



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB0011

Introduced 1/11/2017, by Sen. John J. Cullerton

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Universities, Downstate Teacher, and Chicago Teacher Articles of the Illinois Pension Code. Requires active Tier 1 employees to elect either to (i) have automatic annual increases in retirement annuity delayed and reduced or (ii) maintain the current benefit package with additional limitations on pensionable salary. Provides that a Tier 1 employee who elects item (i) is entitled to have future increases in income treated as pensionable income, have contributions reduced to a specified rate, and receive a consideration payment of 10% of contributions made prior to the election. Provides that a Tier 1 employee who elects item (ii) is not eligible to have future increases in income treated as pensionable income. Makes funding changes. Restricts participation in the General Assembly Retirement System to persons who became participants before the effective date. Amends the State Pension Funds Continuing Appropriation Act to provide a continuing appropriation for the amounts of the consideration payments. In the Chicago Teacher Article, requires the Fund to make consideration payments. Amends various Acts to make conforming changes. Amends the Illinois Educational Labor Relations Act and the Illinois Public Labor Relations Act to prohibit bargaining and interest arbitration regarding changes made by the amendatory Act; exempts certain existing agreements. Amends the State Mandates Act to require implementation without reimbursement. Makes other changes. Effective immediately, but this Act does not take effect at all unless Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, and 13 of the 100th General Assembly become law.

LRB100 06001 RPS 16030 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 5. The Illinois Public Labor Relations Act is  
5 amended by changing Sections 10 and 15 and by adding Section  
6 7.6 as follows:

7 (5 ILCS 315/7.6 new)

8 Sec. 7.6. No collective bargaining or interest arbitration  
9 regarding certain changes to the Illinois Pension Code.

10 (a) Notwithstanding any other provision of this Act,  
11 employers shall not be required to bargain over matters  
12 affected by the changes, the impact of the changes, and the  
13 implementation of the changes to Article 15, 16, or 17 of the  
14 Illinois Pension Code made by this amendatory Act of the 100th  
15 General Assembly, which are deemed to be prohibited subjects of  
16 bargaining. Notwithstanding any provision of this Act, the  
17 changes, impact of the changes, or implementation of the  
18 changes to Article 15, 16, or 17 of the Illinois Pension Code  
19 made by this amendatory Act of the 100th General Assembly shall  
20 not be subject to interest arbitration or any award issued  
21 pursuant to interest arbitration. The provisions of this  
22 Section shall not apply to an employment contract or collective  
23 bargaining agreement that is in effect on the effective date of

1 this amendatory Act of the 100th General Assembly. However, any  
2 such contract or agreement that is modified, amended, renewed,  
3 or superseded after the effective date of this amendatory Act  
4 of the 100th General Assembly shall be subject to the  
5 provisions of this Section. Each employer with active employees  
6 participating in a retirement system or pension fund  
7 established under Article 15, 16, or 17 of the Illinois Pension  
8 Code shall comply with and be subject to the provisions of this  
9 amendatory Act of the 100th General Assembly. The provisions of  
10 this Section shall not apply to the ability of any employer and  
11 employee representative to bargain collectively with regard to  
12 the pick up of employee contributions pursuant to Section  
13 15-157.1, 16-152.1, 17-130.1, or 17-130.2 of the Illinois  
14 Pension Code.

15 (b) Subject to and except for the matters set forth in  
16 subsection (a) of this Section that are deemed prohibited  
17 subjects of bargaining, nothing in this Section shall be  
18 construed as otherwise limiting any of the obligations and  
19 requirements applicable to employers under any of the  
20 provisions of this Act, including, but not limited to, the  
21 requirement to bargain collectively with regard to policy  
22 matters directly affecting wages, hours, and terms and  
23 conditions of employment as well as the impact thereon upon  
24 request by employee representatives. Subject to and except for  
25 the matters set forth in subsection (a) of this Section that  
26 are deemed prohibited subjects of bargaining, nothing in this

1 Section shall be construed as otherwise limiting any of the  
2 rights of employees or employee representatives under the  
3 provisions of this Act.

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

7 (5 ILCS 315/10) (from Ch. 48, par. 1610)

8 Sec. 10. Unfair labor practices.

9 (a) It shall be an unfair labor practice for an employer or  
10 its agents:

11 (1) to interfere with, restrain or coerce public  
12 employees in the exercise of the rights guaranteed in this  
13 Act or to dominate or interfere with the formation,  
14 existence or administration of any labor organization or  
15 contribute financial or other support to it; provided, an  
16 employer shall not be prohibited from permitting employees  
17 to confer with him during working hours without loss of  
18 time or pay;

19 (2) to discriminate in regard to hire or tenure of  
20 employment or any term or condition of employment in order  
21 to encourage or discourage membership in or other support  
22 for any labor organization. Nothing in this Act or any  
23 other law precludes a public employer from making an  
24 agreement with a labor organization to require as a  
25 condition of employment the payment of a fair share under

1 paragraph (e) of Section 6;

2 (3) to discharge or otherwise discriminate against a  
3 public employee because he has signed or filed an  
4 affidavit, petition or charge or provided any information  
5 or testimony under this Act;

6 (4) subject to and except as provided in Section 7.6,  
7 to refuse to bargain collectively in good faith with a  
8 labor organization which is the exclusive representative  
9 of public employees in an appropriate unit, including, but  
10 not limited to, the discussing of grievances with the  
11 exclusive representative; however, no actions of the  
12 employer taken to implement or otherwise comply with the  
13 provisions of subsection (a) of Section 7.6 shall  
14 constitute or give rise to an unfair labor practice under  
15 this Act;

16 (5) to violate any of the rules and regulations  
17 established by the Board with jurisdiction over them  
18 relating to the conduct of representation elections or the  
19 conduct affecting the representation elections;

20 (6) to expend or cause the expenditure of public funds  
21 to any external agent, individual, firm, agency,  
22 partnership or association in any attempt to influence the  
23 outcome of representational elections held pursuant to  
24 Section 9 of this Act; provided, that nothing in this  
25 subsection shall be construed to limit an employer's right  
26 to internally communicate with its employees as provided in

1 subsection (c) of this Section, to be represented on any  
2 matter pertaining to unit determinations, unfair labor  
3 practice charges or pre-election conferences in any formal  
4 or informal proceeding before the Board, or to seek or  
5 obtain advice from legal counsel. Nothing in this paragraph  
6 shall be construed to prohibit an employer from expending  
7 or causing the expenditure of public funds on, or seeking  
8 or obtaining services or advice from, any organization,  
9 group, or association established by and including public  
10 or educational employers, whether covered by this Act, the  
11 Illinois Educational Labor Relations Act or the public  
12 employment labor relations law of any other state or the  
13 federal government, provided that such services or advice  
14 are generally available to the membership of the  
15 organization, group or association, and are not offered  
16 solely in an attempt to influence the outcome of a  
17 particular representational election; or

18 (7) to refuse to reduce a collective bargaining  
19 agreement to writing or to refuse to sign such agreement.

20 (b) It shall be an unfair labor practice for a labor  
21 organization or its agents:

22 (1) to restrain or coerce public employees in the  
23 exercise of the rights guaranteed in this Act, provided,  
24 (i) that this paragraph shall not impair the right of a  
25 labor organization to prescribe its own rules with respect  
26 to the acquisition or retention of membership therein or

1 the determination of fair share payments and (ii) that a  
2 labor organization or its agents shall commit an unfair  
3 labor practice under this paragraph in duty of fair  
4 representation cases only by intentional misconduct in  
5 representing employees under this Act;

6 (2) to restrain or coerce a public employer in the  
7 selection of his representatives for the purposes of  
8 collective bargaining or the settlement of grievances; or

9 (3) to cause, or attempt to cause, an employer to  
10 discriminate against an employee in violation of  
11 subsection (a) (2);

12 (4) to refuse to bargain collectively in good faith  
13 with a public employer, if it has been designated in  
14 accordance with the provisions of this Act as the exclusive  
15 representative of public employees in an appropriate unit;

16 (5) to violate any of the rules and regulations  
17 established by the boards with jurisdiction over them  
18 relating to the conduct of representation elections or the  
19 conduct affecting the representation elections;

20 (6) to discriminate against any employee because he has  
21 signed or filed an affidavit, petition or charge or  
22 provided any information or testimony under this Act;

23 (7) to picket or cause to be picketed, or threaten to  
24 picket or cause to be picketed, any public employer where  
25 an object thereof is forcing or requiring an employer to  
26 recognize or bargain with a labor organization of the

1 representative of its employees, or forcing or requiring  
2 the employees of an employer to accept or select such labor  
3 organization as their collective bargaining  
4 representative, unless such labor organization is  
5 currently certified as the representative of such  
6 employees:

7 (A) where the employer has lawfully recognized in  
8 accordance with this Act any labor organization and a  
9 question concerning representation may not  
10 appropriately be raised under Section 9 of this Act;

11 (B) where within the preceding 12 months a valid  
12 election under Section 9 of this Act has been  
13 conducted; or

14 (C) where such picketing has been conducted  
15 without a petition under Section 9 being filed within a  
16 reasonable period of time not to exceed 30 days from  
17 the commencement of such picketing; provided that when  
18 such a petition has been filed the Board shall  
19 forthwith, without regard to the provisions of  
20 subsection (a) of Section 9 or the absence of a showing  
21 of a substantial interest on the part of the labor  
22 organization, direct an election in such unit as the  
23 Board finds to be appropriate and shall certify the  
24 results thereof; provided further, that nothing in  
25 this subparagraph shall be construed to prohibit any  
26 picketing or other publicity for the purpose of



1 truthfully advising the public that an employer does  
2 not employ members of, or have a contract with, a labor  
3 organization unless an effect of such picketing is to  
4 induce any individual employed by any other person in  
5 the course of his employment, not to pick up, deliver,  
6 or transport any goods or not to perform any services;  
7 or

8 (8) to refuse to reduce a collective bargaining  
9 agreement to writing or to refuse to sign such agreement.

10 (c) The expressing of any views, argument, or opinion or  
11 the dissemination thereof, whether in written, printed,  
12 graphic, or visual form, shall not constitute or be evidence of  
13 an unfair labor practice under any of the provisions of this  
14 Act, if such expression contains no threat of reprisal or force  
15 or promise of benefit.

16 (Source: P.A. 86-412; 87-736.)

17 (5 ILCS 315/15) (from Ch. 48, par. 1615)

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

20 Sec. 15. Act Takes Precedence.

21 (a) In case of any conflict between the provisions of this  
22 Act and any other law (other than Section 5 of the State  
23 Employees Group Insurance Act of 1971 and other than the  
24 changes made to the Illinois Pension Code by this amendatory  
25 Act of the 96th General Assembly), executive order or

1 administrative regulation relating to wages, hours and  
2 conditions of employment and employment relations, the  
3 provisions of this Act or any collective bargaining agreement  
4 negotiated thereunder shall prevail and control. Nothing in  
5 this Act shall be construed to replace or diminish the rights  
6 of employees established by Sections 28 and 28a of the  
7 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
8 of the Regional Transportation Authority Act. The provisions of  
9 this Act are subject to Section 5 of the State Employees Group  
10 Insurance Act of 1971. Nothing in this Act shall be construed  
11 to replace the necessity of complaints against a sworn peace  
12 officer, as defined in Section 2(a) of the Uniform Peace  
13 Officer Disciplinary Act, from having a complaint supported by  
14 a sworn affidavit.

15 (b) Except as provided in subsection (a) above, any  
16 collective bargaining contract between a public employer and a  
17 labor organization executed pursuant to this Act shall  
18 supersede any contrary statutes, charters, ordinances, rules  
19 or regulations relating to wages, hours and conditions of  
20 employment and employment relations adopted by the public  
21 employer or its agents. Any collective bargaining agreement  
22 entered into prior to the effective date of this Act shall  
23 remain in full force during its duration.

24 (c) It is the public policy of this State, pursuant to  
25 paragraphs (h) and (i) of Section 6 of Article VII of the  
26 Illinois Constitution, that the provisions of this Act are the

1 exclusive exercise by the State of powers and functions which  
2 might otherwise be exercised by home rule units. Such powers  
3 and functions may not be exercised concurrently, either  
4 directly or indirectly, by any unit of local government,  
5 including any home rule unit, except as otherwise authorized by  
6 this Act.

7 (d) Notwithstanding any other provision of law, no  
8 collective bargaining agreement entered into, renewed, or  
9 extended after the effective date of this amendatory Act of the  
10 100th General Assembly or any arbitration award issued under  
11 such collective bargaining agreement may violate or conflict  
12 with the changes made by this amendatory Act of the 100th  
13 General Assembly.

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

15 Section 10. The Civil Administrative Code of Illinois is  
16 amended by adding Section 5-647 as follows:

17 (20 ILCS 5/5-647 new)

18 Sec. 5-647. Future increases in income. A Department must  
19 not pay, offer, or agree to pay any future increase in income,  
20 as that term is defined in Section 15-112.1 or 16-121.1 of the  
21 Illinois Pension Code, to any person in a manner that violates  
22 Section 15-132.9 or 16-122.9 of the Illinois Pension Code.

