



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2903

by Rep. Mike Fortner

SYNOPSIS AS INTRODUCED:

See Index

Creates the Pension Buyout Act. Authorizes the Department of Central Management Services to enter into contracts with approved vendors to provide pension buyout payments to eligible persons in the State Universities and Downstate Teachers Articles. Requires the Illinois Finance Authority to issue bonds if the amount appropriated to implement the pension buyout option is less than the amount necessary for the Department to pay the approved vendor the amount required under a contract between the Department and the approved vendor for any fiscal year. Amends the State Universities and Downstate Teachers Articles of the Illinois Pension Code. Provides that an eligible person may relinquish his or her right to receive any benefits from the System in exchange for a lump sum payment made by an approved vendor that is equal to the present value of the retirement annuity. Contains provisions concerning the form of the contract; rulemaking; notice to the system; certification to the Department of the amount of lump sum payments made; and qualified plan status. Establishes optional defined contribution plans. Provides that a person who participates in the pension buyout option or the defined contribution plan shall be entitled to any benefits under the State Employees Group Insurance Act of 1971 that he or she would have otherwise been entitled to. Amends the State Employees Group Insurance Act of 1971, the Department of Central Management Services Law of the Civil Administrative Code of Illinois, the Illinois Procurement Code, and the Illinois Finance Authority Act to make related changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 07135 RPS 17190 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 1. Short title. This Act may be cited as the
5 Pension Buyout Act.

6 Section 5. Definitions. As used in this Act:

7 "Approved vendor" means a vendor who has entered into a
8 contract with the Department to provide lump sum payments to
9 eligible persons pursuant to a pension buyout option.

10 "Authority" means the Illinois Finance Authority.

11 "Chief procurement officer" means the chief procurement
12 officer appointed under paragraph (4) of subsection (a) of
13 Section 10-20 of the Illinois Procurement Code.

14 "Department" means the Department of Central Management
15 Services.

16 "Director" means the Director of Central Management
17 Services.

18 "Pension buyout option" means a plan under Section 15-185.5
19 or 16-190.5 of the Illinois Pension Code.

20 "Retirement system" means a retirement system established
21 under Article 15 or 16 of the Illinois Pension Code.

22 Section 10. Pension buyout option administration.

1 (a) The Department, on behalf of the State, may enter into
2 contracts with approved vendors who will provide lump sum
3 payments to eligible persons pursuant to a pension buyout
4 option. The contract shall be subject to the applicable
5 requirements of the Illinois Procurement Code. The Department
6 shall only enter into the contract after an open and
7 competitive bidding process and the process shall comply with
8 the procedures established by the chief procurement officer
9 pursuant to Section 45-32 of the Illinois Procurement Code.

10 The contract entered into by the Department shall:

11 (1) not interfere with the ability of each retirement
12 system to include any safeguards or other provisions that
13 the retirement system may require to be included in the
14 standardized form contract approved by the retirement
15 system; and

16 (2) require the approved vendor to provide, at no cost
17 to the eligible person, a minimum amount of certified
18 financial planning services to the eligible person before
19 he or she makes an election pursuant to a pension buyout
20 option.

21 (b) The Department shall establish by rule dates by which
22 the Board of Trustees of each retirement system must certify
23 the amount of lump sum payments made under the pension buyout
24 option for that retirement system. The Department shall
25 establish by rule the minimum amount of certified financial
26 planning services that the approved vendor must provide to each

1 eligible person at no cost to the eligible person.

2 (c) If in any fiscal year the amount appropriated for all
3 pension buyout options is less than the amount necessary for
4 the Department to pay the amount required for that fiscal year
5 under a contract between the Department and an approved vendor,
6 the Director shall certify to the Authority the additional
7 amount required for that fiscal year. The Authority shall issue
8 bonds in the amount certified by the Director. The proceeds
9 from the bonds issued under this Act shall only be used by the
10 Department to pay an approved vendor the amount required for
11 that fiscal year.

12 Section 15. Bond authorization. The Authority shall not
13 have outstanding at any one time bonds for any of the purposes
14 of this Act in an aggregate principal amount exceeding
15 \$500,000,000, excluding bonds issued to refund outstanding
16 bonds.

17 Section 900. The State Employees Group Insurance Act of
18 1971 is amended by changing Sections 3 and 10 as follows:

19 (5 ILCS 375/3) (from Ch. 127, par. 523)

20 Sec. 3. Definitions. Unless the context otherwise
21 requires, the following words and phrases as used in this Act
22 shall have the following meanings. The Department may define
23 these and other words and phrases separately for the purpose of

1 implementing specific programs providing benefits under this
2 Act.

3 (a) "Administrative service organization" means any
4 person, firm or corporation experienced in the handling of
5 claims which is fully qualified, financially sound and capable
6 of meeting the service requirements of a contract of
7 administration executed with the Department.

8 (b) "Annuitant" means (1) an employee who retires, or has
9 retired, on or after January 1, 1966 on an immediate annuity
10 under the provisions of Articles 2, 14 (including an employee
11 who has elected to receive an alternative retirement
12 cancellation payment under Section 14-108.5 of the Illinois
13 Pension Code in lieu of an annuity), 15 (including an employee
14 who has retired under the optional retirement program
15 established under Section 15-158.2 or who meets the criteria
16 for retirement but, in lieu of receiving an annuity under that
17 Article, has elected to participate in the pension buyout
18 option under Section 15-185.5 of the Illinois Pension Code or
19 has retired under the Tier 3 plan established under Section
20 15-155.5 of the Illinois Pension Code), paragraphs (2), (3), or
21 (5) of Section 16-106 (including an employee who meets the
22 criteria for retirement but, in lieu of receiving an annuity
23 under that Article, has elected to participate in the pension
24 buyout option under Section 16-190.5 of the Illinois Pension
25 Code, has retired under the Tier 3 plan established under
26 Section 16-205.5 of the Illinois Pension Code, or has retired

1 under the Tier 4 plan established under Section 16-205.6 of the
2 Illinois Pension Code), or Article 18 of the Illinois Pension
3 Code; (2) any person who was receiving group insurance coverage
4 under this Act as of March 31, 1978 by reason of his status as
5 an annuitant, even though the annuity in relation to which such
6 coverage was provided is a proportional annuity based on less
7 than the minimum period of service required for a retirement
8 annuity in the system involved; (3) any person not otherwise
9 covered by this Act who has retired as a participating member
10 under Article 2 of the Illinois Pension Code but is ineligible
11 for the retirement annuity under Section 2-119 of the Illinois
12 Pension Code; (4) the spouse of any person who is receiving a
13 retirement annuity under Article 18 of the Illinois Pension
14 Code and who is covered under a group health insurance program
15 sponsored by a governmental employer other than the State of
16 Illinois and who has irrevocably elected to waive his or her
17 coverage under this Act and to have his or her spouse
18 considered as the "annuitant" under this Act and not as a
19 "dependent"; or (5) an employee who retires, or has retired,
20 from a qualified position, as determined according to rules
21 promulgated by the Director, under a qualified local
22 government, a qualified rehabilitation facility, a qualified
23 domestic violence shelter or service, or a qualified child
24 advocacy center. (For definition of "retired employee", see (p)
25 post).

26 (b-5) (Blank).

1 (b-6) (Blank).

2 (b-7) (Blank).

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

9 (d) "Compensation" means salary or wages payable on a
10 regular payroll by the State Treasurer on a warrant of the
11 State Comptroller out of any State, trust or federal fund, or
12 by the Governor of the State through a disbursing officer of
13 the State out of a trust or out of federal funds, or by any
14 Department out of State, trust, federal or other funds held by
15 the State Treasurer or the Department, to any person for
16 personal services currently performed, and ordinary or
17 accidental disability benefits under Articles 2, 14, 15
18 (including ordinary or accidental disability benefits under
19 the optional retirement program established under Section
20 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
21 Article 18 of the Illinois Pension Code, for disability
22 incurred after January 1, 1966, or benefits payable under the
23 Workers' Compensation or Occupational Diseases Act or benefits
24 payable under a sick pay plan established in accordance with
25 Section 36 of the State Finance Act. "Compensation" also means
26 salary or wages paid to an employee of any qualified local

1 government, qualified rehabilitation facility, qualified
2 domestic violence shelter or service, or qualified child
3 advocacy center.

4 (e) "Commission" means the State Employees Group Insurance
5 Advisory Commission authorized by this Act. Commencing July 1,
6 1984, "Commission" as used in this Act means the Commission on
7 Government Forecasting and Accountability as established by
8 the Legislative Commission Reorganization Act of 1984.

9 (f) "Contributory", when referred to as contributory
10 coverage, shall mean optional coverages or benefits elected by
11 the member toward the cost of which such member makes
12 contribution, or which are funded in whole or in part through
13 the acceptance of a reduction in earnings or the foregoing of
14 an increase in earnings by an employee, as distinguished from
15 noncontributory coverage or benefits which are paid entirely by
16 the State of Illinois without reduction of the member's salary.

17 (g) "Department" means any department, institution, board,
18 commission, officer, court or any agency of the State
19 government receiving appropriations and having power to
20 certify payrolls to the Comptroller authorizing payments of
21 salary and wages against such appropriations as are made by the
22 General Assembly from any State fund, or against trust funds
23 held by the State Treasurer and includes boards of trustees of
24 the retirement systems created by Articles 2, 14, 15, 16 and 18
25 of the Illinois Pension Code. "Department" also includes the
26 Illinois Comprehensive Health Insurance Board, the Board of

1 Examiners established under the Illinois Public Accounting
2 Act, and the Illinois Finance Authority.

3 (h) "Dependent", when the term is used in the context of
4 the health and life plan, means a member's spouse and any child
5 (1) from birth to age 26 including an adopted child, a child
6 who lives with the member from the time of the filing of a
7 petition for adoption until entry of an order of adoption, a
8 stepchild or adjudicated child, or a child who lives with the
9 member if such member is a court appointed guardian of the
10 child or (2) age 19 or over who has a mental or physical
11 disability from a cause originating prior to the age of 19 (age
12 26 if enrolled as an adult child dependent). For the health
13 plan only, the term "dependent" also includes (1) any person
14 enrolled prior to the effective date of this Section who is
15 dependent upon the member to the extent that the member may
16 claim such person as a dependent for income tax deduction
17 purposes and (2) any person who has received after June 30,
18 2000 an organ transplant and who is financially dependent upon
19 the member and eligible to be claimed as a dependent for income
20 tax purposes. A member requesting to cover any dependent must
21 provide documentation as requested by the Department of Central
22 Management Services and file with the Department any and all
23 forms required by the Department.

24 (i) "Director" means the Director of the Illinois
25 Department of Central Management Services.

26 (j) "Eligibility period" means the period of time a member

1 has to elect enrollment in programs or to select benefits
2 without regard to age, sex or health.

