
2 return to service.

3 (Source: P.A. 97-651, eff. 1-5-12.)

4 Section 25. The Illinois Educational Labor Relations Act is  
5 amended by changing Sections 4 and 17 and by adding Section  
6 10.5 as follows:

7 (115 ILCS 5/4) (from Ch. 48, par. 1704)

8 Sec. 4. Employer rights. Employers shall not be required to  
9 bargain over matters of inherent managerial policy, which shall  
10 include such areas of discretion or policy as the functions of  
11 the employer, standards of services, its overall budget, the  
12 organizational structure and selection of new employees and  
13 direction of employees. Employers, however, shall be required  
14 to bargain collectively with regard to policy matters directly  
15 affecting wages, hours and terms and conditions of employment  
16 as well as the impact thereon upon request by employee  
17 representatives, except as provided in Section 10.5. To  
18 preserve the rights of employers and exclusive representatives  
19 which have established collective bargaining relationships or  
20 negotiated collective bargaining agreements prior to the  
21 effective date of this Act, employers shall be required to  
22 bargain collectively with regard to any matter concerning  
23 wages, hours or conditions of employment about which they have  
24 bargained for and agreed to in a collective bargaining



1 agreement prior to the effective date of this Act, except as  
2 provided in Section 10.5.

3  
4 (Source: P.A. 83-1014.)

5 (115 ILCS 5/10.5 new)

6 Sec. 10.5. Duty to bargain regarding pension amendments.  
7 Notwithstanding any other provision of this Act, employers  
8 shall not be required to bargain over matters affected by the  
9 changes, the impact of changes, and the implementation of  
10 changes made to Article 14, 15, or 16 of the Illinois Pension  
11 Code, or to Article 1 of that Code as it applies to those  
12 Articles, by this amendatory Act of the 98th General Assembly  
13 or over any other provision of Article 14, 15, or 16 of the  
14 Illinois Pension Code, or of Article 1 of that Code as it  
15 applies to those Articles, which are prohibited subjects of  
16 bargaining; nor shall the changes, the impact of changes, or  
17 the implementation of changes made to Article 14, 15, or 16 of  
18 the Illinois Pension Code, or to Article 1 of that Code as it  
19 applies to those Articles, by this amendatory Act of the 98th  
20 General Assembly or any other provision of Article 14, 15, or  
21 16 of the Illinois Pension Code, or of Article 1 of that Code  
22 as it applies to those Articles, be subject to interest  
23 arbitration or any award issued pursuant to interest  
24 arbitration. The provisions of this Section shall not apply to  
25 an employment contract or collective bargaining agreement that

1 is in effect on the effective date of this amendatory Act of  
2 the 98th General Assembly and has not been amended, renewed, or  
3 terminated after that date.

4 In case of any conflict between this Section and any other  
5 provisions of this Act or any other law, the provisions of this  
6 Section shall control.

7 (115 ILCS 5/17) (from Ch. 48, par. 1717)

8 Sec. 17. Effect on other laws. Except as provided in  
9 Section 10.5, in ~~In~~ case of any conflict between the provisions  
10 of this Act and any other law, executive order or  
11 administrative regulation, the provisions of this Act shall  
12 prevail and control. Except as provided in Section 10.5,  
13 nothing ~~Nothing~~ in this Act shall be construed to replace or  
14 diminish the rights of employees established by Section 36d of  
15 "An Act to create the State Universities Civil Service System",  
16 approved May 11, 1905, as amended or modified.

17 (Source: P.A. 83-1014.)

18 Section 90. The State Mandates Act is amended by adding  
19 Section 8.37 as follows:

20 (30 ILCS 805/8.37 new)

21 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8  
22 of this Act, no reimbursement by the State is required for the  
23 implementation of any mandate created by this amendatory Act of

1 the 98th General Assembly.

2 Section 97. Severability and inseverability. The  
3 provisions of this Act are severable, except that the changes  
4 made to subsections (a), (a-1), (a-2), and (a-3) of Section  
5 2-119.1, to subsections (d), (d-1), (d-2), and (d-3) of Section  
6 15-136, to subsections (a) and (b-3) of Section 16-158, and to  
7 Sections 2-124, 2-125, 14-114, 14-131, 14-132, 15-155, 15-156,  
8 16-133.1, and 16-158.2 of the Illinois Pension Code are  
9 mutually dependent and inseverable."