23 Section 15. The Illinois Pension Code is amended by

1 changing Sections 2-101, 2-105, 2-107, 2-108, 2-119.1, 2-124,  
2 2-126, 2-134, 2-162, 15-108.1, 15-111, 15-136, 15-155, 15-157,  
3 15-165, 15-198, 16-121, 16-133.1, 16-136.1, 16-152, 16-158,  
4 16-203, 17-113.4, 17-116, 17-119.2, 17-129, 17-130, 18-131,  
5 and 18-140 and by adding Sections 2-105.3, 2-107.9, 2-110.3,  
6 2-165.1, 2-166.1, 15-112.1, 15-132.9, 15-200.1, 15-201.1,  
7 16-107.1, 16-121.1, 16-122.9, 16-205.1, 16-206.1, 17-106.05,  
8 17-113.5, and 17-115.5 as follows:

9 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

10 Sec. 2-101. Creation of system. A retirement system is  
11 created to provide retirement annuities, survivor's annuities  
12 and other benefits for certain members of the General Assembly,  
13 certain elected state officials, and their beneficiaries.

14 The system shall be known as the "General Assembly  
15 Retirement System". All its funds and property shall be a trust  
16 separate from all other entities, maintained for the purpose of  
17 securing payment of annuities and benefits under this Article.

18 Participation in the retirement system created under this  
19 Article is restricted to persons who became participants before  
20 the effective date of this amendatory Act of the 100th General  
21 Assembly. Beginning on that date, the System shall not accept  
22 any new participants.

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

24 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

1           Sec. 2-105. Member. "Member": Members of the General  
2 Assembly of this State, including persons who enter military  
3 service while a member of the General Assembly, and any person  
4 serving as Governor, Lieutenant Governor, Secretary of State,  
5 Treasurer, Comptroller, or Attorney General for the period of  
6 service in such office.

7           Any person who has served for 10 or more years as Clerk or  
8 Assistant Clerk of the House of Representatives, Secretary or  
9 Assistant Secretary of the Senate, or any combination thereof,  
10 may elect to become a member of this system while thenceforth  
11 engaged in such service by filing a written election with the  
12 board. Any person so electing shall be deemed an active member  
13 of the General Assembly for the purpose of validating and  
14 transferring any service credits earned under any of the funds  
15 and systems established under Articles 3 through 18 of this  
16 Code.

17           However, notwithstanding any other provision of this  
18 Article, a person shall not be deemed a member for the purposes  
19 of this Article unless he or she became a participant of the  
20 System before the effective date of this amendatory Act of the  
21 100th General Assembly.

22           (Source: P.A. 85-1008.)

23           (40 ILCS 5/2-105.3 new)

24           Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A  
25 participant who first became a participant before January 1,

1 2011.

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

3 Sec. 2-107. Participant. "Participant": Any member who  
4 elects to participate; and any former member who elects to  
5 continue participation under Section 2-117.1, for the duration  
6 of such continued participation. However, notwithstanding any  
7 other provision of this Article, a person shall not be deemed a  
8 participant for the purposes of this Article unless he or she  
9 became a participant of the System before the effective date of  
10 this amendatory Act of the 100th General Assembly.

11 (Source: P.A. 86-1488.)

12 (40 ILCS 5/2-107.9 new)

13 Sec. 2-107.9. Future increase in income. "Future increase  
14 in income" means an increase in income in any form offered to a  
15 Tier 1 employee for service under this Article after June 30,  
16 2018 that qualifies as "salary", as defined in Section 2-108,  
17 or would qualify as "salary" but for the fact that it was  
18 offered to and accepted by a Tier 1 employee under the  
19 condition set forth in subsection (c) of Section 2-110.3.

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

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

23 Sec. 2-108. Salary. "Salary":

1           (1) For members of the General Assembly, the total  
2 compensation paid to the member by the State for one year of  
3 service, including the additional amounts, if any, paid to the  
4 member as an officer pursuant to Section 1 of "An Act in  
5 relation to the compensation and emoluments of the members of  
6 the General Assembly", approved December 6, 1907, as now or  
7 hereafter amended.

8           (2) For the State executive officers specified in Section  
9 2-105, the total compensation paid to the member for one year  
10 of service.

11           (3) For members of the System who are participants under  
12 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
13 of the House of Representatives or Secretary or Assistant  
14 Secretary of the Senate, the total compensation paid to the  
15 member for one year of service, but not to exceed the salary of  
16 the highest salaried officer of the General Assembly.

17           However, in the event that federal law results in any  
18 participant receiving imputed income based on the value of  
19 group term life insurance provided by the State, such imputed  
20 income shall not be included in salary for the purposes of this  
21 Article.

22           Notwithstanding any other provision of this Section,  
23 "salary" does not include any future increase in income that is  
24 offered for service to a Tier 1 employee under this Article  
25 pursuant to the condition set forth in subsection (c) of  
26 Section 2-110.3 and accepted under that condition by a Tier 1

1 employee who has made the election under paragraph (2) of  
2 subsection (a) of Section 2-110.3.

3 Notwithstanding any other provision of this Section,  
4 "salary" does not include any consideration payment made to a  
5 Tier 1 employee.

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

7 (40 ILCS 5/2-110.3 new)

8 Sec. 2-110.3. Election by Tier 1 employees.

9 (a) Each active Tier 1 employee shall make an irrevocable  
10 election either:

11 (1) to agree to delay his or her eligibility for  
12 automatic annual increases in retirement annuity as  
13 provided in subsection (a-1) of Section 2-119.1 and to have  
14 the amount of the automatic annual increases in his or her  
15 retirement annuity that are otherwise provided for in this  
16 Article calculated, instead, as provided in subsection  
17 (a-1) of Section 2-119.1; or

18 (2) to not agree to paragraph (1) of this subsection.

19 The election required under this subsection (a) shall be  
20 made by each active Tier 1 employee no earlier than January 1,  
21 2018 and no later than March 1, 2018, except that a person who  
22 returns to active service as a Tier 1 employee under this  
23 Article on or after January 1, 2018 and has not yet made an  
24 election under this Section must make the election under this  
25 subsection (a) within 60 days after returning to active service



1 as a Tier 1 employee.

2 If a Tier 1 employee fails for any reason to make a  
3 required election under this subsection within the time  
4 specified, then the employee shall be deemed to have made the  
5 election under paragraph (2) of this subsection.

6 (a-5) If this Section is enjoined or stayed by an Illinois  
7 court or a court of competent jurisdiction pending the entry of  
8 a final and unappealable decision, and this Section is  
9 determined to be constitutional or otherwise valid by a final  
10 unappealable decision of an Illinois court or a court of  
11 competent jurisdiction, then the election procedure set forth  
12 in subsection (a) of this Section shall commence on the 180th  
13 calendar day after the date of the issuance of the final  
14 unappealable decision and shall conclude at the end of the  
15 270th calendar day after that date.

16 (a-10) All elections under subsection (a) that are made or  
17 deemed to be made before July 1, 2018 shall take effect on July  
18 1, 2018. Elections that are made or deemed to be made on or  
19 after July 1, 2018 shall take effect on the first day of the  
20 month following the month in which the election is made or  
21 deemed to be made.

22 (b) As adequate and legal consideration provided under this  
23 amendatory Act of the 100th General Assembly for making an  
24 election under paragraph (1) of subsection (a) of this Section,  
25 the State of Illinois shall be expressly and irrevocably  
26 prohibited from offering any future increases in income to a

1 Tier 1 employee who has made an election under paragraph (1) of  
2 subsection (a) of this Section on the condition of not  
3 constituting salary under Section 2-108.

4 As adequate and legal consideration provided under this  
5 amendatory Act of the 100th General Assembly for making an  
6 election under paragraph (1) of subsection (a) of this Section,  
7 each Tier 1 employee who has made an election under paragraph  
8 (1) of subsection (a) of this Section shall receive a  
9 consideration payment equal to 10% of the contributions made by  
10 or on behalf of the employee under Section 2-126 before the  
11 effective date of that election. The State Comptroller shall  
12 pay the consideration payment to the Tier 1 employee out of  
13 funds appropriated for that purpose under Section 1.9 of the  
14 State Pension Funds Continuing Appropriation Act. The System  
15 shall calculate the amount of each consideration payment and  
16 shall certify to the State Comptroller the amount of the  
17 consideration payment, together with the name, address, and any  
18 other available payment information of the Tier 1 employee as  
19 found in the records of the System.

20 (c) A Tier 1 employee who makes the election under  
21 paragraph (2) of subsection (a) of this Section shall not be  
22 subject to paragraph (1) of subsection (a) of this Section.  
23 However, any future increases in income offered for service as  
24 a member under this Article to a Tier 1 employee who has made  
25 the election under paragraph (2) of subsection (a) of this  
26 Section shall be offered expressly and irrevocably on the

1 condition of not constituting salary under Section 2-108, and  
2 the member may not accept any future increase in income that is  
3 offered without this condition.

4 (d) The System shall make a good faith effort to contact  
5 each Tier 1 employee subject to this Section. The System shall  
6 mail information describing the required election to each Tier  
7 1 employee by United States Postal Service mail to his or her  
8 last known address on file with the System. If the Tier 1  
9 employee is not responsive to other means of contact, it is  
10 sufficient for the System to publish the details of any  
11 required elections on its website or to publish those details  
12 in a regularly published newsletter or other existing public  
13 forum.

14 Tier 1 employees who are subject to this Section shall be  
15 provided with an election packet containing information  
16 regarding their options, as well as the forms necessary to make  
17 the required election. Upon request, the System shall offer  
18 Tier 1 employees an opportunity to receive information from the  
19 System before making the required election. The information may  
20 be provided through video materials, group presentations,  
21 individual consultation with a member or authorized  
22 representative of the System in person or by telephone or other  
23 electronic means, or any combination of those methods. The  
24 System shall not provide advice or counseling with respect to  
25 which election a Tier 1 employee should make or specific to the  
26 legal or tax circumstances of or consequences to the Tier 1

1 employee.

2 The System shall inform Tier 1 employees in the election  
3 packet required under this subsection that the Tier 1 employee  
4 may also wish to obtain information and counsel relating to the  
5 election required under this Section from any other available  
6 source, including, but not limited to, labor organizations and  
7 private counsel.

8 In no event shall the System, its staff, or the Board be  
9 held liable for any information given to a member regarding the  
10 elections under this Section. The System shall coordinate with  
11 the Illinois Department of Central Management Services and each  
12 other retirement system administering an election in  
13 accordance with this amendatory Act of the 100th General  
14 Assembly to provide information concerning the impact of the  
15 election set forth in this Section.

16 (e) Notwithstanding any other provision of law, any future  
17 increases in income offered by the State of Illinois for  
18 service as a member must be offered expressly and irrevocably  
19 on the condition of not constituting "salary" under Section  
20 2-108 to any Tier 1 employee who has made an election under  
21 paragraph (2) of subsection (a) of this Section. A Tier 1  
22 employee who has made an election under paragraph (2) of  
23 subsection (a) of this Section shall not accept any future  
24 increase in income that is offered for service as a member  
25 under this Article without the condition set forth in this  
26 subsection.

1       For purposes of legislative intent, the condition set forth  
2       in this subsection shall be construed in a manner that ensures  
3       that the condition is not violated or circumvented through any  
4       contrivance of any kind.

5       (f) A member's election under this Section is not a  
6       prohibited election under subdivision (j)(1) of Section 1-119  
7       of this Code.

8       (g) No provision of this Section shall be interpreted in a  
9       way that would cause the System to cease to be a qualified plan  
10       under Section 401(a) of the Internal Revenue Code of 1986. The  
11       provisions of this Section shall be subject to and implemented  
12       in a manner that complies with Section 11 of Article IV of the  
13       Illinois Constitution.

14       (h) If an election created by this amendatory Act in any  
15       other Article of this Code or any change deriving from that  
16       election is determined to be unconstitutional or otherwise  
17       invalid by a final unappealable decision of an Illinois court  
18       or a court of competent jurisdiction, the invalidity of that  
19       provision shall not in any way affect the validity of this  
20       Section or the changes deriving from the election required  
21       under this Section.

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

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

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

1           (a) Except as provided in subsection (a-1), a participant  
2 who retires after June 30, 1967, and who has not received an  
3 initial increase under this Section before the effective date  
4 of this amendatory Act of 1991, shall, in January or July next  
5 following the first anniversary of retirement, whichever  
6 occurs first, and in the same month of each year thereafter,  
7 but in no event prior to age 60, have the amount of the  
8 originally granted retirement annuity increased as follows:  
9 for each year through 1971, 1 1/2%; for each year from 1972  
10 through 1979, 2%; and for 1980 and each year thereafter, 3%.  
11 Annuitants who have received an initial increase under this  
12 subsection prior to the effective date of this amendatory Act  
13 of 1991 shall continue to receive their annual increases in the  
14 same month as the initial increase.