3 (k) "Employee" means and includes each officer or employee
4 in the service of a department who (1) receives his
5 compensation for service rendered to the department on a
6 warrant issued pursuant to a payroll certified by a department
7 or on a warrant or check issued and drawn by a department upon
8 a trust, federal or other fund or on a warrant issued pursuant
9 to a payroll certified by an elected or duly appointed officer
10 of the State or who receives payment of the performance of
11 personal services on a warrant issued pursuant to a payroll
12 certified by a Department and drawn by the Comptroller upon the
13 State Treasurer against appropriations made by the General
14 Assembly from any fund or against trust funds held by the State
15 Treasurer, and (2) is employed full-time or part-time in a
16 position normally requiring actual performance of duty during
17 not less than 1/2 of a normal work period, as established by
18 the Director in cooperation with each department, except that
19 persons elected by popular vote will be considered employees
20 during the entire term for which they are elected regardless of
21 hours devoted to the service of the State, and (3) except that
22 "employee" does not include any person who is not eligible by
23 reason of such person's employment to participate in one of the
24 State retirement systems under Articles 2, 14, 15 (either the
25 regular Article 15 system or the optional retirement program
26 established under Section 15-158.2) or 18, or under paragraph

1 (2), (3), or (5) of Section 16-106, of the Illinois Pension
2 Code, but such term does include persons who are employed
3 during the 6 month qualifying period under Article 14 of the
4 Illinois Pension Code. Such term also includes any person who
5 (1) after January 1, 1966, is receiving ordinary or accidental
6 disability benefits under Articles 2, 14, 15 (including
7 ordinary or accidental disability benefits under the optional
8 retirement program established under Section 15-158.2),
9 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
10 the Illinois Pension Code, for disability incurred after
11 January 1, 1966, (2) receives total permanent or total
12 temporary disability under the Workers' Compensation Act or
13 Occupational Disease Act as a result of injuries sustained or
14 illness contracted in the course of employment with the State
15 of Illinois, or (3) is not otherwise covered under this Act and
16 has retired as a participating member under Article 2 of the
17 Illinois Pension Code but is ineligible for the retirement
18 annuity under Section 2-119 of the Illinois Pension Code.
19 However, a person who satisfies the criteria of the foregoing
20 definition of "employee" except that such person is made
21 ineligible to participate in the State Universities Retirement
22 System by clause (4) of subsection (a) of Section 15-107 of the
23 Illinois Pension Code is also an "employee" for the purposes of
24 this Act. "Employee" also includes any person receiving or
25 eligible for benefits under a sick pay plan established in
26 accordance with Section 36 of the State Finance Act. "Employee"

1 also includes (i) each officer or employee in the service of a
2 qualified local government, including persons appointed as
3 trustees of sanitary districts regardless of hours devoted to
4 the service of the sanitary district, (ii) each employee in the
5 service of a qualified rehabilitation facility, (iii) each
6 full-time employee in the service of a qualified domestic
7 violence shelter or service, and (iv) each full-time employee
8 in the service of a qualified child advocacy center, as
9 determined according to rules promulgated by the Director.

10 (l) "Member" means an employee, annuitant, retired
11 employee or survivor. In the case of an annuitant or retired
12 employee who first becomes an annuitant or retired employee on
13 or after the effective date of this amendatory Act of the 97th
14 General Assembly, the individual must meet the minimum vesting
15 requirements of the applicable retirement system in order to be
16 eligible for group insurance benefits under that system. In the
17 case of a survivor who first becomes a survivor on or after the
18 effective date of this amendatory Act of the 97th General
19 Assembly, the deceased employee, annuitant, or retired
20 employee upon whom the annuity is based must have been eligible
21 to participate in the group insurance system under the
22 applicable retirement system in order for the survivor to be
23 eligible for group insurance benefits under that system.

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

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

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

6 (p) "Retired employee" means any person who would be an
7 annuitant as that term is defined herein but for the fact that
8 such person retired prior to January 1, 1966. Such term also
9 includes any person formerly employed by the University of
10 Illinois in the Cooperative Extension Service who would be an
11 annuitant but for the fact that such person was made ineligible
12 to participate in the State Universities Retirement System by
13 clause (4) of subsection (a) of Section 15-107 of the Illinois
14 Pension Code.

15 (q) "Survivor" means a person receiving an annuity as a
16 survivor of an employee or of an annuitant. "Survivor" also
17 includes: (1) the surviving dependent of a person who satisfies
18 the definition of "employee" except that such person is made
19 ineligible to participate in the State Universities Retirement
20 System by clause (4) of subsection (a) of Section 15-107 of the
21 Illinois Pension Code; (2) the surviving dependent of any
22 person formerly employed by the University of Illinois in the
23 Cooperative Extension Service who would be an annuitant except
24 for the fact that such person was made ineligible to
25 participate in the State Universities Retirement System by
26 clause (4) of subsection (a) of Section 15-107 of the Illinois

1 Pension Code; and (3) the surviving dependent of a person who
2 was an annuitant under this Act by virtue of receiving an
3 alternative retirement cancellation payment under Section
4 14-108.5 of the Illinois Pension Code.

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

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

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

13 (q-5) (Blank).

14 (q-6) (Blank).

15 (q-7) (Blank).

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

19 (s) "Unit of local government" means any county,
20 municipality, township, school district (including a
21 combination of school districts under the Intergovernmental
22 Cooperation Act), special district or other unit, designated as
23 a unit of local government by law, which exercises limited
24 governmental powers or powers in respect to limited
25 governmental subjects, any not-for-profit association with a
26 membership that primarily includes townships and township

1 officials, that has duties that include provision of research
2 service, dissemination of information, and other acts for the
3 purpose of improving township government, and that is funded
4 wholly or partly in accordance with Section 85-15 of the
5 Township Code; any not-for-profit corporation or association,
6 with a membership consisting primarily of municipalities, that
7 operates its own utility system, and provides research,
8 training, dissemination of information, or other acts to
9 promote cooperation between and among municipalities that
10 provide utility services and for the advancement of the goals
11 and purposes of its membership; the Southern Illinois
12 Collegiate Common Market, which is a consortium of higher
13 education institutions in Southern Illinois; the Illinois
14 Association of Park Districts; and any hospital provider that
15 is owned by a county that has 100 or fewer hospital beds and
16 has not already joined the program. "Qualified local
17 government" means a unit of local government approved by the
18 Director and participating in a program created under
19 subsection (i) of Section 10 of this Act.

20 (t) "Qualified rehabilitation facility" means any
21 not-for-profit organization that is accredited by the
22 Commission on Accreditation of Rehabilitation Facilities or
23 certified by the Department of Human Services (as successor to
24 the Department of Mental Health and Developmental
25 Disabilities) to provide services to persons with disabilities
26 and which receives funds from the State of Illinois for

1 providing those services, approved by the Director and
2 participating in a program created under subsection (j) of
3 Section 10 of this Act.

4 (u) "Qualified domestic violence shelter or service" means
5 any Illinois domestic violence shelter or service and its
6 administrative offices funded by the Department of Human
7 Services (as successor to the Illinois Department of Public
8 Aid), approved by the Director and participating in a program
9 created under subsection (k) of Section 10.

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

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

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

14 (3) either (i) has at least 8 years of creditable
15 service under Article 16 of the Illinois Pension Code, or
16 (ii) was enrolled in the health insurance program offered
17 under that Article on January 1, 1996, or (iii) is the
18 survivor of a benefit recipient who had at least 8 years of
19 creditable service under Article 16 of the Illinois Pension
20 Code or was enrolled in the health insurance program
21 offered under that Article on the effective date of this
22 amendatory Act of 1995, or (iv) is a recipient or survivor
23 of a recipient of a disability benefit under Article 16 of
24 the Illinois Pension Code.

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

26 (1) is not a "member" or "dependent" as defined in this

1 Section; and

2 (2) is a TRS benefit recipient's: (A) spouse, (B)
3 dependent parent who is receiving at least half of his or
4 her support from the TRS benefit recipient, or (C) natural,
5 step, adjudicated, or adopted child who is (i) under age
6 26, (ii) was, on January 1, 1996, participating as a
7 dependent beneficiary in the health insurance program
8 offered under Article 16 of the Illinois Pension Code, or
9 (iii) age 19 or over who has a mental or physical
10 disability from a cause originating prior to the age of 19
11 (age 26 if enrolled as an adult child).

12 "TRS dependent beneficiary" does not include, as indicated
13 under paragraph (2) of this subsection (w), a dependent of the
14 survivor of a TRS benefit recipient who first becomes a
15 dependent of a survivor of a TRS benefit recipient on or after
16 the effective date of this amendatory Act of the 97th General
17 Assembly unless that dependent would have been eligible for
18 coverage as a dependent of the deceased TRS benefit recipient
19 upon whom the survivor benefit is based.

20 (x) "Military leave" refers to individuals in basic
21 training for reserves, special/advanced training, annual
22 training, emergency call up, activation by the President of the
23 United States, or any other training or duty in service to the
24 United States Armed Forces.

25 (y) (Blank).

26 (z) "Community college benefit recipient" means a person

1 who:

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

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

6 (3) either (i) was a full-time employee of a community
7 college district or an association of community college
8 boards created under the Public Community College Act
9 (other than an employee whose last employer under Article
10 15 of the Illinois Pension Code was a community college
11 district subject to Article VII of the Public Community
12 College Act) and was eligible to participate in a group
13 health benefit plan as an employee during the time of
14 employment with a community college district (other than a
15 community college district subject to Article VII of the
16 Public Community College Act) or an association of
17 community college boards, or (ii) is the survivor of a
18 person described in item (i).

19 (aa) "Community college dependent beneficiary" means a
20 person who:

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

23 (2) is a community college benefit recipient's: (A)
24 spouse, (B) dependent parent who is receiving at least half
25 of his or her support from the community college benefit
26 recipient, or (C) natural, step, adjudicated, or adopted

1 child who is (i) under age 26, or (ii) age 19 or over and
2 has a mental or physical disability from a cause
3 originating prior to the age of 19 (age 26 if enrolled as
4 an adult child).

5 "Community college dependent beneficiary" does not
6 include, as indicated under paragraph (2) of this subsection
7 (aa), a dependent of the survivor of a community college
8 benefit recipient who first becomes a dependent of a survivor
9 of a community college benefit recipient on or after the
10 effective date of this amendatory Act of the 97th General
11 Assembly unless that dependent would have been eligible for
12 coverage as a dependent of the deceased community college
13 benefit recipient upon whom the survivor annuity is based.

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

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

21 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

23 (a) The State shall pay the cost of basic non-contributory
24 group life insurance and, subject to member paid contributions
25 set by the Department or required by this Section and except as

1 provided in this Section, the basic program of group health
2 benefits on each eligible member, except a member, not
3 otherwise covered by this Act, who has retired as a
4 participating member under Article 2 of the Illinois Pension
5 Code but is ineligible for the retirement annuity under Section
6 2-119 of the Illinois Pension Code, and part of each eligible
7 member's and retired member's premiums for health insurance
8 coverage for enrolled dependents as provided by Section 9. The
9 State shall pay the cost of the basic program of group health
10 benefits only after benefits are reduced by the amount of
11 benefits covered by Medicare for all members and dependents who
12 are eligible for benefits under Social Security or the Railroad
13 Retirement system or who had sufficient Medicare-covered
14 government employment, except that such reduction in benefits
15 shall apply only to those members and dependents who (1) first
16 become eligible for such Medicare coverage on or after July 1,
17 1992; or (2) are Medicare-eligible members or dependents of a
18 local government unit which began participation in the program
19 on or after July 1, 1992; or (3) remain eligible for, but no
20 longer receive Medicare coverage which they had been receiving
21 on or after July 1, 1992. The Department may determine the
22 aggregate level of the State's contribution on the basis of
23 actual cost of medical services adjusted for age, sex or
24 geographic or other demographic characteristics which affect
25 the costs of such programs.