15           (a-1) Notwithstanding any other provision of this Article,  
16 for a Tier 1 employee who made the election under paragraph (1)  
17 of subsection (a) of Section 2-110.3:

18           (1) The initial increase in retirement annuity under  
19 this Section shall occur on the January 1 occurring either  
20 on or after the attainment of age 67 or the fifth  
21 anniversary of the annuity start date, whichever is  
22 earlier.

23           (2) The amount of each automatic annual increase in  
24 retirement annuity occurring on or after the effective date  
25 of that election shall be calculated as a percentage of the  
26 originally granted retirement annuity, equal to 3% or

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

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

18       (b) Beginning January 1, 1990, for eligible participants  
19       who remain in service after attaining 20 years of creditable  
20       service, the 3% increases provided under subsection (a) shall  
21       begin to accrue on the January 1 next following the date upon  
22       which the participant (1) attains age 55, or (2) attains 20  
23       years of creditable service, whichever occurs later, and shall  
24       continue to accrue while the participant remains in service;  
25       such increases shall become payable on January 1 or July 1,  
26       whichever occurs first, next following the first anniversary of

1 retirement. For any person who has service credit in the System  
2 for the entire period from January 15, 1969 through December  
3 31, 1992, regardless of the date of termination of service, the  
4 reference to age 55 in clause (1) of this subsection (b) shall  
5 be deemed to mean age 50.

6 This subsection (b) does not apply to any person who first  
7 becomes a member of the System after August 8, 2003 (the  
8 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
9 ~~93rd General Assembly.~~

10 (b-5) Notwithstanding any other provision of this Article,  
11 a participant who first becomes a participant on or after  
12 January 1, 2011 (the effective date of Public Act 96-889)  
13 shall, in January or July next following the first anniversary  
14 of retirement, whichever occurs first, and in the same month of  
15 each year thereafter, but in no event prior to age 67, have the  
16 amount of the retirement annuity then being paid increased by  
17 3% or the annual unadjusted percentage increase in the Consumer  
18 Price Index for All Urban Consumers as determined by the Public  
19 Pension Division of the Department of Insurance under  
20 subsection (a) of Section 2-108.1, whichever is less.

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



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

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

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

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

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

23 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

1           Sec. 2-124. Contributions by State.

2           (a) The State shall make contributions to the System by  
3           appropriations of amounts which, together with the  
4           contributions of participants, interest earned on investments,  
5           and other income will meet the cost of maintaining and  
6           administering the System on a 90% funded basis in accordance  
7           with actuarial recommendations.

8           (b) The Board shall determine the amount of State  
9           contributions required for each fiscal year on the basis of the  
10          actuarial tables and other assumptions adopted by the Board and  
11          the prescribed rate of interest, using the formula in  
12          subsection (c).

13          (c) For State fiscal years 2018 through 2045 (except as  
14          otherwise provided for fiscal year 2019), the minimum  
15          contribution to the System to be made by the State for each  
16          fiscal year shall be an amount determined by the System to be  
17          sufficient to bring the total assets of the System up to 90% of  
18          the total actuarial liabilities of the System by the end of  
19          State fiscal year 2045. In making these determinations, the  
20          required State contribution shall be calculated each year as a  
21          level percentage of total payroll, including payroll that is  
22          not deemed pensionable, over the years remaining to and  
23          including fiscal year 2045 and shall be determined under the  
24          projected unit credit actuarial cost method.

25                 For State fiscal year 2019:

26                         (1) The initial calculation and certification shall be

1 based on the amount determined above.

2 (2) For purposes of the recertification due on or  
3 before May 1, 2018, the recalculation of the required State  
4 contribution for fiscal year 2019 shall take into account  
5 the effect on the System's liabilities of the elections  
6 made under Section 2-110.3.

7 (3) For purposes of the recertification due on or  
8 before October 1, 2018, the total required State  
9 contribution for fiscal year 2019 shall be reduced by the  
10 amount of the consideration payments made to Tier 1  
11 employees who made the election under paragraph (1) of  
12 subsection (a) of Section 2-110.3.

13 Beginning in State fiscal year 2018, any increase or  
14 decrease in State contribution over the prior fiscal year due  
15 exclusively to changes in actuarial or investment assumptions  
16 adopted by the Board shall be included in the State  
17 contribution to the System, as a percentage of the applicable  
18 employee payroll, and shall be increased in equal annual  
19 increments so that by the State fiscal year occurring 5 years  
20 after the adoption of the actuarial or investment assumptions,  
21 the State is contributing at the rate otherwise required under  
22 this Section.

23 If Section 2-110.3 is determined to be unconstitutional or  
24 otherwise invalid by a final unappealable decision of an  
25 Illinois court or a court of competent jurisdiction, then the  
26 changes made to this Section by this amendatory Act of the

1 100th General Assembly shall not take effect and are repealed  
2 by operation of law.

3 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
4 contribution to the System to be made by the State for each  
5 fiscal year shall be an amount determined by the System to be  
6 sufficient to bring the total assets of the System up to 90% of  
7 the total actuarial liabilities of the System by the end of  
8 State fiscal year 2045. In making these determinations, the  
9 required State contribution shall be calculated each year as a  
10 level percentage of payroll over the years remaining to and  
11 including fiscal year 2045 and shall be determined under the  
12 projected unit credit actuarial cost method.

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

18 Notwithstanding any other provision of this Article, the  
19 total required State contribution for State fiscal year 2006 is  
20 \$4,157,000.

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2007 is  
23 \$5,220,300.

24 For each of State fiscal years 2008 through 2009, the State  
25 contribution to the System, as a percentage of the applicable  
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year  
2 2007, so that by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2010 is  
6 \$10,454,000 and shall be made from the proceeds of bonds sold  
7 in fiscal year 2010 pursuant to Section 7.2 of the General  
8 Obligation Bond Act, less (i) the pro rata share of bond sale  
9 expenses determined by the System's share of total bond  
10 proceeds, (ii) any amounts received from the General Revenue  
11 Fund in fiscal year 2010, and (iii) any reduction in bond  
12 proceeds due to the issuance of discounted bonds, if  
13 applicable.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2011 is  
16 the amount recertified by the System on or before April 1, 2011  
17 pursuant to Section 2-134 and shall be made from the proceeds  
18 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
19 the General Obligation Bond Act, less (i) the pro rata share of  
20 bond sale expenses determined by the System's share of total  
21 bond proceeds, (ii) any amounts received from the General  
22 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
23 bond proceeds due to the issuance of discounted bonds, if  
24 applicable.

25 Beginning in State fiscal year 2046, the minimum State  
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 90% of the total  
2 actuarial liabilities of the System.

3       Amounts received by the System pursuant to Section 25 of  
4 the Budget Stabilization Act or Section 8.12 of the State  
5 Finance Act in any fiscal year do not reduce and do not  
6 constitute payment of any portion of the minimum State  
7 contribution required under this Article in that fiscal year.  
8 Such amounts shall not reduce, and shall not be included in the  
9 calculation of, the required State contributions under this  
10 Article in any future year until the System has reached a  
11 funding ratio of at least 90%. A reference in this Article to  
12 the "required State contribution" or any substantially similar  
13 term does not include or apply to any amounts payable to the  
14 System under Section 25 of the Budget Stabilization Act.

15       Notwithstanding any other provision of this Section, the  
16 required State contribution for State fiscal year 2005 and for  
17 fiscal year 2008 and each fiscal year thereafter, as calculated  
18 under this Section and certified under Section 2-134, shall not  
19 exceed an amount equal to (i) the amount of the required State  
20 contribution that would have been calculated under this Section  
21 for that fiscal year if the System had not received any  
22 payments under subsection (d) of Section 7.2 of the General  
23 Obligation Bond Act, minus (ii) the portion of the State's  
24 total debt service payments for that fiscal year on the bonds  
25 issued in fiscal year 2003 for the purposes of that Section  
26 7.2, as determined and certified by the Comptroller, that is

1 the same as the System's portion of the total moneys  
2 distributed under subsection (d) of Section 7.2 of the General  
3 Obligation Bond Act. In determining this maximum for State  
4 fiscal years 2008 through 2010, however, the amount referred to  
5 in item (i) shall be increased, as a percentage of the  
6 applicable employee payroll, in equal increments calculated  
7 from the sum of the required State contribution for State  
8 fiscal year 2007 plus the applicable portion of the State's  
9 total debt service payments for fiscal year 2007 on the bonds  
10 issued in fiscal year 2003 for the purposes of Section 7.2 of  
11 the General Obligation Bond Act, so that, by State fiscal year  
12 2011, the State is contributing at the rate otherwise required  
13 under this Section.

14 (d) For purposes of determining the required State  
15 contribution to the System, the value of the System's assets  
16 shall be equal to the actuarial value of the System's assets,  
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's  
19 assets shall be equal to the market value of the assets as of  
20 that date. In determining the actuarial value of the System's  
21 assets for fiscal years after June 30, 2008, any actuarial  
22 gains or losses from investment return incurred in a fiscal  
23 year shall be recognized in equal annual amounts over the  
24 5-year period following that fiscal year.

25 (e) For purposes of determining the required State  
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal  
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
4 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
5 7-13-12.)

6 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

9 Sec. 2-126. Contributions by participants.

10 (a) Each participant shall contribute toward the cost of  
11 his or her retirement annuity a percentage of each payment of  
12 salary received by him or her for service as a member as  
13 follows: for service between October 31, 1947 and January 1,  
14 1959, 5%; for service between January 1, 1959 and June 30,  
15 1969, 6%; for service between July 1, 1969 and January 10,  
16 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
17 service after December 31, 1981, 8 1/2%.

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

21 A participant who has no eligible survivor's annuity  
22 beneficiary may elect to cease making contributions for  
23 survivor's annuity under this subsection. A survivor's annuity  
24 shall not be payable upon the death of a person who has made  
25 this election, unless prior to that death the election has been



1     revoked and the amount of the contributions that would have  
2     been paid under this subsection in the absence of the election  
3     is paid to the System, together with interest at the rate of 4%  
4     per year from the date the contributions would have been made  
5     to the date of payment.

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

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

1 System.

2 (e) Notwithstanding any other provision of this Article,  
3 the required contribution of a participant who first becomes a  
4 participant on or after January 1, 2011 shall not exceed the  
5 contribution that would be due under this Article if that  
6 participant's highest salary for annuity purposes were  
7 \$106,800, plus any increases in that amount under Section  
8 2-108.1.

9 (f) Beginning July 1, 2018 or the effective date of the  
10 Tier 1 employee's election under paragraph (1) of subsection  
11 (a) of Section 2-110.3, whichever is later, in lieu of the  
12 contributions otherwise required under this Section, each Tier  
13 1 employee who made the election under paragraph (1) of  
14 subsection (a) of Section 2-110.3 shall contribute 8.5% of each  
15 payment of salary toward the cost of his or her retirement  
16 annuity and 1.85% of each payment of salary toward the cost of  
17 the survivor's annuity.

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

19 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

22 Sec. 2-134. To certify required State contributions and  
23 submit vouchers.

24 (a) The Board shall certify to the Governor on or before  
25 December 15 of each year until December 15, 2011 the amount of

1 the required State contribution to the System for the next  
2 fiscal year and shall specifically identify the System's  
3 projected State normal cost for that fiscal year. The  
4 certification shall include a copy of the actuarial  
5 recommendations upon which it is based and shall specifically  
6 identify the System's projected State normal cost for that  
7 fiscal year.

8 On or before November 1 of each year, beginning November 1,  
9 2012, the Board shall submit to the State Actuary, the  
10 Governor, and the General Assembly a proposed certification of  
11 the amount of the required State contribution to the System for  
12 the next fiscal year, along with all of the actuarial  
13 assumptions, calculations, and data upon which that proposed  
14 certification is based. On or before January 1 of each year  
15 beginning January 1, 2013, the State Actuary shall issue a  
16 preliminary report concerning the proposed certification and  
17 identifying, if necessary, recommended changes in actuarial  
18 assumptions that the Board must consider before finalizing its  
19 certification of the required State contributions. On or before  
20 January 15, 2013 and every January 15 thereafter, the Board  
21 shall certify to the Governor and the General Assembly the  
22 amount of the required State contribution for the next fiscal  
23 year. The Board's certification must note any deviations from  
24 the State Actuary's recommended changes, the reason or reasons  
25 for not following the State Actuary's recommended changes, and  
26 the fiscal impact of not following the State Actuary's

1 recommended changes on the required State contribution.

2 On or before May 1, 2004, the Board shall recalculate and  
3 recertify to the Governor the amount of the required State  
4 contribution to the System for State fiscal year 2005, taking  
5 into account the amounts appropriated to and received by the  
6 System under subsection (d) of Section 7.2 of the General  
7 Obligation Bond Act.

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

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

19 As soon as practical after the effective date of this  
20 amendatory Act of the 100th General Assembly, the State Actuary  
21 and the Board shall recalculate and recertify to the Governor  
22 and the General Assembly the amount of the State contribution  
23 to the System for State fiscal year 2018, taking into account  
24 the changes in required State contributions made by this  
25 amendatory Act of the 100th General Assembly.

26 On or before May 1, 2018, the Board shall recalculate and

1 recertify to the Governor and the General Assembly the amount  
2 of the required State contribution to the System for State  
3 fiscal year 2019, taking into account the effect on the  
4 System's liabilities of the elections made under Section  
5 2-110.3.

6 On or before October 1, 2018, the Board shall recalculate  
7 and recertify to the Governor and the General Assembly the  
8 amount of the required State contribution to the System for  
9 State fiscal year 2019, taking into account the reduction  
10 specified under item (3) of subsection (c) of Section 2-124.

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

1 (including the appropriations to the System under Section 8.12  
2 of the State Finance Act and Section 1 of the State Pension  
3 Funds Continuing Appropriation Act) is less than the amount  
4 lawfully vouchered under this Section, the difference shall be  
5 paid from the General Revenue Fund under the continuing  
6 appropriation authority provided in Section 1.1 of the State  
7 Pension Funds Continuing Appropriation Act.

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

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
16 97-694, eff. 6-18-12.)

17 (40 ILCS 5/2-162)

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

20 Sec. 2-162. Application and expiration of new benefit  
21 increases.

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

1 to this Code that takes effect after the effective date of this  
2 amendatory Act of the 94th General Assembly. "New benefit  
3 increase", however, does not include any benefit increase  
4 resulting from the changes made to this Article by this  
5 amendatory Act of the 100th General Assembly.

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

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

15 Every new benefit increase is contingent upon the General  
16 Assembly providing the additional funding required under this  
17 subsection. The Commission on Government Forecasting and  
18 Accountability shall analyze whether adequate additional  
19 funding has been provided for the new benefit increase and  
20 shall report its analysis to the Public Pension Division of the  
21 Department of Insurance ~~Financial and Professional Regulation~~.

22 A new benefit increase created by a Public Act that does not  
23 include the additional funding required under this subsection  
24 is null and void. If the Public Pension Division determines  
25 that the additional funding provided for a new benefit increase  
26 under this subsection is or has become inadequate, it may so

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

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

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

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

22 (40 ILCS 5/2-165.1 new)

23 Sec. 2-165.1. Defined contribution plan.

24 (a) By July 1, 2018, the System shall prepare and implement  
25 a voluntary defined contribution plan for up to 5% of eligible



1 active Tier 1 employees. The System shall determine the 5% cap  
2 by the number of active Tier 1 employees on the effective date  
3 of this Section. The defined contribution plan developed under  
4 this Section shall be a plan that aggregates employer and  
5 employee contributions in individual participant accounts  
6 which, after meeting any other requirements, are used for  
7 payouts after retirement in accordance with this Section and  
8 any other applicable laws.

9 As used in this Section, "defined benefit plan" means the  
10 retirement plan available under this Article to Tier 1  
11 employees who have not made the election authorized under this  
12 Section.

13 (1) Under the defined contribution plan, an active Tier  
14 1 employee of this System could elect to cease accruing  
15 benefits in the defined benefit plan under this Article and  
16 begin accruing benefits for future service in the defined  
17 contribution plan. Service credit under the defined  
18 contribution plan may be used for determining retirement  
19 eligibility under the defined benefit plan.

20 (2) Participants in the defined contribution plan  
21 shall pay employee contributions at the same rate as Tier 1  
22 employees in this System who do not participate in the  
23 defined contribution plan.

24 (3) State contributions shall be paid into the accounts  
25 of all participants in the defined contribution plan at a  
26 uniform rate, expressed as a percentage of compensation and

1 determined for each year. This rate shall be no higher than  
2 the employer's normal cost for Tier 1 employees in the  
3 defined benefit plan for that year, as determined by the  
4 System and expressed as a percentage of compensation, and  
5 shall be no lower than 3% of compensation. The State shall  
6 adjust this rate annually.

7 (4) The defined contribution plan shall require 5 years  
8 of participation in the defined contribution plan before  
9 vesting in State contributions. If the participant fails to  
10 vest in them, the State contributions, and the earnings  
11 thereon, shall be forfeited.

12 (5) The defined contribution plan may provide for  
13 participants in the plan to be eligible for defined  
14 disability benefits. If it does, the System shall reduce  
15 the employee contributions credited to the participant's  
16 defined contribution plan account by an amount determined  
17 by the System to cover the cost of offering such benefits.

18 (6) The defined contribution plan shall provide a  
19 variety of options for investments. These options shall  
20 include investments handled by the Illinois State Board of  
21 Investment as well as private sector investment options.

22 (7) The defined contribution plan shall provide a  
23 variety of options for payouts to retirees and their  
24 survivors.

25 (8) 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 into other qualified retirement plans.

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

9 (b) Only persons who are active Tier 1 employees of the  
10 System on the effective date of this Section are eligible to  
11 participate in the defined contribution plan. Participation in  
12 the defined contribution plan shall be limited to the first 5%  
13 of eligible persons who elect to participate. The election to  
14 participate in the defined contribution plan is voluntary and  
15 irrevocable.

16 (c) An eligible active Tier 1 employee may irrevocably  
17 elect to participate in the defined contribution plan by filing  
18 with the System a written application to participate that is  
19 received by the System prior to its determination that 5% of  
20 eligible persons have elected to participate in the defined  
21 contribution plan.

22 When the System first determines that 5% of eligible  
23 persons have elected to participate in the defined contribution  
24 plan, the System shall provide notice to previously eligible  
25 employees that the plan is no longer available and shall cease  
26 accepting applications to participate.

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

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

25       (e) In no event shall the System, its staff, its authorized  
26 representatives, or the Board be liable for any information

1 given to an employee under this Section. The System may  
2 coordinate with the Illinois Department of Central Management  
3 Services and other retirement systems administering a defined  
4 contribution plan in accordance with this amendatory Act of the  
5 100th General Assembly to provide information concerning the  
6 impact of the option set forth in this Section.

7 (f) Notwithstanding any other provision of this Section, no  
8 person shall begin participating in the defined contribution  
9 plan until it has attained qualified plan status and received  
10 all necessary approvals from the U.S. Internal Revenue Service.

11 (g) The System shall report on its progress under this  
12 Section, including the available details of the defined  
13 contribution plan and the System's plans for informing eligible  
14 Tier 1 employees about the plan, to the Governor and the  
15 General Assembly on or before January 15, 2018.

16 (h) The Illinois State Board of Investments shall be the  
17 plan sponsor for the defined contribution plan established  
18 under this Section.

19 (i) The intent of this amendatory Act of the 100th General  
20 Assembly is to ensure that the State's normal cost of  
21 participation in the defined contribution plan is similar, and  
22 if possible equal, to the State's normal cost of participation  
23 in the defined benefit plan, unless a lower State's normal cost  
24 is necessary to ensure cost neutrality.

25 (j) If Section 2-110.3 is determined to be unconstitutional  
26 or otherwise invalid by a final unappealable decision of an

1 Illinois court or a court of competent jurisdiction, then this  
2 Section shall not take effect and is repealed by operation of  
3 law.

4 (40 ILCS 5/2-166.1 new)

5 Sec. 2-166.1. Defined contribution plan; termination. If  
6 the defined contribution plan is terminated or becomes  
7 inoperative pursuant to law, then each participant in the plan  
8 shall automatically be deemed to have been a contributing Tier  
9 1 employee in the System's defined benefit plan during the time  
10 in which he or she participated in the defined contribution  
11 plan, and for that purpose the System shall be entitled to  
12 recover the amounts in the participant's defined contribution  
13 accounts.

14 (40 ILCS 5/15-108.1)

15 Sec. 15-108.1. Tier 1 member; Tier 1 employee.

16 "Tier 1 member": A participant or an annuitant of a  
17 retirement annuity under this Article, other than a participant  
18 in the self-managed plan under Section 15-158.2, who first  
19 became a participant or member before January 1, 2011 under any  
20 reciprocal retirement system or pension fund established under  
21 this Code, other than a retirement system or pension fund  
22 established under Articles 2, 3, 4, 5, 6, or 18 of this Code.  
23 "Tier 1 member" includes a person who first became a  
24 participant under this System before January 1, 2011 and who

1 accepts a refund and is subsequently reemployed by an employer  
2 on or after January 1, 2011.

3 "Tier 1 employee": An employee under this Article, other  
4 than a participant in the self-managed plan under Section  
5 15-158.2, who first became a member or participant before  
6 January 1, 2011 under any reciprocal retirement system or  
7 pension fund established under this Code other than a  
8 retirement system or pension fund established under Article 2,  
9 3, 4, 5, 6, or 18 of this Code. However, for the purposes of the  
10 election under Section 15-132.9, "Tier 1 employee" does not  
11 include a participant under this Article who would qualify as a  
12 Tier 1 employee but who has made an irrevocable election on or  
13 before June 1, 2017 to retire from service pursuant to the  
14 terms of a collective bargaining agreement in effect on June 1,  
15 2017, excluding any extension, amendment, or renewal of that  
16 agreement on or after that date, and has notified the System of  
17 that election.

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

19 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

20 Sec. 15-111. Earnings.

21 (a) "Earnings": Subject to Section 15-111.5, an amount paid  
22 for personal services equal to the sum of the basic  
23 compensation plus extra compensation for summer teaching,  
24 overtime or other extra service. For periods for which an  
25 employee receives service credit under subsection (c) of

1 Section 15-113.1 or Section 15-113.2, earnings are equal to the  
2 basic compensation on which contributions are paid by the  
3 employee during such periods. Compensation for employment  
4 which is irregular, intermittent and temporary shall not be  
5 considered earnings, unless the participant is also receiving  
6 earnings from the employer as an employee under Section 15-107.

7 With respect to transition pay paid by the University of  
8 Illinois to a person who was a participating employee employed  
9 in the fire department of the University of Illinois's  
10 Champaign-Urbana campus immediately prior to the elimination  
11 of that fire department:

12 (1) "Earnings" includes transition pay paid to the  
13 employee on or after the effective date of this amendatory  
14 Act of the 91st General Assembly.

15 (2) "Earnings" includes transition pay paid to the  
16 employee before the effective date of this amendatory Act  
17 of the 91st General Assembly only if (i) employee  
18 contributions under Section 15-157 have been withheld from  
19 that transition pay or (ii) the employee pays to the System  
20 before January 1, 2001 an amount representing employee  
21 contributions under Section 15-157 on that transition pay.  
22 Employee contributions under item (ii) may be paid in a  
23 lump sum, by withholding from additional transition pay  
24 accruing before January 1, 2001, or in any other manner  
25 approved by the System. Upon payment of the employee  
26 contributions on transition pay, the corresponding



1 employer contributions become an obligation of the State.

2 (a-5) Notwithstanding any other provision of this Section,  
3 "earnings" does not include any future increase in income that  
4 is offered for service by an employer to a Tier 1 employee  
5 under this Article pursuant to the condition set forth in  
6 subsection (c) of Section 15-132.9 and accepted under that  
7 condition by a Tier 1 employee who has made the election under  
8 paragraph (2) of subsection (a) of Section 15-132.9.

9 (a-10) Notwithstanding any other provision of this  
10 Section, "earnings" does not include any consideration payment  
11 made to a Tier 1 employee.

12 (b) For a Tier 2 member, the annual earnings shall not  
13 exceed \$106,800; however, that amount shall annually  
14 thereafter be increased by the lesser of (i) 3% of that amount,  
15 including all previous adjustments, or (ii) one half the annual  
16 unadjusted percentage increase (but not less than zero) in the  
17 consumer price index-u for the 12 months ending with the  
18 September preceding each November 1, including all previous  
19 adjustments.

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

1 of Insurance and made available to the boards of the retirement  
2 systems and pension funds by November 1 of each year.

3 (c) With each submission of payroll information in the  
4 manner prescribed by the System, the employer shall certify  
5 that the payroll information is correct and complies with all  
6 applicable State and federal laws.

7 (Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

8 (40 ILCS 5/15-112.1 new)

9 Sec. 15-112.1. Future increase in income. "Future increase  
10 in income" means an increase in income in any form offered by  
11 an employer to a Tier 1 employee for service under this Article  
12 after June 30, 2018 that qualifies as "earnings", as defined in  
13 Section 15-111, or would qualify as "earnings" but for the fact  
14 that it was offered to and accepted by a Tier 1 employee under  
15 the condition set forth in subsection (c) of Section 15-132.9.  
16 The term "future increase in income" does not include an  
17 increase in income in any form that is paid to a Tier 1  
18 employee under an employment contract or a collective  
19 bargaining agreement that is in effect on the effective date of  
20 this Section, but does include an increase in income in any  
21 form pursuant to an extension, amendment, or renewal of any  
22 such employment contract or collective bargaining agreement on  
23 or after the effective date of this Section.

24 (40 ILCS 5/15-132.9 new)

1       Sec. 15-132.9. Election by Tier 1 employees.

2       (a) Each active Tier 1 employee shall make an irrevocable  
3 election either:

4           (1) to agree to delay his or her eligibility for  
5 automatic annual increases in retirement annuity as  
6 provided in subsection (d-1) of Section 15-136 and to have  
7 the amount of the automatic annual increases in his or her  
8 retirement annuity that are otherwise provided for in this  
9 Article calculated, instead, as provided in subsection  
10 (d-1) of Section 15-136; or

11           (2) to not agree to the provisions of paragraph (1) of  
12 this subsection.