26 The cost of participation in the basic program of group

1 health benefits for the dependent or survivor of a living or
2 deceased retired employee who was formerly employed by the
3 University of Illinois in the Cooperative Extension Service and
4 would be an annuitant but for the fact that he or she was made
5 ineligible to participate in the State Universities Retirement
6 System by clause (4) of subsection (a) of Section 15-107 of the
7 Illinois Pension Code shall not be greater than the cost of
8 participation that would otherwise apply to that dependent or
9 survivor if he or she were the dependent or survivor of an
10 annuitant under the State Universities Retirement System.

11 (a-1) (Blank).

12 (a-2) (Blank).

13 (a-3) (Blank).

14 (a-4) (Blank).

15 (a-5) (Blank).

16 (a-6) (Blank).

17 (a-7) (Blank).

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

1 (a-8.5) Beginning on the effective date of this amendatory
2 Act of the 97th General Assembly, the Director of Central
3 Management Services shall, on an annual basis, determine the
4 amount that the State shall contribute toward the basic program
5 of group health benefits on behalf of annuitants (including
6 individuals who (i) participated in the General Assembly
7 Retirement System, the State Employees' Retirement System of
8 Illinois, the State Universities Retirement System, the
9 Teachers' Retirement System of the State of Illinois, or the
10 Judges Retirement System of Illinois and (ii) qualify as
11 annuitants under subsection (b) of Section 3 of this Act),
12 survivors (including individuals who (i) receive an annuity as
13 a survivor of an individual who participated in the General
14 Assembly Retirement System, the State Employees' Retirement
15 System of Illinois, the State Universities Retirement System,
16 the Teachers' Retirement System of the State of Illinois, or
17 the Judges Retirement System of Illinois and (ii) qualify as
18 survivors under subsection (q) of Section 3 of this Act), and
19 retired employees (as defined in subsection (p) of Section 3 of
20 this Act). The remainder of the cost of coverage for each
21 annuitant, survivor, or retired employee, as determined by the
22 Director of Central Management Services, shall be the
23 responsibility of that annuitant, survivor, or retired
24 employee.

25 Contributions required of annuitants, survivors, and
26 retired employees shall be the same for all retirement systems

1 and shall also be based on whether an individual has made an
2 election under Section 15-135.1 of the Illinois Pension Code.
3 Contributions may be based on annuitants', survivors', or
4 retired employees' Medicare eligibility, but may not be based
5 on Social Security eligibility.

6 (a-9) No later than May 1 of each calendar year, the
7 Director of Central Management Services shall certify in
8 writing to the Executive Secretary of the State Employees'
9 Retirement System of Illinois the amounts of the Medicare
10 supplement health care premiums and the amounts of the health
11 care premiums for all other retirees who are not Medicare
12 eligible.

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

15 The Director of Central Management Services shall provide
16 to the Executive Secretary of the State Employees' Retirement
17 System of Illinois such information, statistics, and other data
18 as he or she may require to review the premium amounts
19 certified by the Director of Central Management Services.

20 The Department of Central Management Services, or any
21 successor agency designated to procure healthcare contracts
22 pursuant to this Act, is authorized to establish funds,
23 separate accounts provided by any bank or banks as defined by
24 the Illinois Banking Act, or separate accounts provided by any
25 savings and loan association or associations as defined by the
26 Illinois Savings and Loan Act of 1985 to be held by the

1 Director, outside the State treasury, for the purpose of
2 receiving the transfer of moneys from the Local Government
3 Health Insurance Reserve Fund. The Department may promulgate
4 rules further defining the methodology for the transfers. Any
5 interest earned by moneys in the funds or accounts shall inure
6 to the Local Government Health Insurance Reserve Fund. The
7 transferred moneys, and interest accrued thereon, shall be used
8 exclusively for transfers to administrative service
9 organizations or their financial institutions for payments of
10 claims to claimants and providers under the self-insurance
11 health plan. The transferred moneys, and interest accrued
12 thereon, shall not be used for any other purpose including, but
13 not limited to, reimbursement of administration fees due the
14 administrative service organization pursuant to its contract
15 or contracts with the Department.

16 (a-10) For purposes of determining State contributions
17 under this Section, service credit established under a Tier 3
18 plan or Tier 4 plan under Article 15 or 16 of the Illinois
19 Pension Code shall be included in determining an employee's
20 creditable service for the purposes of this Act.

21 For purposes of determining State contributions under this
22 Section, any service credit terminated (i) as part of a pension
23 buyout option under Article 15 or 16 of the Illinois Pension
24 Code, (ii) as part of a transfer of contributions to a Tier 3
25 plan under Article 15 or 16 of the Illinois Pension Code, or
26 (iii) as part of a transfer of contributions to a Tier 4 plan

1 under Article 16 shall be included in determining an employee's
2 creditable service for the purposes of this Act; but no such
3 service credit shall be counted more than once.

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

14 (c) The basic non-contributory coverage from the basic
15 program of group health benefits shall be continued for each
16 employee not in pay status or on active service by reason of
17 (1) leave of absence due to illness or injury, (2) authorized
18 educational leave of absence or sabbatical leave, or (3)
19 military leave. This coverage shall continue until expiration
20 of authorized leave and return to active service, but not to
21 exceed 24 months for leaves under item (1) or (2). This
22 24-month limitation and the requirement of returning to active
23 service shall not apply to persons receiving ordinary or
24 accidental disability benefits or retirement benefits through
25 the appropriate State retirement system or benefits under the
26 Workers' Compensation or Occupational Disease Act.

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

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

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

20 (g) The State shall not pay the cost of the basic
21 non-contributory group life insurance, program of health
22 benefits and other employee benefits for members who are
23 survivors as defined by paragraphs (1) and (2) of subsection
24 (q) of Section 3 of this Act. The costs of benefits for these
25 survivors shall be paid by the survivors or by the University
26 of Illinois Cooperative Extension Service, or any combination

1 thereof. However, the State shall pay the amount of the
2 reduction in the cost of participation, if any, resulting from
3 the amendment to subsection (a) made by this amendatory Act of
4 the 91st General Assembly.

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

17 (i) Any unit of local government within the State of
18 Illinois may apply to the Director to have its employees,
19 annuitants, and their dependents provided group health
20 coverage under this Act on a non-insured basis. To participate,
21 a unit of local government must agree to enroll all of its
22 employees, who may select coverage under either the State group
23 health benefits plan or a health maintenance organization that
24 has contracted with the State to be available as a health care
25 provider for employees as defined in this Act. A unit of local
26 government must remit the entire cost of providing coverage

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

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

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

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

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

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

15 Monthly payments by the unit of local government or its
16 employees for group health benefits plan or health maintenance
17 organization coverage shall be deposited in the Local
18 Government Health Insurance Reserve Fund.

19 The Local Government Health Insurance Reserve Fund is
20 hereby created as a nonappropriated trust fund to be held
21 outside the State Treasury, with the State Treasurer as
22 custodian. The Local Government Health Insurance Reserve Fund
23 shall be a continuing fund not subject to fiscal year
24 limitations. The Local Government Health Insurance Reserve
25 Fund is not subject to administrative charges or charge-backs,
26 including but not limited to those authorized under Section 8h

1 of the State Finance Act. All revenues arising from the
2 administration of the health benefits program established
3 under this Section shall be deposited into the Local Government
4 Health Insurance Reserve Fund. Any interest earned on moneys in
5 the Local Government Health Insurance Reserve Fund shall be
6 deposited into the Fund. All expenditures from this Fund shall
7 be used for payments for health care benefits for local
8 government and rehabilitation facility employees, annuitants,
9 and dependents, and to reimburse the Department or its
10 administrative service organization for all expenses incurred
11 in the administration of benefits. No other State funds may be
12 used for these purposes.

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

18 (j) Any rehabilitation facility within the State of
19 Illinois may apply to the Director to have its employees,
20 annuitants, and their eligible dependents provided group
21 health coverage under this Act on a non-insured basis. To
22 participate, a rehabilitation facility must agree to enroll all
23 of its employees and remit the entire cost of providing such
24 coverage for its employees, except that the rehabilitation
25 facility shall not be required to enroll those of its employees
26 who are covered spouses or dependents under this plan or

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

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

21 (1) In the first year of coverage, the rates shall be
22 equal to the amount normally charged to State employees for
23 elected optional coverages or for enrolled dependents
24 coverages or other contributory coverages on behalf of its
25 employees, adjusted for differences between State
26 employees and employees of the rehabilitation facility in

1 age, sex, geographic location or other relevant
2 demographic variables, plus an amount sufficient to pay for
3 the additional administrative costs of providing coverage
4 to employees of the rehabilitation facility and their
5 dependents.

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

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

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

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

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

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

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

1 made to reflect the actual prior years' claims experience
2 of the employees of the domestic violence shelter or
3 service.

4 Monthly payments by the domestic violence shelter or
5 service or its employees for group health insurance shall be
6 deposited in the Local Government Health Insurance Reserve
7 Fund.

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

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

26 (1-5) The provisions of subsection (1) become inoperative

1 on July 1, 1999.

2 (m) The Director shall adopt any rules deemed necessary for
3 implementation of this amendatory Act of 1989 (Public Act
4 86-978).

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

1 the child advocacy center, its employees, or some combination
2 of the 2 as determined by the child advocacy center. The child
3 advocacy center shall be responsible for timely collection and
4 transmission of dependent premiums.

5 The Director shall annually determine rates of payment,
6 subject to the following constraints:

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

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

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

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

25 Section 905. The Department of Central Management Services

1 Law of the Civil Administrative Code of Illinois is amended by
2 adding Section 405-298 as follows:

3 (20 ILCS 405/405-298 new)

4 Sec. 405-298. Pension buyout option. To enter into
5 contracts with approved vendors under the Pension Buyout Act
6 and to adopt those rules needed to implement the provisions of
7 the Pension Buyout Act.

8 Section 910. The Illinois Finance Authority Act is amended
9 by changing Section 801-40 as follows:

10 (20 ILCS 3501/801-40)

11 Sec. 801-40. In addition to the powers otherwise authorized
12 by law and in addition to the foregoing general corporate
13 powers, the Authority shall also have the following additional
14 specific powers to be exercised in furtherance of the purposes
15 of this Act.

16 (a) The Authority shall have power (i) to accept grants,
17 loans or appropriations from the federal government or the
18 State, or any agency or instrumentality thereof, to be used for
19 the operating expenses of the Authority, or for any purposes of
20 the Authority, including the making of direct loans of such
21 funds with respect to projects, and (ii) to enter into any
22 agreement with the federal government or the State, or any
23 agency or instrumentality thereof, in relationship to such

1 grants, loans or appropriations.

2 (b) The Authority shall have power to procure and enter
3 into contracts for any type of insurance and indemnity
4 agreements covering loss or damage to property from any cause,
5 including loss of use and occupancy, or covering any other
6 insurable risk.