13       The election required under this subsection (a) shall be  
14 made by each active Tier 1 employee no earlier than January 1,  
15 2018 and no later than March 31, 2018, except that:

16           (i) a person who becomes a Tier 1 employee under this  
17 Article on or after January 1, 2018 must make the election  
18 under this subsection (a) within 60 days after becoming a  
19 Tier 1 employee; and

20           (ii) a person who returns to active service as a Tier 1  
21 employee under this Article on or after January 1, 2018 and  
22 has not yet made an election under this Section must make  
23 the election under this subsection (a) within 60 days after  
24 returning to active service as a Tier 1 employee.

25       If a Tier 1 employee fails for any reason to make a  
26 required election under this subsection within the time

1 specified, then the employee shall be deemed to have made the  
2 election under paragraph (2) of this subsection.

3 (a-5) If this Section is enjoined or stayed by an Illinois  
4 court or a court of competent jurisdiction pending the entry of  
5 a final and unappealable decision, and this Section is  
6 determined to be constitutional or otherwise valid by a final  
7 unappealable decision of an Illinois court or a court of  
8 competent jurisdiction, then the election procedure set forth  
9 in subsection (a) of this Section shall commence on the 180th  
10 calendar day after the date of the issuance of the final  
11 unappealable decision and shall conclude at the end of the  
12 270th calendar day after that date.

13 (a-10) All elections under subsection (a) that are made or  
14 deemed to be made before July 1, 2018 shall take effect on July  
15 1, 2018. Elections that are made or deemed to be made on or  
16 after July 1, 2018 shall take effect on the first day of the  
17 month following the month in which the election is made or  
18 deemed to be made.

19 (b) As adequate and legal consideration provided under this  
20 amendatory Act of the 100th General Assembly for making an  
21 election under paragraph (1) of subsection (a) of this Section,  
22 the employer shall be expressly and irrevocably prohibited from  
23 offering any future increases in income to a Tier 1 employee  
24 who has made an election under paragraph (1) of subsection (a)  
25 of this Section on the condition of not constituting earnings  
26 under Section 15-111.

1       As adequate and legal consideration provided under this  
2 amendatory Act of the 100th General Assembly for making an  
3 election under paragraph (1) of subsection (a) of this Section,  
4 each Tier 1 employee who has made an election under paragraph  
5 (1) of subsection (a) of this Section shall receive a  
6 consideration payment equal to 10% of the contributions made by  
7 or on behalf of the employee under Section 15-157 before the  
8 effective date of that election. The State Comptroller shall  
9 pay the consideration payment to the Tier 1 employee out of  
10 funds appropriated for that purpose under Section 1.9 of the  
11 State Pension Funds Continuing Appropriation Act. The System  
12 shall calculate the amount of each consideration payment and  
13 shall certify to the State Comptroller the amount of the  
14 consideration payment, together with the name, address, and any  
15 other available payment information of the Tier 1 employee as  
16 found in the records of the System.

17       (c) A Tier 1 employee who makes the election under  
18 paragraph (2) of subsection (a) of this Section shall not be  
19 subject to paragraph (1) of subsection (a) of this Section.  
20 However, any future increases in income offered by an employer  
21 under this Article to a Tier 1 employee who has made the  
22 election under paragraph (2) of subsection (a) of this Section  
23 shall be offered by the employer expressly and irrevocably on  
24 the condition of not constituting earnings under Section  
25 15-111, and the employee may not accept any future increase in  
26 income that is offered without this condition.

1       (d) The System shall make a good faith effort to contact  
2 each Tier 1 employee subject to this Section. The System shall  
3 mail information describing the required election to each Tier  
4 1 employee by United States Postal Service mail to his or her  
5 last known address on file with the System. If the Tier 1  
6 employee is not responsive to other means of contact, it is  
7 sufficient for the System to publish the details of any  
8 required elections on its website or to publish those details  
9 in a regularly published newsletter or other existing public  
10 forum.

11       Tier 1 employees who are subject to this Section shall be  
12 provided with an election packet containing information  
13 regarding their options, as well as the forms necessary to make  
14 the required election. Upon request, the System shall offer  
15 Tier 1 employees an opportunity to receive information from the  
16 System before making the required election. The information may  
17 consist of video materials, group presentations, individual  
18 consultation with a member or authorized representative of the  
19 System in person or by telephone or other electronic means, or  
20 any combination of those methods. The System shall not provide  
21 advice or counseling with respect to which election a Tier 1  
22 employee should make or specific to the legal or tax  
23 circumstances of or consequences to the Tier 1 employee.

24       The System shall inform Tier 1 employees in the election  
25 packet required under this subsection that the Tier 1 employee  
26 may also wish to obtain information and counsel relating to the

1 election required under this Section from any other available  
2 source, including, but not limited to, labor organizations and  
3 private counsel.

4 In no event shall the System, its staff, or the Board be  
5 held liable for any information given to a member regarding the  
6 elections under this Section. The System shall coordinate with  
7 the Illinois Department of Central Management Services and each  
8 other retirement system administering an election in  
9 accordance with this amendatory Act of the 100th General  
10 Assembly to provide information concerning the impact of the  
11 election set forth in this Section.

12 (e) Notwithstanding any other provision of law, an employer  
13 under this Article is required to offer any future increases in  
14 income expressly and irrevocably on the condition of not  
15 constituting "earnings" under Section 15-111 to any Tier 1  
16 employee who has made an election under paragraph (2) of  
17 subsection (a) of this Section. A Tier 1 employee who has made  
18 an election under paragraph (2) of subsection (a) of this  
19 Section shall not accept any future increase in income that is  
20 offered by an employer under this Article without the condition  
21 set forth in this subsection.

22 For purposes of legislative intent, the condition set forth  
23 in this subsection shall be construed in a manner that ensures  
24 that the condition is not violated or circumvented through any  
25 contrivance of any kind.

26 (f) A member's election under this Section is not a

1 prohibited election under subdivision (j)(1) of Section 1-119  
2 of this Code.

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

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

14 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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



1           Rule 1: The retirement annuity shall be 1.67% of final rate  
2 of earnings for each of the first 10 years of service, 1.90%  
3 for each of the next 10 years of service, 2.10% for each year  
4 of service in excess of 20 but not exceeding 30, and 2.30% for  
5 each year in excess of 30; or for persons who retire on or  
6 after January 1, 1998, 2.2% of the final rate of earnings for  
7 each year of service.

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

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

16           (ii) an annuity from employer contributions of an  
17 amount equal to that which can be provided on an  
18 actuarially equivalent basis from the accumulated normal  
19 contributions made by the participant under Section  
20 15-113.6 and Section 15-113.7 plus 1.4 times all other  
21 accumulated normal contributions made by the participant;  
22 and

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

26           With respect to a police officer or firefighter who retires

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

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

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

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

20 Rule 3: The retirement annuity of a participant who is  
21 employed at least one-half time during the period on which his  
22 or her final rate of earnings is based, shall be equal to the  
23 participant's years of service not to exceed 30, multiplied by  
24 (1) \$96 if the participant's final rate of earnings is less  
25 than \$3,500, (2) \$108 if the final rate of earnings is at least  
26 \$3,500 but less than \$4,500, (3) \$120 if the final rate of

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

12 Rule 4: A participant who is at least age 50 and has 25 or  
13 more years of service as a police officer or firefighter, and a  
14 participant who is age 55 or over and has at least 20 but less  
15 than 25 years of service as a police officer or firefighter,  
16 shall be entitled to a retirement annuity of 2 1/4% of the  
17 final rate of earnings for each of the first 10 years of  
18 service as a police officer or firefighter, 2 1/2% for each of  
19 the next 10 years of service as a police officer or  
20 firefighter, and 2 3/4% for each year of service as a police  
21 officer or firefighter in excess of 20. The retirement annuity  
22 for all other service shall be computed under Rule 1. A Tier 2  
23 member is eligible for a retirement annuity calculated under  
24 Rule 4 only if that Tier 2 member meets the service  
25 requirements for that benefit calculation as prescribed under  
26 this Rule 4 in addition to the applicable age requirement under

1 subsection (a-5) of Section 15-135.

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

4 (i) service that is performed while the person is an  
5 employee under subsection (h) of Section 15-107; and

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

17 (b) For a Tier 1 member, the retirement annuity provided  
18 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each  
19 month the participant is under age 60 at the time of  
20 retirement. However, this reduction shall not apply in the  
21 following cases:

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

26 (2) For a participant who has at least the number of

1 years of service required to retire at any age under  
2 subsection (a) of Section 15-135; or

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

9 (b-5) The retirement annuity of a Tier 2 member who is  
10 retiring after attaining age 62 with at least 10 years of  
11 service credit shall be reduced by 1/2 of 1% for each full  
12 month that the member's age is under age 67.

13 (c) The maximum retirement annuity provided under Rules 1,  
14 2, 4, and 5 shall be the lesser of (1) the annual limit of  
15 benefits as specified in Section 415 of the Internal Revenue  
16 Code of 1986, as such Section may be amended from time to time  
17 and as such benefit limits shall be adjusted by the  
18 Commissioner of Internal Revenue, and (2) 80% of final rate of  
19 earnings.

20 (d) Subject to the provisions of subsection (d-1), a ~~A~~ Tier  
21 1 member whose status as an employee terminates after August  
22 14, 1969 shall receive automatic increases in his or her  
23 retirement annuity as follows:

24 Effective January 1 immediately following the date the  
25 retirement annuity begins, the annuitant shall receive an  
26 increase in his or her monthly retirement annuity of 0.125% of

1 the monthly retirement annuity provided under Rule 1, Rule 2,  
2 Rule 3, or Rule 4 contained in this Section, multiplied by the  
3 number of full months which elapsed from the date the  
4 retirement annuity payments began to January 1, 1972, plus  
5 0.1667% of such annuity, multiplied by the number of full  
6 months which elapsed from January 1, 1972, or the date the  
7 retirement annuity payments began, whichever is later, to  
8 January 1, 1978, plus 0.25% of such annuity multiplied by the  
9 number of full months which elapsed from January 1, 1978, or  
10 the date the retirement annuity payments began, whichever is  
11 later, to the effective date of the increase.

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

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

25 The change made in this subsection by P.A. 85-1008 is  
26 effective January 26, 1988, and is applicable without regard to

1 whether status as an employee terminated before that date.

2 (d-1) Notwithstanding any other provision of this Article,  
3 for a Tier 1 employee who made the election under paragraph (1)  
4 of subsection (a) of Section 15-132.9:

5 (1) The initial increase in retirement annuity under  
6 this Section shall occur on the January 1 occurring either  
7 on or after the attainment of age 67 or the fifth  
8 anniversary of the annuity start date, whichever is  
9 earlier.

10 (2) The amount of each automatic annual increase in  
11 retirement annuity occurring on or after the effective date  
12 of that election shall be calculated as a percentage of the  
13 originally granted retirement annuity, equal to 3% or  
14 one-half the annual unadjusted percentage increase (but  
15 not less than zero) in the consumer price index-u for the  
16 12 months ending with the September preceding each November  
17 1, whichever is less. If the annual unadjusted percentage  
18 change in the consumer price index-u for the 12 months  
19 ending with the September preceding each November 1 is zero  
20 or there is a decrease, then the annuity shall not be  
21 increased.

22 For the purposes of this Section, "consumer price index-u"  
23 means the index published by the Bureau of Labor Statistics of  
24 the United States Department of Labor that measures the average  
25 change in prices of goods and services purchased by all urban  
26 consumers, United States city average, all items, 1982-84 =

1 100. The new amount resulting from each annual adjustment shall  
2 be determined by the Public Pension Division of the Department  
3 of Insurance and made available to the board of the retirement  
4 system by November 1 of each year.

5 (d-5) A retirement annuity of a Tier 2 member shall receive  
6 annual increases on the January 1 occurring either on or after  
7 the attainment of age 67 or the first anniversary of the  
8 annuity start date, whichever is later. Each annual increase  
9 shall be calculated at 3% or one half the annual unadjusted  
10 percentage increase (but not less than zero) in the consumer  
11 price index-u for the 12 months ending with the September  
12 preceding each November 1, whichever is less, of the originally  
13 granted retirement annuity. If the annual unadjusted  
14 percentage change in the consumer price index-u for the 12  
15 months ending with the September preceding each November 1 is  
16 zero or there is a decrease, then the annuity shall not be  
17 increased.

18 (e) If, on January 1, 1987, or the date the retirement  
19 annuity payment period begins, whichever is later, the sum of  
20 the retirement annuity provided under Rule 1 or Rule 2 of this  
21 Section and the automatic annual increases provided under the  
22 preceding subsection or Section 15-136.1, amounts to less than  
23 the retirement annuity which would be provided by Rule 3, the  
24 retirement annuity shall be increased as of January 1, 1987, or  
25 the date the retirement annuity payment period begins,  
26 whichever is later, to the amount which would be provided by



1 Rule 3 of this Section. Such increased amount shall be  
2 considered as the retirement annuity in determining benefits  
3 provided under other Sections of this Article. This paragraph  
4 applies without regard to whether status as an employee  
5 terminated before the effective date of this amendatory Act of  
6 1987, provided that the annuitant was employed at least  
7 one-half time during the period on which the final rate of  
8 earnings was based.

9 (f) A participant is entitled to such additional annuity as  
10 may be provided on an actuarially equivalent basis, by any  
11 accumulated additional contributions to his or her credit.  
12 However, the additional contributions made by the participant  
13 toward the automatic increases in annuity provided under this  
14 Section shall not be taken into account in determining the  
15 amount of such additional annuity.

16 (g) If, (1) by law, a function of a governmental unit, as  
17 defined by Section 20-107 of this Code, is transferred in whole  
18 or in part to an employer, and (2) a participant transfers  
19 employment from such governmental unit to such employer within  
20 6 months after the transfer of the function, and (3) the sum of  
21 (A) the annuity payable to the participant under Rule 1, 2, or  
22 3 of this Section (B) all proportional annuities payable to the  
23 participant by all other retirement systems covered by Article  
24 20, and (C) the initial primary insurance amount to which the  
25 participant is entitled under the Social Security Act, is less  
26 than the retirement annuity which would have been payable if

1 all of the participant's pension credits validated under  
2 Section 20-109 had been validated under this system, a  
3 supplemental annuity equal to the difference in such amounts  
4 shall be payable to the participant.

5 (h) On January 1, 1981, an annuitant who was receiving a  
6 retirement annuity on or before January 1, 1971 shall have his  
7 or her retirement annuity then being paid increased \$1 per  
8 month for each year of creditable service. On January 1, 1982,  
9 an annuitant whose retirement annuity began on or before  
10 January 1, 1977, shall have his or her retirement annuity then  
11 being paid increased \$1 per month for each year of creditable  
12 service.

13 (i) On January 1, 1987, any annuitant whose retirement  
14 annuity began on or before January 1, 1977, shall have the  
15 monthly retirement annuity increased by an amount equal to 8¢  
16 per year of creditable service times the number of years that  
17 have elapsed since the annuity began.

18 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
19 98-92, eff. 7-16-13.)

20 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

21 Sec. 15-155. Employer contributions.

22 (a) The State of Illinois shall make contributions by  
23 appropriations of amounts which, together with the other  
24 employer contributions from trust, federal, and other funds,  
25 employee contributions, income from investments, and other

1 income of this System, will be sufficient to meet the cost of  
2 maintaining and administering the System on a 90% funded basis  
3 in accordance with actuarial recommendations.

4 The Board shall determine the amount of State contributions  
5 required for each fiscal year on the basis of the actuarial  
6 tables and other assumptions adopted by the Board and the  
7 recommendations of the actuary, using the formula in subsection  
8 (a-1).

9 (a-1) For State fiscal years 2018 through 2045 (except as  
10 otherwise provided for fiscal year 2019), the minimum  
11 contribution to the System to be made by the State for each  
12 fiscal year shall be an amount determined by the System to be  
13 sufficient to bring the total assets of the System up to 90% of  
14 the total actuarial liabilities of the System by the end of  
15 State fiscal year 2045. In making these determinations, the  
16 required State contribution shall be calculated each year as a  
17 level percentage of total payroll, including payroll that is  
18 not deemed pensionable, over the years remaining to and  
19 including fiscal year 2045 and shall be determined under the  
20 projected unit credit actuarial cost method.

21 For State fiscal year 2019:

22 (1) The initial calculation and certification shall be  
23 based on the amount determined above.

24 (2) For purposes of the recertification due on or  
25 before May 1, 2018, the recalculation of the required State  
26 contribution for fiscal year 2019 shall take into account

1 the effect on the System's liabilities of the elections  
2 made under Section 15-132.9.

3 (3) For purposes of the recertification due on or  
4 before October 1, 2018, the total required State  
5 contribution for fiscal year 2019 shall be reduced by the  
6 amount of the consideration payments made to Tier 1  
7 employees who made the election under paragraph (1) of  
8 subsection (a) of Section 15-132.9.

9 Beginning in State fiscal year 2018, any increase or  
10 decrease in State contribution over the prior fiscal year due  
11 exclusively to changes in actuarial or investment assumptions  
12 adopted by the Board shall be included in the State  
13 contribution to the System, as a percentage of the applicable  
14 employee payroll, and shall be increased in equal annual  
15 increments so that by the State fiscal year occurring 5 years  
16 after the adoption of the actuarial or investment assumptions,  
17 the State is contributing at the rate otherwise required under  
18 this Section.

19 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
20 contribution to the System to be made by the State for each  
21 fiscal year shall be an amount determined by the System to be  
22 sufficient to bring the total assets of the System up to 90% of  
23 the total actuarial liabilities of the System by the end of  
24 State fiscal year 2045. In making these determinations, the  
25 required State contribution shall be calculated each year as a  
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the  
2 projected unit credit actuarial cost method.

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

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2006 is  
10 \$166,641,900.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2007 is  
13 \$252,064,100.

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

20 Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2010 is  
22 \$702,514,000 and shall be made from the State Pensions Fund and  
23 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
24 7.2 of the General Obligation Bond Act, less (i) the pro rata  
25 share of bond sale expenses determined by the System's share of  
26 total bond proceeds, (ii) any amounts received from the General

1 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
2 proceeds due to the issuance of discounted bonds, if  
3 applicable.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2011 is  
6 the amount recertified by the System on or before April 1, 2011  
7 pursuant to Section 15-165 and shall be made from the State  
8 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
9 pursuant to Section 7.2 of the General Obligation Bond Act,  
10 less (i) the pro rata share of bond sale expenses determined by  
11 the System's share of total bond proceeds, (ii) any amounts  
12 received from the General Revenue Fund in fiscal year 2011, and  
13 (iii) any reduction in bond proceeds due to the issuance of  
14 discounted bonds, if applicable.

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

19 Amounts received by the System pursuant to Section 25 of  
20 the Budget Stabilization Act or Section 8.12 of the State  
21 Finance Act in any fiscal year do not reduce and do not  
22 constitute payment of any portion of the minimum State  
23 contribution required under this Article in that fiscal year.  
24 Such amounts shall not reduce, and shall not be included in the  
25 calculation of, the required State contributions under this  
26 Article in any future year until the System has reached a

1 funding ratio of at least 90%. A reference in this Article to  
2 the "required State contribution" or any substantially similar  
3 term does not include or apply to any amounts payable to the  
4 System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter, as calculated  
8 under this Section and certified under Section 15-165, shall  
9 not exceed an amount equal to (i) the amount of the required  
10 State contribution that would have been calculated under this  
11 Section for that fiscal year if the System had not received any  
12 payments under subsection (d) of Section 7.2 of the General  
13 Obligation Bond Act, minus (ii) the portion of the State's  
14 total debt service payments for that fiscal year on the bonds  
15 issued in fiscal year 2003 for the purposes of that Section  
16 7.2, as determined and certified by the Comptroller, that is  
17 the same as the System's portion of the total moneys  
18 distributed under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act. In determining this maximum for State  
20 fiscal years 2008 through 2010, however, the amount referred to  
21 in item (i) shall be increased, as a percentage of the  
22 applicable employee payroll, in equal increments calculated  
23 from the sum of the required State contribution for State  
24 fiscal year 2007 plus the applicable portion of the State's  
25 total debt service payments for fiscal year 2007 on the bonds  
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

1 the General Obligation Bond Act, so that, by State fiscal year  
2 2011, the State is contributing at the rate otherwise required  
3 under this Section.

4 (b) If an employee is paid from trust or federal funds, the  
5 employer shall pay to the Board contributions from those funds  
6 which are sufficient to cover the accruing normal costs on  
7 behalf of the employee. However, universities having employees  
8 who are compensated out of local auxiliary funds, income funds,  
9 or service enterprise funds are not required to pay such  
10 contributions on behalf of those employees. The local auxiliary  
11 funds, income funds, and service enterprise funds of  
12 universities shall not be considered trust funds for the  
13 purpose of this Article, but funds of alumni associations,  
14 foundations, and athletic associations which are affiliated  
15 with the universities included as employers under this Article  
16 and other employers which do not receive State appropriations  
17 are considered to be trust funds for the purpose of this  
18 Article.

19 (b-1) The City of Urbana and the City of Champaign shall  
20 each make employer contributions to this System for their  
21 respective firefighter employees who participate in this  
22 System pursuant to subsection (h) of Section 15-107. The rate  
23 of contributions to be made by those municipalities shall be  
24 determined annually by the Board on the basis of the actuarial  
25 assumptions adopted by the Board and the recommendations of the  
26 actuary, and shall be expressed as a percentage of salary for



1 each such employee. The Board shall certify the rate to the  
2 affected municipalities as soon as may be practical. The  
3 employer contributions required under this subsection shall be  
4 remitted by the municipality to the System at the same time and  
5 in the same manner as employee contributions.

6 (c) Through State fiscal year 1995: The total employer  
7 contribution shall be apportioned among the various funds of  
8 the State and other employers, whether trust, federal, or other  
9 funds, in accordance with actuarial procedures approved by the  
10 Board. State of Illinois contributions for employers receiving  
11 State appropriations for personal services shall be payable  
12 from appropriations made to the employers or to the System. The  
13 contributions for Class I community colleges covering earnings  
14 other than those paid from trust and federal funds, shall be  
15 payable solely from appropriations to the Illinois Community  
16 College Board or the System for employer contributions.

17 (d) Beginning in State fiscal year 1996, the required State  
18 contributions to the System shall be appropriated directly to  
19 the System and shall be payable through vouchers issued in  
20 accordance with subsection (c) of Section 15-165, except as  
21 provided in subsection (g).

22 (e) The State Comptroller shall draw warrants payable to  
23 the System upon proper certification by the System or by the  
24 employer in accordance with the appropriation laws and this  
25 Code.

26 (f) Normal costs under this Section means liability for

1 pensions and other benefits which accrues to the System because  
2 of the credits earned for service rendered by the participants  
3 during the fiscal year and expenses of administering the  
4 System, but shall not include the principal of or any  
5 redemption premium or interest on any bonds issued by the Board  
6 or any expenses incurred or deposits required in connection  
7 therewith.

8 (g) For academic years beginning on or after June 1, 2005  
9 and before July 1, 2018, if ~~if~~ the amount of a participant's  
10 earnings for any academic year used to determine the final rate  
11 of earnings, determined on a full-time equivalent basis,  
12 exceeds the amount of his or her earnings with the same  
13 employer for the previous academic year, determined on a  
14 full-time equivalent basis, by more than 6%, the participant's  
15 employer shall pay to the System, in addition to all other  
16 payments required under this Section and in accordance with  
17 guidelines established by the System, the present value of the  
18 increase in benefits resulting from the portion of the increase  
19 in earnings that is in excess of 6%. This present value shall  
20 be computed by the System on the basis of the actuarial  
21 assumptions and tables used in the most recent actuarial  
22 valuation of the System that is available at the time of the  
23 computation. The System may require the employer to provide any  
24 pertinent information or documentation.

25 Whenever it determines that a payment is or may be required  
26 under this subsection (g), the System shall calculate the

1 amount of the payment and bill the employer for that amount.  
2 The bill shall specify the calculations used to determine the  
3 amount due. If the employer disputes the amount of the bill, it  
4 may, within 30 days after receipt of the bill, apply to the  
5 System in writing for a recalculation. The application must  
6 specify in detail the grounds of the dispute and, if the  
7 employer asserts that the calculation is subject to subsection  
8 (h) or (i) of this Section, must include an affidavit setting  
9 forth and attesting to all facts within the employer's  
10 knowledge that are pertinent to the applicability of subsection  
11 (h) or (i). Upon receiving a timely application for  
12 recalculation, the System shall review the application and, if  
13 appropriate, recalculate the amount due.

14 The employer contributions required under this subsection  
15 (g) may be paid in the form of a lump sum within 90 days after  
16 receipt of the bill. If the employer contributions are not paid  
17 within 90 days after receipt of the bill, then interest will be  
18 charged at a rate equal to the System's annual actuarially  
19 assumed rate of return on investment compounded annually from  
20 the 91st day after receipt of the bill. Payments must be  
21 concluded within 3 years after the employer's receipt of the  
22 bill.

23 When assessing payment for any amount due under this  
24 subsection (g), the System shall include earnings, to the  
25 extent not established by a participant under Section 15-113.11  
26 or 15-113.12, that would have been paid to the participant had

1 the participant not taken (i) periods of voluntary or  
2 involuntary furlough occurring on or after July 1, 2015 and on  
3 or before June 30, 2017 or (ii) periods of voluntary pay  
4 reduction in lieu of furlough occurring on or after July 1,  
5 2015 and on or before June 30, 2017. Determining earnings that  
6 would have been paid to a participant had the participant not  
7 taken periods of voluntary or involuntary furlough or periods  
8 of voluntary pay reduction shall be the responsibility of the  
9 employer, and shall be reported in a manner prescribed by the  
10 System.