7 (c) The Authority shall have the continuing power to issue
8 bonds for its corporate purposes. Bonds may be issued by the
9 Authority in one or more series and may provide for the payment
10 of any interest deemed necessary on such bonds, of the costs of
11 issuance of such bonds, of any premium on any insurance, or of
12 the cost of any guarantees, letters of credit or other similar
13 documents, may provide for the funding of the reserves deemed
14 necessary in connection with such bonds, and may provide for
15 the refunding or advance refunding of any bonds or for accounts
16 deemed necessary in connection with any purpose of the
17 Authority. The bonds may bear interest payable at any time or
18 times and at any rate or rates, notwithstanding any other
19 provision of law to the contrary, and such rate or rates may be
20 established by an index or formula which may be implemented or
21 established by persons appointed or retained therefor by the
22 Authority, or may bear no interest or may bear interest payable
23 at maturity or upon redemption prior to maturity, may bear such
24 date or dates, may be payable at such time or times and at such
25 place or places, may mature at any time or times not later than
26 40 years from the date of issuance, may be sold at public or

1 private sale at such time or times and at such price or prices,
2 may be secured by such pledges, reserves, guarantees, letters
3 of credit, insurance contracts or other similar credit support
4 or liquidity instruments, may be executed in such manner, may
5 be subject to redemption prior to maturity, may provide for the
6 registration of the bonds, and may be subject to such other
7 terms and conditions all as may be provided by the resolution
8 or indenture authorizing the issuance of such bonds. The holder
9 or holders of any bonds issued by the Authority may bring suits
10 at law or proceedings in equity to compel the performance and
11 observance by any person or by the Authority or any of its
12 agents or employees of any contract or covenant made with the
13 holders of such bonds and to compel such person or the
14 Authority and any of its agents or employees to perform any
15 duties required to be performed for the benefit of the holders
16 of any such bonds by the provision of the resolution
17 authorizing their issuance, and to enjoin such person or the
18 Authority and any of its agents or employees from taking any
19 action in conflict with any such contract or covenant.
20 Notwithstanding the form and tenor of any such bonds and in the
21 absence of any express recital on the face thereof that it is
22 non-negotiable, all such bonds shall be negotiable
23 instruments. Pending the preparation and execution of any such
24 bonds, temporary bonds may be issued as provided by the
25 resolution. The bonds shall be sold by the Authority in such
26 manner as it shall determine. The bonds may be secured as

1 provided in the authorizing resolution by the receipts,
2 revenues, income and other available funds of the Authority and
3 by any amounts derived by the Authority from the loan agreement
4 or lease agreement with respect to the project or projects; and
5 bonds may be issued as general obligations of the Authority
6 payable from such revenues, funds and obligations of the
7 Authority as the bond resolution shall provide, or may be
8 issued as limited obligations with a claim for payment solely
9 from such revenues, funds and obligations as the bond
10 resolution shall provide. The Authority may grant a specific
11 pledge or assignment of and lien on or security interest in
12 such rights, revenues, income, or amounts and may grant a
13 specific pledge or assignment of and lien on or security
14 interest in any reserves, funds or accounts established in the
15 resolution authorizing the issuance of bonds. Any such pledge,
16 assignment, lien or security interest for the benefit of the
17 holders of the Authority's bonds shall be valid and binding
18 from the time the bonds are issued without any physical
19 delivery or further act, and shall be valid and binding as
20 against and prior to the claims of all other parties having
21 claims against the Authority or any other person irrespective
22 of whether the other parties have notice of the pledge,
23 assignment, lien or security interest. As evidence of such
24 pledge, assignment, lien and security interest, the Authority
25 may execute and deliver a mortgage, trust agreement, indenture
26 or security agreement or an assignment thereof. A remedy for

1 any breach or default of the terms of any such agreement by the
2 Authority may be by mandamus proceedings in any court of
3 competent jurisdiction to compel the performance and
4 compliance therewith, but the agreement may prescribe by whom
5 or on whose behalf such action may be instituted. It is
6 expressly understood that the Authority may, but need not,
7 acquire title to any project with respect to which it exercises
8 its authority.

9 (c-5) The Authority shall have the power to issue bonds
10 under subsection (c) of Section 10 of the Pension Buyout Act
11 and to adopt those rules needed to implement the provisions of
12 the Pension Buyout Act.

13 (d) With respect to the powers granted by this Act, the
14 Authority may adopt rules and regulations prescribing the
15 procedures by which persons may apply for assistance under this
16 Act. Nothing herein shall be deemed to preclude the Authority,
17 prior to the filing of any formal application, from conducting
18 preliminary discussions and investigations with respect to the
19 subject matter of any prospective application.

20 (e) The Authority shall have power to acquire by purchase,
21 lease, gift or otherwise any property or rights therein from
22 any person useful for its purposes, whether improved for the
23 purposes of any prospective project, or unimproved. The
24 Authority may also accept any donation of funds for its
25 purposes from any such source. The Authority shall have no
26 independent power of condemnation but may acquire any property

1 or rights therein obtained upon condemnation by any other
2 authority, governmental entity or unit of local government with
3 such power.

4 (f) The Authority shall have power to develop, construct
5 and improve either under its own direction, or through
6 collaboration with any approved applicant, or to acquire
7 through purchase or otherwise, any project, using for such
8 purpose the proceeds derived from the sale of its bonds or from
9 governmental loans or grants, and to hold title in the name of
10 the Authority to such projects.

11 (g) The Authority shall have power to lease pursuant to a
12 lease agreement any project so developed and constructed or
13 acquired to the approved tenant on such terms and conditions as
14 may be appropriate to further the purposes of this Act and to
15 maintain the credit of the Authority. Any such lease may
16 provide for either the Authority or the approved tenant to
17 assume initially, in whole or in part, the costs of
18 maintenance, repair and improvements during the leasehold
19 period. In no case, however, shall the total rentals from any
20 project during any initial leasehold period or the total loan
21 repayments to be made pursuant to any loan agreement, be less
22 than an amount necessary to return over such lease or loan
23 period (1) all costs incurred in connection with the
24 development, construction, acquisition or improvement of the
25 project and for repair, maintenance and improvements thereto
26 during the period of the lease or loan; provided, however, that

1 the rentals or loan repayments need not include costs met
2 through the use of funds other than those obtained by the
3 Authority through the issuance of its bonds or governmental
4 loans; (2) a reasonable percentage additive to be agreed upon
5 by the Authority and the borrower or tenant to cover a properly
6 allocable portion of the Authority's general expenses,
7 including, but not limited to, administrative expenses,
8 salaries and general insurance, and (3) an amount sufficient to
9 pay when due all principal of, interest and premium, if any on,
10 any bonds issued by the Authority with respect to the project.
11 The portion of total rentals payable under clause (3) of this
12 subsection (g) shall be deposited in such special accounts,
13 including all sinking funds, acquisition or construction
14 funds, debt service and other funds as provided by any
15 resolution, mortgage or trust agreement of the Authority
16 pursuant to which any bond is issued.

17 (h) The Authority has the power, upon the termination of
18 any leasehold period of any project, to sell or lease for a
19 further term or terms such project on such terms and conditions
20 as the Authority shall deem reasonable and consistent with the
21 purposes of the Act. The net proceeds from all such sales and
22 the revenues or income from such leases shall be used to
23 satisfy any indebtedness of the Authority with respect to such
24 project and any balance may be used to pay any expenses of the
25 Authority or be used for the further development, construction,
26 acquisition or improvement of projects. In the event any

1 project is vacated by a tenant prior to the termination of the
2 initial leasehold period, the Authority shall sell or lease the
3 facilities of the project on the most advantageous terms
4 available. The net proceeds of any such disposition shall be
5 treated in the same manner as the proceeds from sales or the
6 revenues or income from leases subsequent to the termination of
7 any initial leasehold period.

8 (i) The Authority shall have the power to make loans to
9 persons to finance a project, to enter into loan agreements
10 with respect thereto, and to accept guarantees from persons of
11 its loans or the resultant evidences of obligations of the
12 Authority.

13 (j) The Authority may fix, determine, charge and collect
14 any premiums, fees, charges, costs and expenses, including,
15 without limitation, any application fees, commitment fees,
16 program fees, financing charges or publication fees from any
17 person in connection with its activities under this Act.

18 (k) In addition to the funds established as provided
19 herein, the Authority shall have the power to create and
20 establish such reserve funds and accounts as may be necessary
21 or desirable to accomplish its purposes under this Act and to
22 deposit its available monies into the funds and accounts.

23 (l) At the request of the governing body of any unit of
24 local government, the Authority is authorized to market such
25 local government's revenue bond offerings by preparing bond
26 issues for sale, advertising for sealed bids, receiving bids at

1 its offices, making the award to the bidder that offers the
2 most favorable terms or arranging for negotiated placements or
3 underwritings of such securities. The Authority may, at its
4 discretion, offer for concurrent sale the revenue bonds of
5 several local governments. Sales by the Authority of revenue
6 bonds under this Section shall in no way imply State guarantee
7 of such debt issue. The Authority may require such financial
8 information from participating local governments as it deems
9 necessary in order to carry out the purposes of this subsection
10 (1).

11 (m) The Authority may make grants to any county to which
12 Division 5-37 of the Counties Code is applicable to assist in
13 the financing of capital development, construction and
14 renovation of new or existing facilities for hospitals and
15 health care facilities under that Act. Such grants may only be
16 made from funds appropriated for such purposes from the Build
17 Illinois Bond Fund.

18 (n) The Authority may establish an urban development action
19 grant program for the purpose of assisting municipalities in
20 Illinois which are experiencing severe economic distress to
21 help stimulate economic development activities needed to aid in
22 economic recovery. The Authority shall determine the types of
23 activities and projects for which the urban development action
24 grants may be used, provided that such projects and activities
25 are broadly defined to include all reasonable projects and
26 activities the primary objectives of which are the development

1 of viable urban communities, including decent housing and a
2 suitable living environment, and expansion of economic
3 opportunity, principally for persons of low and moderate
4 incomes. The Authority shall enter into grant agreements from
5 monies appropriated for such purposes from the Build Illinois
6 Bond Fund. The Authority shall monitor the use of the grants,
7 and shall provide for audits of the funds as well as recovery
8 by the Authority of any funds determined to have been spent in
9 violation of this subsection (n) or any rule or regulation
10 promulgated hereunder. The Authority shall provide technical
11 assistance with regard to the effective use of the urban
12 development action grants. The Authority shall file an annual
13 report to the General Assembly concerning the progress of the
14 grant program.

15 (o) The Authority may establish a Housing Partnership
16 Program whereby the Authority provides zero-interest loans to
17 municipalities for the purpose of assisting in the financing of
18 projects for the rehabilitation of affordable multi-family
19 housing for low and moderate income residents. The Authority
20 may provide such loans only upon a municipality's providing
21 evidence that it has obtained private funding for the
22 rehabilitation project. The Authority shall provide 3 State
23 dollars for every 7 dollars obtained by the municipality from
24 sources other than the State of Illinois. The loans shall be
25 made from monies appropriated for such purpose from the Build
26 Illinois Bond Fund. The total amount of loans available under

1 the Housing Partnership Program shall not exceed \$30,000,000.
2 State loan monies under this subsection shall be used only for
3 the acquisition and rehabilitation of existing buildings
4 containing 4 or more dwelling units. The terms of any loan made
5 by the municipality under this subsection shall require
6 repayment of the loan to the municipality upon any sale or
7 other transfer of the project.