11 (g-1) For academic years beginning on or after July 1,  
12 2018, if the amount of a participant's earnings for any  
13 academic year used to determine the final rate of earnings,  
14 determined on a full-time equivalent basis, exceeds the amount  
15 of his or her earnings with the same employer for the previous  
16 academic year, determined on a full-time equivalent basis, by  
17 more than the unadjusted percentage increase in the consumer  
18 price index-u for the calendar year ending on the December 31  
19 immediately preceding the beginning of the academic year, then  
20 the participant's employer shall pay to the System, in addition  
21 to all other payments required under this Section and in  
22 accordance with guidelines established by the System, the  
23 present value of the increase in benefits resulting from the  
24 portion of the increase in earnings that is in excess of the  
25 unadjusted percentage increase in the consumer price index-u  
26 for the applicable calendar year. This present value shall be

1 computed by the System on the basis of the actuarial  
2 assumptions and tables used in the most recent actuarial  
3 valuation of the System that is available at the time of the  
4 computation. The System may require the employer to provide any  
5 pertinent information or documentation.

6 Whenever it determines that a payment is or may be required  
7 under this subsection (g-1), the System shall calculate the  
8 amount of the payment and bill the employer for that amount.  
9 The bill shall specify the calculations used to determine the  
10 amount due. If the employer disputes the amount of the bill, it  
11 may, within 30 days after receipt of the bill, apply to the  
12 System in writing for a recalculation. The application must  
13 specify in detail the grounds of the dispute and, if the  
14 employer asserts that the calculation is subject to subsection  
15 (i-1) of this Section, must include an affidavit setting forth  
16 and attesting to all facts within the employer's knowledge that  
17 are pertinent to the applicability of subsection (i-1). Upon  
18 receiving a timely application for recalculation, the System  
19 shall review the application and, if appropriate, recalculate  
20 the amount due.

21 The employer contributions required under this subsection  
22 (g-1) may be paid in the form of a lump sum within 90 days after  
23 receipt of the bill. If the employer contributions are not paid  
24 within 90 days after receipt of the bill, then interest shall  
25 be charged at a rate equal to the System's annual actuarially  
26 assumed rate of return on investment compounded annually from

1 the 91st day after receipt of the bill. Payments must be  
2 concluded within 3 years after the employer's receipt of the  
3 bill.

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

13 (h) This subsection (h) applies only to payments made or  
14 salary increases given on or after June 1, 2005 but before July  
15 1, 2011. The changes made by Public Act 94-1057 shall not  
16 require the System to refund any payments received before July  
17 31, 2006 (the effective date of Public Act 94-1057).

18 When assessing payment for any amount due under subsection  
19 (g), the System shall exclude earnings increases paid to  
20 participants under contracts or collective bargaining  
21 agreements entered into, amended, or renewed before June 1,  
22 2005.

23 When assessing payment for any amount due under subsection  
24 (g), the System shall exclude earnings increases paid to a  
25 participant at a time when the participant is 10 or more years  
26 from retirement eligibility under Section 15-135.

1           When assessing payment for any amount due under subsection  
2 (g), the System shall exclude earnings increases resulting from  
3 overload work, including a contract for summer teaching, or  
4 overtime when the employer has certified to the System, and the  
5 System has approved the certification, that: (i) in the case of  
6 overloads (A) the overload work is for the sole purpose of  
7 academic instruction in excess of the standard number of  
8 instruction hours for a full-time employee occurring during the  
9 academic year that the overload is paid and (B) the earnings  
10 increases are equal to or less than the rate of pay for  
11 academic instruction computed using the participant's current  
12 salary rate and work schedule; and (ii) in the case of  
13 overtime, the overtime was necessary for the educational  
14 mission.

15           When assessing payment for any amount due under subsection  
16 (g), the System shall exclude any earnings increase resulting  
17 from (i) a promotion for which the employee moves from one  
18 classification to a higher classification under the State  
19 Universities Civil Service System, (ii) a promotion in academic  
20 rank for a tenured or tenure-track faculty position, or (iii) a  
21 promotion that the Illinois Community College Board has  
22 recommended in accordance with subsection (k) of this Section.  
23 These earnings increases shall be excluded only if the  
24 promotion is to a position that has existed and been filled by  
25 a member for no less than one complete academic year and the  
26 earnings increase as a result of the promotion is an increase

1 that results in an amount no greater than the average salary  
2 paid for other similar positions.

3 (i) When assessing payment for any amount due under  
4 subsection (g), the System shall exclude any salary increase  
5 described in subsection (h) of this Section given on or after  
6 July 1, 2011 but before July 1, 2014 under a contract or  
7 collective bargaining agreement entered into, amended, or  
8 renewed on or after June 1, 2005 but before July 1, 2011.  
9 Notwithstanding any other provision of this Section, any  
10 payments made or salary increases given after June 30, 2014  
11 shall be used in assessing payment for any amount due under  
12 subsection (g) of this Section.

13 (i-1) When assessing payment for any amount due under  
14 subsection (g-1), the System shall exclude salary increases  
15 paid to participants under contracts or collective bargaining  
16 agreements entered into, amended, or renewed before the  
17 effective date of this amendatory Act of the 100th General  
18 Assembly.

19 (j) The System shall prepare a report and file copies of  
20 the report with the Governor and the General Assembly by  
21 January 1, 2007 that contains all of the following information:

22 (1) The number of recalculations required by the  
23 changes made to this Section by Public Act 94-1057 for each  
24 employer.

25 (2) The dollar amount by which each employer's  
26 contribution to the System was changed due to



1 recalculations required by Public Act 94-1057.

2 (3) The total amount the System received from each  
3 employer as a result of the changes made to this Section by  
4 Public Act 94-4.

5 (4) The increase in the required State contribution  
6 resulting from the changes made to this Section by Public  
7 Act 94-1057.

8 (j-5) For academic years beginning on or after July 1,  
9 2018, if the amount of a participant's earnings for any  
10 academic year, determined on a full-time equivalent basis,  
11 exceeds the amount of the salary set for the Governor, the  
12 participant's employer shall pay to the System, in addition to  
13 all other payments required under this Section and in  
14 accordance with guidelines established by the System, the  
15 amount of the earnings that exceed the salary set for the  
16 Governor multiplied by the level percentage of payroll used in  
17 that fiscal year, as determined by the System, to be sufficient  
18 to bring the total assets of the System up to 90% of the total  
19 actuarial liabilities of the System by the end of State fiscal  
20 year 2045. This amount shall be computed by the System on the  
21 basis of the actuarial assumptions and tables used in the most  
22 recent actuarial valuation of the System that is available at  
23 the time of the computation. The System may require the  
24 employer to provide any pertinent information or  
25 documentation.

26 Whenever it determines that a payment is or may be required

1 under this subsection, the System shall calculate the amount of  
2 the payment and bill the employer for that amount. The bill  
3 shall specify the calculations used to determine the amount  
4 due. If the employer disputes the amount of the bill, it may,  
5 within 30 days after receipt of the bill, apply to the System  
6 in writing for a recalculation. The application must specify in  
7 detail the grounds of the dispute. Upon receiving a timely  
8 application for recalculation, the System shall review the  
9 application and, if appropriate, recalculate the amount due.

10 The employer contributions required under this subsection  
11 may be paid in the form of a lump sum within 90 days after  
12 receipt of the bill. If the employer contributions are not paid  
13 within 90 days after receipt of the bill, then interest will be  
14 charged at a rate equal to the System's annual actuarially  
15 assumed rate of return on investment compounded annually from  
16 the 91st day after receipt of the bill. Payments must be  
17 concluded within 3 years after the employer's receipt of the  
18 bill.

19 (k) The Illinois Community College Board shall adopt rules  
20 for recommending lists of promotional positions submitted to  
21 the Board by community colleges and for reviewing the  
22 promotional lists on an annual basis. When recommending  
23 promotional lists, the Board shall consider the similarity of  
24 the positions submitted to those positions recognized for State  
25 universities by the State Universities Civil Service System.  
26 The Illinois Community College Board shall file a copy of its

1 findings with the System. The System shall consider the  
2 findings of the Illinois Community College Board when making  
3 determinations under this Section. The System shall not exclude  
4 any earnings increases resulting from a promotion when the  
5 promotion was not submitted by a community college. Nothing in  
6 this subsection (k) shall require any community college to  
7 submit any information to the Community College Board.

8 (l) For purposes of determining the required State  
9 contribution to the System, the value of the System's assets  
10 shall be equal to the actuarial value of the System's assets,  
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's  
13 assets shall be equal to the market value of the assets as of  
14 that date. In determining the actuarial value of the System's  
15 assets for fiscal years after June 30, 2008, any actuarial  
16 gains or losses from investment return incurred in a fiscal  
17 year shall be recognized in equal annual amounts over the  
18 5-year period following that fiscal year.

19 (m) For purposes of determining the required State  
20 contribution to the system for a particular year, the actuarial  
21 value of assets shall be assumed to earn a rate of return equal  
22 to the system's actuarially assumed rate of return.

23 (n) If Section 15-132.9 is determined to be  
24 unconstitutional or otherwise invalid by a final unappealable  
25 decision of an Illinois court or a court of competent  
26 jurisdiction, then the changes made to this Section by this

1 amendatory Act of the 100th General Assembly shall not take  
2 effect and are repealed by operation of law.

3 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;  
4 99-897, eff. 1-1-17.)

5 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

6 Sec. 15-157. Employee Contributions.

7 (a) Each participating employee shall make contributions  
8 towards the retirement benefits payable under the retirement  
9 program applicable to the employee from each payment of  
10 earnings applicable to employment under this system on and  
11 after the date of becoming a participant as follows: Prior to  
12 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
13 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
14 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
15 are to be considered as normal contributions for purposes of  
16 this Article.

17 Each participant who is a police officer or firefighter  
18 shall make normal contributions of 8% of each payment of  
19 earnings applicable to employment as a police officer or  
20 firefighter under this system on or after September 1, 1981,  
21 unless he or she files with the board within 60 days after the  
22 effective date of this amendatory Act of 1991 or 60 days after  
23 the board receives notice that he or she is employed as a  
24 police officer or firefighter, whichever is later, a written  
25 notice waiving the retirement formula provided by Rule 4 of

1 Section 15-136. This waiver shall be irrevocable. If a  
2 participant had met the conditions set forth in Section  
3 15-132.1 prior to the effective date of this amendatory Act of  
4 1991 but failed to make the additional normal contributions  
5 required by this paragraph, he or she may elect to pay the  
6 additional contributions plus compound interest at the  
7 effective rate. If such payment is received by the board, the  
8 service shall be considered as police officer service in  
9 calculating the retirement annuity under Rule 4 of Section  
10 15-136. While performing service described in clause (i) or  
11 (ii) of Rule 4 of Section 15-136, a participating employee  
12 shall be deemed to be employed as a firefighter for the purpose  
13 of determining the rate of employee contributions under this  
14 Section.

15 (b) Starting September 1, 1969, each participating  
16 employee shall make additional contributions of 1/2 of 1% of  
17 earnings to finance a portion of the cost of the annual  
18 increases in retirement annuity provided under Section 15-136,  
19 except that with respect to participants in the self-managed  
20 plan this additional contribution shall be used to finance the  
21 benefits obtained under that retirement program. Beginning  
22 July 1, 2018 or the effective date of the Tier 1 employee's  
23 election under paragraph (1) of subsection (a) of Section  
24 15-132.9, whichever is later, each Tier 1 employee who made the  
25 election under paragraph (1) of subsection (a) of Section  
26 15-132.9 is no longer required to make contributions under this

1 subsection.

2 (c) Except as provided in subsection (c-5), in ~~in~~ addition  
3 to the amounts described in subsections (a) and (b) of this  
4 Section, each participating employee shall make contributions  
5 of 1% of earnings applicable under this system on and after  
6 August 1, 1959. The contributions made under this subsection  
7 (c) shall be considered as survivor's insurance contributions  
8 for purposes of this Article if the employee is covered under  
9 the traditional benefit package, and such contributions shall  
10 be considered as additional contributions for purposes of this  
11 Article if the employee is participating in the self-managed  
12 plan or has elected to participate in the portable benefit  
13 package and has completed the applicable one-year waiting  
14 period. Contributions in excess of \$80 during any fiscal year  
15 beginning before August 31, 1969 and in excess of \$120 during  
16 any fiscal year thereafter until September 1, 1971 shall be  
17 considered as additional contributions for purposes of this  
18 Article.