8 (p) The Authority may award grants to universities and
9 research institutions, research consortiums and other
10 not-for-profit entities for the purposes of: remodeling or
11 otherwise physically altering existing laboratory or research
12 facilities, expansion or physical additions to existing
13 laboratory or research facilities, construction of new
14 laboratory or research facilities or acquisition of modern
15 equipment to support laboratory or research operations
16 provided that such grants (i) be used solely in support of
17 project and equipment acquisitions which enhance technology
18 transfer, and (ii) not constitute more than 60 percent of the
19 total project or acquisition cost.

20 (q) Grants may be awarded by the Authority to units of
21 local government for the purpose of developing the appropriate
22 infrastructure or defraying other costs to the local government
23 in support of laboratory or research facilities provided that
24 such grants may not exceed 40% of the cost to the unit of local
25 government.

26 (r) The Authority may establish a Direct Loan Program to

1 make loans to individuals, partnerships or corporations for the
2 purpose of an industrial project, as defined in Section 801-10
3 of this Act. For the purposes of such program and not by way of
4 limitation on any other program of the Authority, the Authority
5 shall have the power to issue bonds, notes, or other evidences
6 of indebtedness including commercial paper for purposes of
7 providing a fund of capital from which it may make such loans.
8 The Authority shall have the power to use any appropriations
9 from the State made especially for the Authority's Direct Loan
10 Program for additional capital to make such loans or for the
11 purposes of reserve funds or pledged funds which secure the
12 Authority's obligations of repayment of any bond, note or other
13 form of indebtedness established for the purpose of providing
14 capital for which it intends to make such loans under the
15 Direct Loan Program. For the purpose of obtaining such capital,
16 the Authority may also enter into agreements with financial
17 institutions and other persons for the purpose of selling loans
18 and developing a secondary market for such loans. Loans made
19 under the Direct Loan Program may be in an amount not to exceed
20 \$300,000 and shall be made for a portion of an industrial
21 project which does not exceed 50% of the total project. No loan
22 may be made by the Authority unless approved by the affirmative
23 vote of at least 8 members of the board. The Authority shall
24 establish procedures and publish rules which shall provide for
25 the submission, review, and analysis of each direct loan
26 application and which shall preserve the ability of each board

1 member to reach an individual business judgment regarding the
2 propriety of making each direct loan. The collective discretion
3 of the board to approve or disapprove each loan shall be
4 unencumbered. The Authority may establish and collect such fees
5 and charges, determine and enforce such terms and conditions,
6 and charge such interest rates as it determines to be necessary
7 and appropriate to the successful administration of the Direct
8 Loan Program. The Authority may require such interests in
9 collateral and such guarantees as it determines are necessary
10 to project the Authority's interest in the repayment of the
11 principal and interest of each loan made under the Direct Loan
12 Program.

13 (s) The Authority may guarantee private loans to third
14 parties up to a specified dollar amount in order to promote
15 economic development in this State.

16 (t) The Authority may adopt rules and regulations as may be
17 necessary or advisable to implement the powers conferred by
18 this Act.

19 (u) The Authority shall have the power to issue bonds,
20 notes or other evidences of indebtedness, which may be used to
21 make loans to units of local government which are authorized to
22 enter into loan agreements and other documents and to issue
23 bonds, notes and other evidences of indebtedness for the
24 purpose of financing the protection of storm sewer outfalls,
25 the construction of adequate storm sewer outfalls, and the
26 provision for flood protection of sanitary sewage treatment

1 plans, in counties that have established a stormwater
2 management planning committee in accordance with Section
3 5-1062 of the Counties Code. Any such loan shall be made by the
4 Authority pursuant to the provisions of Section 820-5 to 820-60
5 of this Act. The unit of local government shall pay back to the
6 Authority the principal amount of the loan, plus annual
7 interest as determined by the Authority. The Authority shall
8 have the power, subject to appropriations by the General
9 Assembly, to subsidize or buy down a portion of the interest on
10 such loans, up to 4% per annum.

11 (v) The Authority may accept security interests as provided
12 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

13 (w) Moral Obligation. In the event that the Authority
14 determines that monies of the Authority will not be sufficient
15 for the payment of the principal of and interest on its bonds
16 during the next State fiscal year, the Chairperson, as soon as
17 practicable, shall certify to the Governor the amount required
18 by the Authority to enable it to pay such principal of and
19 interest on the bonds. The Governor shall submit the amount so
20 certified to the General Assembly as soon as practicable, but
21 no later than the end of the current State fiscal year. This
22 subsection shall apply only to any bonds or notes as to which
23 the Authority shall have determined, in the resolution
24 authorizing the issuance of the bonds or notes, that this
25 subsection shall apply. Whenever the Authority makes such a
26 determination, that fact shall be plainly stated on the face of

1 the bonds or notes and that fact shall also be reported to the
2 Governor. In the event of a withdrawal of moneys from a reserve
3 fund established with respect to any issue or issues of bonds
4 of the Authority to pay principal or interest on those bonds,
5 the Chairperson of the Authority, as soon as practicable, shall
6 certify to the Governor the amount required to restore the
7 reserve fund to the level required in the resolution or
8 indenture securing those bonds. The Governor shall submit the
9 amount so certified to the General Assembly as soon as
10 practicable, but no later than the end of the current State
11 fiscal year. The Authority shall obtain written approval from
12 the Governor for any bonds and notes to be issued under this
13 Section. In addition to any other bonds authorized to be issued
14 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
15 principal amount of Authority bonds outstanding issued under
16 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
17 360/2-6(c), which have been assumed by the Authority, shall not
18 exceed \$150,000,000. This subsection (w) shall in no way be
19 applied to any bonds issued by the Authority on behalf of the
20 Illinois Power Agency under Section 825-90 of this Act.

21 (x) The Authority may enter into agreements or contracts
22 with any person necessary or appropriate to place the payment
23 obligations of the Authority under any of its bonds in whole or
24 in part on any interest rate basis, cash flow basis, or other
25 basis desired by the Authority, including without limitation
26 agreements or contracts commonly known as "interest rate swap

1 agreements", "forward payment conversion agreements", and
2 "futures", or agreements or contracts to exchange cash flows or
3 a series of payments, or agreements or contracts, including
4 without limitation agreements or contracts commonly known as
5 "options", "puts", or "calls", to hedge payment, rate spread,
6 or similar exposure; provided that any such agreement or
7 contract shall not constitute an obligation for borrowed money
8 and shall not be taken into account under Section 845-5 of this
9 Act or any other debt limit of the Authority or the State of
10 Illinois.

11 (y) The Authority shall publish summaries of projects and
12 actions approved by the members of the Authority on its
13 website. These summaries shall include, but not be limited to,
14 information regarding the:

- 15 (1) project;
- 16 (2) Board's action or actions;
- 17 (3) purpose of the project;
- 18 (4) Authority's program and contribution;
- 19 (5) volume cap;
- 20 (6) jobs retained;
- 21 (7) projected new jobs;
- 22 (8) construction jobs created;
- 23 (9) estimated sources and uses of funds;
- 24 (10) financing summary;
- 25 (11) project summary;
- 26 (12) business summary;

- 1 (13) ownership or economic disclosure statement;
2 (14) professional and financial information;
3 (15) service area; and
4 (16) legislative district.

5 The disclosure of information pursuant to this subsection
6 shall comply with the Freedom of Information Act.

7 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
8 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
9 P.A. 96-793 for the effective date of changes made by P.A.
10 96-795).)

11 Section 915. The Illinois Procurement Code is amended by
12 adding Section 45-32 as follows:

13 (30 ILCS 500/45-32 new)

14 Sec. 45-32. Pension buyout option. The chief procurement
15 officer appointed pursuant to paragraph (4) of subsection (a)
16 of Section 10-20 shall determine for the Department of Central
17 Management Services which vendors are approved to provide lump
18 sum payments pursuant to a pension buyout option under Article
19 15 or 16 of the Illinois Pension Code and the Pension Buyout
20 Act. The chief procurement officer appointed pursuant to
21 paragraph (4) of subsection (a) of Section 10-20 shall develop
22 and distribute to the Department of Central Management Services
23 a listing of all procedures for implementing this Section.

1 Section 920. The Illinois Pension Code is amended by
2 changing Sections 15-108.1, 15-108.2, 15-185, 15-198, 16-158,
3 16-190, 16-203, 20-121, 20-123, 20-124, and 20-125 and by
4 adding Sections 15-108.3, 15-185.5, 15-200.5, 16-106.40,
5 16-106.41, 16-106.42, 16-106.43, 16-190.5, 16-205.5, and
6 16-205.6 as follows:

7 (40 ILCS 5/15-108.1)

8 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
9 participant or an annuitant of a retirement annuity under this
10 Article, other than a participant in the self-managed plan
11 under Section 15-158.2, who first became a participant or
12 member before January 1, 2011 under any reciprocal retirement
13 system or pension fund established under this Code, other than
14 a retirement system or pension fund established under Articles
15 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
16 person who first became a participant under this System before
17 January 1, 2011 and who accepts a refund and is subsequently
18 reemployed by an employer on or after January 1, 2011.

19 In the case of a Tier 1 member who elects to participate in
20 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
21 1 member shall be deemed a Tier 1 member only with respect to
22 service performed or established before the effective date of
23 that election.

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

1 (40 ILCS 5/15-108.2)

2 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
3 first becomes a participant under this Article on or after
4 January 1, 2011, other than a person in the self-managed plan
5 established under Section 15-158.2, unless the person is
6 otherwise a Tier 1 member. The changes made to this Section by
7 this amendatory Act of the 98th General Assembly are a
8 correction of existing law and are intended to be retroactive
9 to the effective date of Public Act 96-889, notwithstanding the
10 provisions of Section 1-103.1 of this Code.

11 In the case of a Tier 2 member who elects to participate in
12 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
13 2 member shall be deemed a Tier 2 member only with respect to
14 service performed or established before the effective date of
15 that election.

16 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

17 (40 ILCS 5/15-108.3 new)

18 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or
19 Tier 2 member who elects to participate in the Tier 3 plan
20 under Section 15-200.5 of this Code, but only with respect to
21 service performed on or after the effective date of that
22 election.

23 (40 ILCS 5/15-185) (from Ch. 108 1/2, par. 15-185)

24 Sec. 15-185. Annuities, etc., exempt. The accumulated

1 employee and employer contributions shall be held in trust for
2 each participant and annuitant, and this trust shall be treated
3 as a spendthrift trust. Except as provided in this Article, all
4 cash, securities and other property of this system, all
5 annuities and other benefits payable under this Article and all
6 accumulated credits of participants and annuitants in this
7 system and the right of any person to receive an annuity or
8 other benefit under this Article, or a refund of contributions,
9 shall not be subject to judgment, execution, garnishment,
10 attachment, or other seizure by process, in bankruptcy or
11 otherwise, nor to sale, pledge, mortgage or other alienation,
12 and shall not be assignable. However, a person may relinquish
13 his or her creditable service under this Article and all rights
14 arising from his or her service under this Article in
15 accordance with Section 15-185.5. The board, however, may
16 deduct from the benefits, refunds and credits payable to the
17 participant, annuitant or beneficiary, amounts owed by the
18 participant or annuitant to the system. No attempted sale,
19 transfer or assignment of any benefit, refund or credit shall
20 prevent the right of the board to make the deduction and offset
21 authorized in this Section. Any participant or annuitant may
22 authorize the board to deduct from disability benefits or
23 annuities, premiums due under any group hospital-surgical
24 insurance program which is sponsored or approved by any
25 employer; however, the deductions from disability benefits may
26 not begin prior to 6 months after the disability occurs.

1 A person receiving an annuity or benefit under this Article
2 may also authorize withholding from that annuity or benefit for
3 the purposes enumerated in and in accordance with the
4 provisions of the State Salary and Annuity Withholding Act.

5 This Section is not intended to, and does not, affect the
6 calculation of any benefit under this Article or dictate how or
7 to what extent employee or employer contributions are to be
8 taken into account in calculating benefits. This amendatory Act
9 of the 91st General Assembly is a clarification of existing law
10 and applies to every participant and annuitant without regard
11 to whether status as an employee terminates before the
12 effective date of this amendatory Act.

13 Public Act 86-273 is a clarification of existing law and
14 shall be applicable to every participant and annuitant without
15 regard to whether status as an employee terminates before the
16 effective date of that Act.

17 (Source: P.A. 90-65, eff. 7-7-97; 90-448, eff. 8-16-97; 90-511,
18 eff. 8-22-97; 90-655, eff. 7-30-98; 91-887, eff. 7-6-00.)

19 (40 ILCS 5/15-185.5 new)

20 Sec. 15-185.5. Pension buyout option.

21 (a) As used in this Section:

22 "Approved vendor" means a vendor that has entered into
23 a contract with the Department of Central Management
24 Services to provide lump sum payments under this Section.

25 "Eligible person" means a person who (i) has accrued

1 sufficient service credit to be eligible to receive a
2 retirement annuity under this Article; (ii) has not
3 received a retirement annuity under this Article; (iii) has
4 terminated service; (iv) is not subject to a QILDRO under
5 this Article; (v) is not a participant in the self-managed
6 plan or the Tier 3 plan; and (vi) has received at least the
7 minimum amount of certified financial planning services,
8 in accordance with rules adopted by the Department of
9 Central Management Services, provided by the approved
10 vendor.

11 "Pension buyout option" means a plan that authorizes an
12 eligible person to relinquish all service credit, rights,
13 and benefits under this Article (and this Code to the
14 extent that the provisions of this Code relate to benefits
15 under this Article), including, but not limited to, a
16 survivor's annuity, a retirement annuity, and a refund of
17 contributions, in exchange for a lump sum payment equal to
18 the present value of the retirement annuity as calculated
19 by the System using the actuarial tables and other
20 assumptions adopted by the Board.

21 "Standardized form contract" means the contract
22 approved by the System in accordance with subsection (c).

23 (b) In the event that the Department of Central Management
24 Services enters into a contract with an approved vendor and
25 implements a pension buyout option:

26 (1) An eligible person may make the election authorized

1 under this Section at any time after he or she has
2 terminated service. However, a person who has elected to
3 proceed under the Retirement Systems Reciprocal Act is not
4 eligible to elect the pension buyout option under this
5 Section.

6 (2) An eligible person who wishes to participate in the
7 pension buyout option may request that the System determine
8 the dollar amount that the eligible person would receive
9 under the pension buyout option.

10 (3) After the System determines the dollar amount that
11 the eligible person would receive under the pension buyout
12 option, an eligible person who wishes to participate in the
13 pension buyout option shall do so by (i) notifying the
14 approved vendor and the System and (ii) executing the
15 standardized form contract with the approved vendor. As
16 soon as practical after the execution of the standardized
17 form contract, the approved vendor shall notify the System
18 that the eligible person executed the standardized form
19 contract. The System shall adopt rules concerning the
20 notice requirements.

21 (4) On the first day of the month following the
22 execution of the standardized form contract between the
23 approved vendor and the eligible person, the eligible
24 person shall have no rights or benefits under this Article
25 and this Code (to the extent that the provisions of this
26 Code relate to the eligible person's rights under this

1 Article) and shall be deemed to have no service credit
2 established under this Article. However, an eligible
3 person who receives a pension buyout payment under this
4 Section shall be deemed to be an annuitant for the purposes
5 of the State Employees Group Insurance Act of 1971 and
6 shall be entitled to any benefits under the State Employees
7 Group Insurance Act of 1971 that he or she would have
8 otherwise been entitled to.

9 (c) The System shall approve a standardized form contract.
10 The System may by rule specify provisions that must be included
11 in the standardized form contract.

12 (d) Any reduction in the System's liability arising from
13 the pension buyout option shall not be included in the
14 calculation or certification of required State contributions
15 sooner than the next certification following the exercise of
16 the pension buyout option. The calculation of required State
17 contributions under this Article shall not include any
18 reduction in the System's liability due to any anticipated
19 pension buyout under this Section that has not yet been made.

20 (e) In accordance with rules adopted by the Department of
21 Central Management Services, the Board shall certify to the
22 Department of Central Management Services the amount of lump
23 sum payments made under this Section by an approved vendor.

24 (f) The Board shall adopt rules necessary to implement this
25 Section.

26 (g) No provision of this Section shall be interpreted in a

1 way that would cause the applicable System to cease to be a
2 qualified plan under the Internal Revenue Code of 1986.

3 (40 ILCS 5/15-198)

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

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

8 (a) As used in this Section, "new benefit increase" means
9 an increase in the amount of any benefit provided under this
10 Article, or an expansion of the conditions of eligibility for
11 any benefit under this Article, that results from an amendment
12 to this Code that takes effect after the effective date of this
13 amendatory Act of the 94th General Assembly. "New benefit
14 increase", however, does not include any benefit increase
15 resulting from the changes made by this amendatory Act of the
16 100th General Assembly.

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

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

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

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

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

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

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

8 (40 ILCS 5/15-200.5 new)

9 Sec. 15-200.5. Tier 3 plan.

10 (a) By July 1, 2018, the System shall prepare and implement
11 a Tier 3 plan. The Tier 3 plan developed under this Section
12 shall be a plan that aggregates employee contributions and
13 employer contributions, if the employer elects to contribute,
14 in individual participant accounts which, after meeting any
15 other requirements, are used for payouts after retirement in
16 accordance with this Section and any other applicable laws.

17 (a-5) As used in this Section, "defined benefit plan" means
18 the traditional benefit package or the portable benefit package
19 available under this Article to Tier 1 or Tier 2 members who
20 have not made the election authorized under this Section and do
21 not participate in the self-managed plan under Section
22 15-158.2.

23 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
24 member of this System may elect, in writing, to cease accruing
25 benefits in the defined benefit plan and begin accruing

1 benefits for future service in the Tier 3 plan. An active Tier
2 1 or Tier 2 member who elects to cease accruing benefits in his
3 or her defined benefit plan shall be prohibited from purchasing
4 service credit on or after the date of his or her election. A
5 Tier 1 or Tier 2 member who elects to participate in the Tier 3
6 plan shall not receive interest accruals to his or her Rule 2
7 benefit on or after the date of his or her election. The
8 election to participate in the Tier 3 plan is voluntary and
9 irrevocable.

10 (1) Service credit under the Tier 3 plan may be used
11 for determining retirement eligibility under the defined
12 benefit plan.

13 (2) The System shall make a good faith effort to
14 contact all active Tier 1 and Tier 2 members who are
15 eligible to participate in the Tier 3 plan. The System
16 shall mail information describing the option to join the
17 Tier 3 plan to each of these employees to his or her last
18 known address on file with the System. If the employee is
19 not responsive to other means of contact, it is sufficient
20 for the System to publish the details of the option on its
21 website.

22 (3) Upon request for further information describing
23 the option, the System shall provide employees with
24 information from the System before exercising the option to
25 join the plan, including information on the impact to their
26 benefits and service. The individual consultation shall

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

12 (c) The Tier 3 plan developed and implemented by the System
13 shall comply with the following requirements:

14 (1) A participant in the Tier 3 plan shall pay employee
15 contributions at a rate determined by the participant, but
16 not less than 3% of earnings and not more than a percentage
17 of earnings determined by the Board in accordance with the
18 requirements of State and federal law.

19 (2) An employer is not required to make employer
20 contributions to the Tier 3 plan, but if the employer
21 elects to contribute, then those contributions shall be
22 paid into the individual account of each participant in the
23 Tier 3 plan that is employed by the employer at a rate,
24 expressed as a percentage of earnings, equal to the rate of
25 the individual employee's contributions.

26 (3) The Tier 3 plan shall require 5 years of

1 participation in the Tier 3 plan before vesting in employer
2 contributions. If the participant fails to vest in them,
3 the employer contributions, and the earnings thereon,
4 shall be forfeited.

5 (5) The Tier 3 plan shall provide a variety of options
6 for investments. These options shall include investments
7 in a fund created by the System and managed in accordance
8 with legal and fiduciary standards, as well as investment
9 options otherwise available.

10 (6) The Tier 3 plan shall provide a variety of options
11 for payouts to participants in the Tier 3 plan who are no
12 longer active in the System and their survivors.

13 (7) To the extent authorized under federal law and as
14 authorized by the System, the plan shall allow former
15 participants in the plan to transfer or roll over employee
16 and vested State contributions, and the earnings thereon,
17 from the Tier 3 plan into other qualified retirement plans.

18 (8) The System shall reduce the employee contributions
19 credited to the member's Tier 3 plan account by an amount
20 determined by the System to cover the cost of offering
21 these benefits and any applicable administrative fees.

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

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

7 (c) In no event shall the System, its staff, its authorized
8 representatives, or the Board be liable for any information
9 given to an employee under this Section. The System may
10 coordinate with the Illinois Department of Central Management
11 Services and other retirement systems administering a Tier 3
12 plan in accordance with this amendatory Act of the 100th
13 General Assembly to provide information concerning the impact
14 of the Tier 3 plan set forth in this Section.

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

19 (e) The System shall report on its progress under this
20 Section, including the available details of the Tier 3 plan and
21 the System's plans for informing eligible Tier 1 and Tier 2
22 members about the plan, to the Governor and the General
23 Assembly on or before January 15, 2018.

24 (40 ILCS 5/16-106.40 new)

25 Sec. 16-106.40. Tier 1 member. "Tier 1 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 In the case of a Tier 1 member who elects to participate in
7 the Tier 3 plan under Section 16-205.5 of this Code or the Tier
8 4 plan under Section 16-205.6 of this Code, that Tier 1 member
9 shall be deemed a Tier 1 member only with respect to service
10 performed or established before the effective date of that
11 election.

12 (40 ILCS 5/16-106.41 new)

13 Sec. 16-106.41. Tier 2 member. "Tier 2 member": A member of
14 the System who first becomes a member under this Article on or
15 after January 1, 2011 and who is not a Tier 1 member.

16 In the case of a Tier 2 member who elects to participate in
17 the Tier 3 plan under Section 16-205.5 of this Code or the Tier
18 4 plan under Section 16-205.6 of this Code, the Tier 2 member
19 shall be deemed a Tier 2 member only with respect to service
20 performed or established before the effective date of that
21 election.

22 (40 ILCS 5/16-106.42 new)

23 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A Tier 1 or
24 Tier 2 member who elects to participate in the Tier 3 plan

1 under Section 16-205.5 of this Code, but only with respect to
2 service performed on or after the effective date of that
3 election.

4 (40 ILCS 5/16-106.43 new)

5 Sec. 16-106.43. Tier 4 member. "Tier 4 member": A Tier 1 or
6 Tier 2 member who elects to participate in the Tier 4 plan
7 under Section 16-205.6 of this Code, but only with respect to
8 service performed on or after the effective date of that
9 election.

10 (40 ILCS 5/16-190) (from Ch. 108 1/2, par. 16-190)

11 Sec. 16-190. Annuities, etc., - exempt. The right of a
12 person to a retirement annuity or other benefit, to the return
13 of contributions, the retirement annuity or other benefit
14 itself, any optional benefit, any other right accrued or
15 accruing to any person under the provisions of this Article,
16 and the moneys in the fund created by this Article, shall be
17 subject neither to attachment, garnishment, execution, or
18 other seizure by process, nor to sale, pledge, mortgage or
19 other alienation, and shall not be assignable except as in this
20 Article provided. However, a person may relinquish his or her
21 creditable service under this Article and all rights arising
22 from his or her service under this Article in accordance with
23 Section 16-190.5. A person receiving an annuity or benefit may
24 authorize withholding from such annuity or benefit for the

1 purposes enumerated in the "State Salary and Annuity
2 Withholding Act", approved August 21, 1961, as now or hereafter
3 amended. The moneys in the fund are exempt from any state or
4 municipal tax.

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

6 (40 ILCS 5/16-190.5 new)

7 Sec. 16-190.5. Pension buyout option.

8 (a) As used in this Section:

9 "Approved vendor" means a vendor that has entered into
10 a contract with the Department of Central Management
11 Services to provide lump sum payments under this Section.

12 "Eligible person" means a person who (i) has accrued
13 sufficient service credit to be eligible to receive a
14 retirement annuity under this Article; (ii) has not
15 received a retirement annuity under this Article; (iii) has
16 terminated service; (iv) is not subject to a QILDRO under
17 this Article; (v) is not a participant in the Tier 3 plan
18 or Tier 4 plan; and (vi) has received at least the minimum
19 amount of certified financial planning services, in
20 accordance with rules adopted by the Department of Central
21 Management Services, provided by the approved vendor.

22 "Pension buyout option" means a plan that authorizes an
23 eligible person to relinquish all service credit, rights,
24 and benefits under this Article (and this Code to the
25 extent that the provisions of this Code relate to benefits

1 under this Article), including, but not limited to, a
2 survivor's annuity, a retirement annuity, and a refund of
3 contributions, in exchange for a lump sum payment equal to
4 the present value of the retirement annuity as calculated
5 by the System using the actuarial tables and other
6 assumptions adopted by the Board.

7 "Standardized form contract" means the contract
8 approved by the System in accordance with subsection (c).

9 (b) In the event that the Department of Central Management
10 Services enters into a contract with an approved vendor and
11 implements a pension buyout option:

12 (1) An eligible person may make the election authorized
13 under this Section at any time after he or she has elected
14 to retire and has terminated service. However, a person who
15 has elected to proceed under the Retirement Systems
16 Reciprocal Act is not eligible to elect the pension buyout
17 option under this Section.

18 (2) An eligible person who wishes to participate in the
19 pension buyout option may request that the System determine
20 the dollar amount that the eligible person would receive
21 under the pension buyout option.

22 (3) After the System determines the dollar amount that
23 the eligible person would receive under the pension buyout
24 option, an eligible person who wishes to participate in the
25 pension buyout option shall do so by (i) notifying the
26 approved vendor and the System and (ii) executing the

1 standardized form contract with the approved vendor. As
2 soon as practical after the execution of the standardized
3 form contract, the approved vendor shall notify the System
4 that the eligible person executed the standardized form
5 contract. The System shall adopt rules concerning the
6 notice requirements.

7 (4) On the first day of the month following the
8 execution of the standardized form contract between the
9 approved vendor and the eligible person, the eligible
10 person shall have no rights or benefits under this Article
11 and this Code (to the extent that the provisions of this
12 Code relate to the eligible person's rights under this
13 Article) and shall be deemed to have no service credit
14 established under this Article. However, an eligible
15 person who receives a pension buyout payment under this
16 Section shall be deemed to be an annuitant for the purposes
17 of the State Employees Group Insurance Act of 1971 and
18 shall be entitled to any benefits under the State Employees
19 Group Insurance Act of 1971 that he or she would have
20 otherwise been entitled to.

21 (c) The System shall approve a standardized form contract.
22 The System may by rule specify provisions that must be included
23 in the standardized form contract.

24 (d) Any reduction in the System's liability arising from
25 the pension buyout option shall not be included in the
26 calculation or certification of required State contributions

1 sooner than the next certification following the exercise of
2 the pension buyout option. The calculation of required State
3 contributions under this Article shall not include any
4 reduction in the System's liability due to any anticipated
5 pension buyout under this Section that has not yet been made.

6 (e) In accordance with rules adopted by the Department of
7 Central Management Services, the Board shall certify to the
8 Department of Central Management Services the amount of lump
9 sum payments made under this Section by an approved vendor.

10 (f) The Board shall adopt rules necessary to implement this
11 Section.

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

15 (40 ILCS 5/16-203)

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

18 Sec. 16-203. Application and expiration of new benefit
19 increases.

20 (a) As used in this Section, "new benefit increase" means
21 an increase in the amount of any benefit provided under this
22 Article, or an expansion of the conditions of eligibility for
23 any benefit under this Article, that results from an amendment
24 to this Code that takes effect after June 1, 2005 (the
25 effective date of Public Act 94-4). "New benefit increase",

1 however, does not include any benefit increase resulting from
2 the changes made to this Article by Public Act 95-910 or this
3 amendatory Act of the 100th General Assembly ~~this amendatory~~
4 ~~Act of the 95th General Assembly.~~

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

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

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

1 of corrective action by the General Assembly, the new benefit
2 increase shall expire at the end of the fiscal year in which
3 the certification is made.

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

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

20 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

21 (40 ILCS 5/16-205.5 new)

22 Sec. 16-205.5. Tier 3 plan.

23 (a) By July 1, 2018, the System shall prepare and implement
24 a Tier 3 plan. The Tier 3 plan developed under this Section
25 shall be a plan that aggregates employee contributions and

1 employer contributions, if the employer elects to contribute,
2 in individual participant accounts which, after meeting any
3 other requirements, are used for payouts after retirement in
4 accordance with this Section and any other applicable laws.

5 (a-5) As used in this Section, "defined benefit plan" means
6 the retirement plan available under this Article to Tier 1 or
7 Tier 2 members who have not made the election authorized under
8 this Section or Section 16-205.6.

9 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
10 member of this System may elect, in writing, to cease accruing
11 benefits in the defined benefit plan and begin accruing
12 benefits for future service in the Tier 3 plan. An active Tier
13 1 or Tier 2 member who elects to cease accruing benefits in his
14 or her defined benefit plan shall be prohibited from purchasing
15 service credit on or after the date of his or her election. A
16 Tier 1 or Tier 2 member making the irrevocable election
17 provided under this subsection shall not receive interest
18 accruals to his or her benefit under paragraph (A) of
19 subsection (a) of Section 16-133 of this Code on or after the
20 date of his or her election. The election to participate in the
21 Tier 3 plan is voluntary and irrevocable.

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

25 (2) The System shall make a good faith effort to
26 contact all active Tier 1 and Tier 2 members who are

1 eligible to participate in the Tier 3 plan. The System
2 shall mail information describing the option to join the
3 Tier 3 plan to each of these employees to his or her last
4 known address on file with the System. If the employee is
5 not responsive to other means of contact, it is sufficient
6 for the System to publish the details of the option on its
7 website.

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

24 (c) The Tier 3 plan developed and implemented by the System
25 shall comply with the following requirements:

26 (1) A participant in the Tier 3 plan shall pay employee

1 contributions at a rate determined by the participant, but
2 not less than 3% of salary and not more than a percentage
3 of salary determined by the Board in accordance with the
4 requirements of State and federal law.

5 (2) An employer is not required to make employer
6 contributions to the Tier 3 plan, but if the employer
7 elects to contribute, then those contributions shall be
8 paid into the individual account of each participant in the
9 Tier 3 plan that is employed by the employer at a rate,
10 expressed as a percentage of salary, equal to the rate of
11 the individual employee's contributions.

12 (3) The Tier 3 plan shall require 5 years of
13 participation in the Tier 3 plan before vesting in employer
14 contributions. If the participant fails to vest in them,
15 the employer contributions, and the earnings thereon,
16 shall be forfeited.

17 (4) The Tier 3 plan shall provide a variety of options
18 for investments. These options shall include investments
19 in a fund created by the System and managed in accordance
20 with legal and fiduciary standards, as well as investment
21 options otherwise available.

22 (5) The Tier 3 plan shall provide a variety of options
23 for payouts to participants in the Tier 3 plan who are no
24 longer active in the System and their survivors.

25 (6) To the extent authorized under federal law and as
26 authorized by the System, the plan shall allow former

1 participants in the plan to transfer or roll over employee
2 and vested State contributions, and the earnings thereon,
3 from the Tier 3 plan into other qualified retirement plans.

4 (7) The System shall reduce the employee contributions
5 credited to the member's Tier 3 plan account by an amount
6 determined by the System to cover the cost of offering
7 these benefits and any applicable administrative fees.

8 (b-5) A Tier 1 or Tier 2 member who elects to participate
9 in the Tier 3 plan may irrevocably elect to terminate all
10 participation in the defined benefit plan. Upon that election,
11 the System shall transfer to the member's individual account an
12 amount equal to the amount of contribution refund that the
13 member would be eligible to receive if the member terminated
14 employment on that date and elected a refund of contributions,
15 including regular interest for the respective years. The System
16 shall make the transfer as a tax free transfer in accordance
17 with Internal Revenue Service guidelines, for purposes of
18 funding the amount credited to the member's individual account.

19 (c) In no event shall the System, its staff, its authorized
20 representatives, or the Board be liable for any information
21 given to an employee under this Section. The System may
22 coordinate with the Illinois Department of Central Management
23 Services and other retirement systems administering a Tier 3
24 plan in accordance with this amendatory Act of the 100th
25 General Assembly to provide information concerning the impact
26 of the Tier 3 plan set forth in this Section.

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

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

10 (40 ILCS 5/16-205.6 new)

11 Sec. 16-205.6. Tier 4 plan.

12 (a) By July 1, 2018, the System shall prepare and implement
13 a Tier 4 plan. The Tier 4 plan developed under this Section
14 shall be a plan that aggregates employee and State
15 contributions in individual participant accounts which, after
16 meeting any other requirements, are used for payouts after
17 retirement in accordance with this Section and any other
18 applicable laws.

19 (a-5) As used in this Section, "defined benefit plan" means
20 the retirement plan available under this Article to Tier 1 or
21 Tier 2 members who have not made the election authorized under
22 this Section or Section 16-205.5.

23 (b) Under the Tier 4 plan, an active Tier 1 or Tier 2
24 member of this System may elect, in writing, to cease accruing
25 benefits in the defined benefit plan and begin accruing

1 benefits for future service in the Tier 4 plan. An active Tier
2 1 or Tier 2 member who elects to cease accruing benefits in his
3 or her defined benefit plan shall be prohibited from purchasing
4 service credit on or after the date of his or her election. A
5 Tier 1 or Tier 2 member making the irrevocable election
6 provided under this subsection shall not receive interest
7 accruals to his or her benefit under paragraph (A) of
8 subsection (a) of Section 16-133 of this Code on or after the
9 date of his or her election. The election to participate in the
10 Tier 4 plan is voluntary and irrevocable.

11 (1) Service credit under the Tier 4 plan may be used
12 for determining retirement eligibility under the defined
13 benefit plan.

14 (2) The System shall make a good faith effort to
15 contact all active Tier 1 and Tier 2 members who are
16 eligible to participate in the Tier 4 plan. The System
17 shall mail information describing the option to join the
18 Tier 4 plan to each of these employees to his or her last
19 known address on file with the System. If the employee is
20 not responsive to other means of contact, it is sufficient
21 for the System to publish the details of the option on its
22 website.

23 (3) Upon request for further information describing
24 the option, the System shall provide employees with
25 information from the System before exercising the option to
26 join the plan, including information on the impact to their

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

13 (c) The Tier 4 plan developed and implemented by the System
14 shall comply with the following requirements:

15 (1) A participant in the Tier 4 plan shall pay employee
16 contributions at a rate of 8% of salary.

17 (2) State contributions shall be paid into the accounts
18 of all participants in the Tier 4 plan at a rate of 8% of
19 salary.

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

25 (4) The Tier 4 plan shall provide for participants in
26 the plan to be eligible for the defined disability benefits

1 available to other participants under this Article. The
2 System shall reduce the State contributions credited to the
3 member's Tier 4 plan account by an amount determined by the
4 System to cover the cost of offering such benefits.

5 (5) The Tier 4 plan shall provide a variety of options
6 for investments. These options shall include investments
7 in a fund created by the System and managed in accordance
8 with legal and fiduciary standards, as well as investment
9 options otherwise available.

10 (6) The Tier 4 plan shall provide a variety of options
11 for payouts to participants in the Tier 4 plan who are no
12 longer active in the System and their survivors.

13 (7) To the extent authorized under federal law and as
14 authorized by the System, the plan shall allow former
15 participants in the plan to transfer or roll over employee
16 and vested State contributions, and the earnings thereon,
17 from the Tier 4 plan into other qualified retirement plans.

18 (8) The System shall reduce the employee contributions
19 credited to the member's Tier 4 plan account by an amount,
20 not exceeding 1% of the member's salary, determined by the
21 System to cover the cost of offering these benefits and any
22 applicable administrative fees.

23 (b-5) A Tier 1 or Tier 2 member who elects to participate
24 in the Tier 4 plan may irrevocably elect to terminate all
25 participation in the defined benefit plan. Upon that election,
26 the System shall transfer to the member's individual account an

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

8 (c) In no event shall the System, its staff, its authorized
9 representatives, or the Board be liable for any information
10 given to an employee under this Section. The System may
11 coordinate with the Illinois Department of Central Management
12 Services and other retirement systems administering a Tier 4
13 plan in accordance with this amendatory Act of the 100th
14 General Assembly to provide information concerning the impact
15 of the Tier 4 plan set forth in this Section.

16 (d) Notwithstanding any other provision of this Section, no
17 person shall begin participating in the Tier 4 plan until it
18 has attained qualified plan status and received all necessary
19 approvals from the U.S. Internal Revenue Service.

20 (e) The System shall report on its progress under this
21 Section, including the available details of the Tier 4 plan and
22 the System's plans for informing eligible Tier 1 and Tier 2
23 members about the plan, to the Governor and the General
24 Assembly on or before January 15, 2018.

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

3 Sec. 20-121. Calculation of proportional retirement
4 annuities.

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

19 (a-5) For persons who participate in a Tier 3 plan
20 established under Article 15 or 16 of this Code to whom the
21 provisions of this Article apply, the pension credits
22 established under the Tier 3 plan may be considered in
23 determining eligibility for or the amount of the defined
24 benefit retirement annuity that is payable by any other
25 participating system.

26 (a-10) For persons who participate in a Tier 4 plan

1 established under Article 16 of this Code to whom the
2 provisions of this Article apply, the pension credits
3 established under the Tier 4 plan may be considered in
4 determining eligibility for or the amount of the defined
5 benefit retirement annuity that is payable by any other
6 participating system.

7 (b) Combined pension credit under all retirement systems
8 subject to this Article shall be considered in determining
9 whether the minimum qualification has been met and the formula
10 or method of computation which shall be applied, except as may
11 be otherwise provided with respect to vesting in State or
12 employer contributions in a Tier 3 or Tier 4 plan. If a system
13 has a step-rate formula for calculation of the retirement
14 annuity, pension credits covering previous service which have
15 been established under another system shall be considered in
16 determining which range or ranges of the step-rate formula are
17 to be applicable to the employee.

18 (c) Interest on pension credit shall continue to accumulate
19 in accordance with the provisions of the law governing the
20 retirement system in which the same has been established during
21 the time an employee is in the service of another employer, on
22 the assumption such employee, for interest purposes for pension
23 credit, is continuing in the service covered by such retirement
24 system.

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

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

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

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

16 For persons who participate in the self-managed plan
17 established under Section 15-158.2 or the portable benefit
18 package established under Section 15-136.4, pension credit
19 established under Article 15 may be considered in determining
20 eligibility for or the amount of the survivor's annuity that is
21 payable by any other participating system, but pension credit
22 established in any other system shall not result in any right
23 to a survivor's annuity under the Article 15 system.

24 For persons who participate in a Tier 3 plan established
25 under Article 15 or 16 of this Code to whom the provisions of
26 this Article apply, the pension credits established under the

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

9 For persons who participate in a Tier 4 plan established
10 under Article 16 of this Code to whom the provisions of this
11 Article apply, the pension credits established under the Tier 4
12 plan may be considered in determining eligibility for or the
13 amount of the defined benefit survivor's annuity that is
14 payable by any other participating system, but pension credits
15 established in any other system shall not result in any right
16 to or increase in the value of a survivor's annuity under the
17 Tier 4 plan, which depends solely on the options chosen and the
18 value of the participant's vested account balances and is not
19 subject to any proportional adjustment under this Section.

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

21 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

24 Sec. 20-124. Maximum benefits.

25 (a) In no event shall the combined retirement or survivors

1 annuities exceed the highest annuity which would have been
2 payable by any participating system in which the employee has
3 pension credits, if all of his pension credits had been
4 validated in that system.

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

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

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

22 (ii) For purposes of calculating the combined
23 survivor's annuity and the proportionate reduction, if
24 any, in a survivor's annuity other than one payable under
25 the self-managed plan, the amount of the Article 15
26 survivor's annuity shall be deemed to be the highest

1 survivor's annuity to which the survivor would have been
2 entitled if the deceased employee had participated in the
3 traditional benefit package as defined in Section 15-103.1
4 rather than the self-managed plan.

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

7 (c) In the case of a participant in a Tier 3 plan
8 established under Article 15 or 16 of this Code to whom the
9 provisions of this Article apply:

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

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

18 (iii) Benefits payable under a Tier 3 plan established
19 under Article 15 or 16 of this Code are not subject to
20 proportionate reduction under this Section.

21 (d) In the case of a participant in a Tier 4 plan
22 established under Article 16 of this Code to whom the
23 provisions of this Article apply:

24 (i) For purposes of calculating the combined
25 retirement annuity and the proportionate reduction, if
26 any, in a defined benefit retirement annuity, any benefit

1 payable under the Tier 4 plan shall not be considered.

2 (ii) For purposes of calculating the combined
3 survivor's annuity and the proportionate reduction, if
4 any, in a defined benefit survivor's annuity, any benefit
5 payable under the Tier 4 plan shall not be considered.

6 (iii) Benefits payable under a Tier 4 plan established
7 under Article 16 of this Code are not subject to
8 proportionate reduction under this Section.

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

10 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

13 Sec. 20-125. Return to employment - suspension of benefits.
14 If a retired employee returns to employment which is covered by
15 a system from which he is receiving a proportional annuity
16 under this Article, his proportional annuity from all
17 participating systems shall be suspended during the period of
18 re-employment, except that this suspension does not apply to
19 any distributions payable under the self-managed plan
20 established under Section 15-158.2 of this Code, under a Tier 3
21 plan established under Article 15 or 16 of this Code, or under
22 a Tier 4 plan established under Article 16 of this Code.

23 The provisions of the Article under which such employment
24 would be covered shall govern the determination of whether the
25 employee has returned to employment, and if applicable the

1 exemption of temporary employment or employment not exceeding a
2 specified duration or frequency, for all participating systems
3 from which the retired employee is receiving a proportional
4 annuity under this Article, notwithstanding any contrary
5 provisions in the other Articles governing such systems.

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

7 Section 990. The State Mandates Act is amended by adding
8 Section 8.41 as follows:

9 (30 ILCS 805/8.41 new)

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

14 Section 999. Effective date. This Act takes effect upon
15 becoming law.

1 INDEX
2 Statutes amended in order of appearance

3 New Act

- 4 5 ILCS 375/3 from Ch. 127, par. 523
- 5 5 ILCS 375/10 from Ch. 127, par. 530
- 6 20 ILCS 405/405-298 new
- 7 20 ILCS 3501/801-40
- 8 30 ILCS 500/45-32 new
- 9 40 ILCS 5/15-108.1
- 10 40 ILCS 5/15-108.2
- 11 40 ILCS 5/15-108.3 new
- 12 40 ILCS 5/15-185 from Ch. 108 1/2, par. 15-185
- 13 40 ILCS 5/15-185.5 new
- 14 40 ILCS 5/15-198
- 15 40 ILCS 5/15-200.5 new
- 16 40 ILCS 5/16-106.40 new
- 17 40 ILCS 5/16-106.41 new
- 18 40 ILCS 5/16-106.42 new
- 19 40 ILCS 5/16-106.43 new
- 20 40 ILCS 5/16-190 from Ch. 108 1/2, par. 16-190
- 21 40 ILCS 5/16-190.5 new
- 22 40 ILCS 5/16-203
- 23 40 ILCS 5/16-205.5 new
- 24 40 ILCS 5/16-205.6 new
- 25 40 ILCS 5/20-121 from Ch. 108 1/2, par. 20-121

- 1 40 ILCS 5/20-123 from Ch. 108 1/2, par. 20-123
- 2 40 ILCS 5/20-124 from Ch. 108 1/2, par. 20-124
- 3 40 ILCS 5/20-125 from Ch. 108 1/2, par. 20-125
- 4 30 ILCS 805/8.41 new