19 (c-5) Beginning July 1, 2018 or the effective date of the  
20 Tier 1 employee's election under paragraph (1) of subsection  
21 (a) of Section 15-132.9, whichever is later, in lieu of the  
22 contributions otherwise required under subsection (c), each  
23 Tier 1 employee who made the election under paragraph (1) of  
24 subsection (a) of Section 15-132.9 shall make contributions of  
25 0.7% of earnings applicable under this System and each Tier 1  
26 employee who is a police officer or firefighter who makes

1 normal contributions of 8% of each payment of earnings  
2 applicable to employment as a police officer or firefighter  
3 under this System and who made the election under paragraph (1)  
4 of subsection (a) of Section 15-132.9 shall make contributions  
5 of 0.55% of earnings applicable under this System. The  
6 contributions made under this subsection (c-5) shall be  
7 considered as survivor's insurance contributions for purposes  
8 of this Article and such contributions shall be considered as  
9 additional contributions for purposes of this Article if the  
10 employee has elected to participate in the portable benefit  
11 package and has completed the applicable one-year waiting  
12 period.

13 (d) If the board by board rule so permits and subject to  
14 such conditions and limitations as may be specified in its  
15 rules, a participant may make other additional contributions of  
16 such percentage of earnings or amounts as the participant shall  
17 elect in a written notice thereof received by the board.

18 (e) That fraction of a participant's total accumulated  
19 normal contributions, the numerator of which is equal to the  
20 number of years of service in excess of that which is required  
21 to qualify for the maximum retirement annuity, and the  
22 denominator of which is equal to the total service of the  
23 participant, shall be considered as accumulated additional  
24 contributions. The determination of the applicable maximum  
25 annuity and the adjustment in contributions required by this  
26 provision shall be made as of the date of the participant's

1 retirement.

2 (f) Notwithstanding the foregoing, a participating  
3 employee shall not be required to make contributions under this  
4 Section after the date upon which continuance of such  
5 contributions would otherwise cause his or her retirement  
6 annuity to exceed the maximum retirement annuity as specified  
7 in clause (1) of subsection (c) of Section 15-136.

8 (g) A participant may make contributions for the purchase  
9 of service credit under this Article; however, only a  
10 participating employee may make optional contributions under  
11 subsection (b) of Section 15-157.1 of this Article.

12 (h) A Tier 2 member shall not make contributions on  
13 earnings that exceed the limitation as prescribed under  
14 subsection (b) of Section 15-111 of this Article.

15 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

16 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

19 Sec. 15-165. To certify amounts and submit vouchers.

20 (a) The Board shall certify to the Governor on or before  
21 November 15 of each year until November 15, 2011 the  
22 appropriation required from State funds for the purposes of  
23 this System for the following fiscal year. The certification  
24 under this subsection (a) shall include a copy of the actuarial  
25 recommendations upon which it is based and shall specifically



1 identify the System's projected State normal cost for that  
2 fiscal year and the projected State cost for the self-managed  
3 plan for that fiscal year.

4 On or before May 1, 2004, the Board shall recalculate and  
5 recertify to the Governor the amount of the required State  
6 contribution to the System for State fiscal year 2005, taking  
7 into account the amounts appropriated to and received by the  
8 System under subsection (d) of Section 7.2 of the General  
9 Obligation Bond Act.

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

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

21 (a-5) On or before November 1 of each year, beginning  
22 November 1, 2012, the Board shall submit to the State Actuary,  
23 the Governor, and the General Assembly a proposed certification  
24 of the amount of the required State contribution to the System  
25 for the next fiscal year, along with all of the actuarial  
26 assumptions, calculations, and data upon which that proposed

1 certification is based. On or before January 1 of each year,  
2 beginning January 1, 2013, the State Actuary shall issue a  
3 preliminary report concerning the proposed certification and  
4 identifying, if necessary, recommended changes in actuarial  
5 assumptions that the Board must consider before finalizing its  
6 certification of the required State contributions. On or before  
7 January 15, 2013 and each January 15 thereafter, the Board  
8 shall certify to the Governor and the General Assembly the  
9 amount of the required State contribution for the next fiscal  
10 year. The Board's certification must note, in a written  
11 response to the State Actuary, any deviations from the State  
12 Actuary's recommended changes, the reason or reasons for not  
13 following the State Actuary's recommended changes, and the  
14 fiscal impact of not following the State Actuary's recommended  
15 changes on the required State contribution.

16 (a-10) As soon as practical after the effective date of  
17 this amendatory Act of the 100th General Assembly, the State  
18 Actuary and the Board shall recalculate and recertify to the  
19 Governor and the General Assembly the amount of the State  
20 contribution to the System for State fiscal year 2018, taking  
21 into account the changes in required State contributions made  
22 by this amendatory Act of the 100th General Assembly.

23 (a-15) On or before May 1, 2018, the Board shall  
24 recalculate and recertify to the Governor and the General  
25 Assembly the amount of the required State contribution to the  
26 System for State fiscal year 2019, taking into account the

1 effect on the System's liabilities of the elections made under  
2 Section 15-132.9.

3 On or before October 1, 2018, the Board shall recalculate  
4 and recertify to the Governor and the General Assembly the  
5 amount of the required State contribution to the System for  
6 State fiscal year 2019, taking into account the reduction  
7 specified under item (3) of subsection (a-1) of Section 15-155.

8 (b) The Board shall certify to the State Comptroller or  
9 employer, as the case may be, from time to time, by its  
10 chairperson and secretary, with its seal attached, the amounts  
11 payable to the System from the various funds.

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

26 If in any month the amount remaining unexpended from all

1 other appropriations to the System for the applicable fiscal  
2 year (including the appropriations to the System under Section  
3 8.12 of the State Finance Act and Section 1 of the State  
4 Pension Funds Continuing Appropriation Act) is less than the  
5 amount lawfully vouchered under this Section, the difference  
6 shall be paid from the General Revenue Fund under the  
7 continuing appropriation authority provided in Section 1.1 of  
8 the State Pension Funds Continuing Appropriation Act.

9 (d) So long as the payments received are the full amount  
10 lawfully vouchered under this Section, payments received by the  
11 System under this Section shall be applied first toward the  
12 employer contribution to the self-managed plan established  
13 under Section 15-158.2. Payments shall be applied second toward  
14 the employer's portion of the normal costs of the System, as  
15 defined in subsection (f) of Section 15-155. The balance shall  
16 be applied toward the unfunded actuarial liabilities of the  
17 System.

18 (e) In the event that the System does not receive, as a  
19 result of legislative enactment or otherwise, payments  
20 sufficient to fully fund the employer contribution to the  
21 self-managed plan established under Section 15-158.2 and to  
22 fully fund that portion of the employer's portion of the normal  
23 costs of the System, as calculated in accordance with Section  
24 15-155(a-1), then any payments received shall be applied  
25 proportionately to the optional retirement program established  
26 under Section 15-158.2 and to the employer's portion of the

1 normal costs of the System, as calculated in accordance with  
2 Section 15-155(a-1).

3 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

4 (40 ILCS 5/15-198)

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

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

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

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

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

1 increase in cost to the System as it accrues.

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

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

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

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

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

9 (40 ILCS 5/15-200.1 new)

10 Sec. 15-200.1. Defined contribution plan.

11 (a) By July 1, 2018, the System shall prepare and implement  
12 a voluntary defined contribution plan for up to 5% of eligible  
13 active Tier 1 employees. The System shall determine the 5% cap  
14 by the number of active Tier 1 employees on the effective date  
15 of this Section. The defined contribution plan developed under  
16 this Section shall be a plan that aggregates employer and  
17 employee contributions in individual participant accounts  
18 which, after meeting any other requirements, are used for  
19 payouts after retirement in accordance with this Section and  
20 any other applicable laws.

21 As used in this Section, "defined benefit plan" means the  
22 retirement plan available under this Article to Tier 1  
23 employees who have not made the election authorized under this  
24 Section.

25 (1) Under the defined contribution plan, an active Tier

1 1 employee of this System could elect to cease accruing  
2 benefits in the defined benefit plan under this Article and  
3 begin accruing benefits for future service in the defined  
4 contribution plan. Service credit under the defined  
5 contribution plan may be used for determining retirement  
6 eligibility under the defined benefit plan. An active Tier  
7 1 employee who elects to cease accruing benefits in his or  
8 her defined benefit plan shall be prohibited from  
9 purchasing service credit on or after the date of his or  
10 her election. A Tier 1 employee making the irrevocable  
11 election provided under this Section shall not receive  
12 interest accruals to his or her Rule 2 benefit on or after  
13 the date of his or her election.

14 (2) Participants in the defined contribution plan  
15 shall pay employee contributions at the same rate as other  
16 participants under this Article as determined by the  
17 System.

18 (3) State contributions shall be paid into the accounts  
19 of all participants in the defined contribution plan at a  
20 uniform rate, expressed as a percentage of earnings and  
21 determined for each year. This rate shall be no higher than  
22 the employer's normal cost for Tier 1 employees in the  
23 defined benefit plan for that year, as determined by the  
24 System and expressed as a percentage of earnings, and shall  
25 be no lower than 3% of earnings. The State shall adjust  
26 this rate annually.



1           (4) The defined contribution plan shall require 5 years  
2           of participation in the defined contribution plan before  
3           vesting in State contributions. If the participant fails to  
4           vest in them, the State contributions, and the earnings  
5           thereon, shall be forfeited.

6           (5) The defined contribution plan may provide for  
7           participants in the plan to be eligible for the defined  
8           disability benefits available to other participants under  
9           this Article. If it does, the System shall reduce the  
10           employee contributions credited to the member's defined  
11           contribution plan account by an amount determined by the  
12           System to cover the cost of offering such benefits.

13           (6) The defined contribution plan shall provide a  
14           variety of options for investments. These options shall  
15           include investments handled by the System as well as  
16           private sector investment options.

17           (7) The defined contribution plan shall provide a  
18           variety of options for payouts to retirees and their  
19           survivors.

20           (8) To the extent authorized under federal law and as  
21           authorized by the System, the plan shall allow former  
22           participants in the plan to transfer or roll over employee  
23           and vested State contributions, and the earnings thereon,  
24           into other qualified retirement plans.

25           (9) The System shall reduce the employee contributions  
26           credited to the member's defined contribution plan account

1 by an amount determined by the System to cover the cost of  
2 offering these benefits and any applicable administrative  
3 fees.

4 (b) Only persons who are active Tier 1 employees of the  
5 System on the effective date of this Section are eligible to  
6 participate in the defined contribution plan. Participation in  
7 the defined contribution plan shall be limited to the first 5%  
8 of eligible persons who elect to participate. The election to  
9 participate in the defined contribution plan is voluntary and  
10 irrevocable.

11 (c) An eligible Tier 1 employee may irrevocably elect to  
12 participate in the defined contribution plan by filing with the  
13 System a written application to participate that is received by  
14 the System prior to its determination that 5% of eligible  
15 persons have elected to participate in the defined contribution  
16 plan.

17 When the System first determines that 5% of eligible  
18 persons have elected to participate in the defined contribution  
19 plan, the System shall provide notice to previously eligible  
20 employees that the plan is no longer available and shall cease  
21 accepting applications to participate.

22 (d) The System shall make a good faith effort to contact  
23 each active Tier 1 employee who is eligible to participate in  
24 the defined contribution plan. The System shall mail  
25 information describing the option to join the defined  
26 contribution plan to each of these employees to his or her last

1 known address on file with the System. If the employee is not  
2 responsive to other means of contact, it is sufficient for the  
3 System to publish the details of the option on its website.

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

19 (e) 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 defined  
24 contribution plan in accordance with this amendatory Act of the  
25 100th General Assembly to provide information concerning the  
26 impact of the option set forth in this Section.

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

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

10       (h) If an active Tier 1 employee has not made an election  
11 under Section 15-134.5 of this Code, then the plan prescribed  
12 under this Section shall not apply to that Tier 1 employee and  
13 that Tier 1 employee shall remain eligible to make the election  
14 prescribed under Section 15-134.5.

15       (i) The intent of this amendatory Act of the 100th General  
16 Assembly is to ensure that the State's normal cost of  
17 participation in the defined contribution plan is similar, and  
18 if possible equal, to the State's normal cost of participation  
19 in the defined benefit plan, unless a lower State's normal cost  
20 is necessary to ensure cost neutrality.

21       (j) If Section 15-132.9 is determined to be  
22 unconstitutional or otherwise invalid by a final unappealable  
23 decision of an Illinois court or a court of competent  
24 jurisdiction, then this Section shall not take effect and is  
25 repealed by operation of law.

1 (40 ILCS 5/15-201.1 new)

2 Sec. 15-201.1. Defined contribution plan; termination. If  
3 the defined contribution plan is terminated or becomes  
4 inoperative pursuant to law, then each participant in the plan  
5 shall automatically be deemed to have been a contributing Tier  
6 1 employee participating in the System's defined benefit plan  
7 during the time in which he or she participated in the defined  
8 contribution plan, and for that purpose the System shall be  
9 entitled to recover the amounts in the participant's defined  
10 contribution accounts.

11 (40 ILCS 5/16-107.1 new)

12 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A  
13 teacher under this Article who first became a member or  
14 participant before January 1, 2011 under any reciprocal  
15 retirement system or pension fund established under this Code  
16 other than a retirement system or pension fund established  
17 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for  
18 the purposes of the election under Section 16-122.9, "Tier 1  
19 employee" does not include a teacher under this Article who  
20 would qualify as a Tier 1 employee but who has made an  
21 irrevocable election on or before June 1, 2017 to retire from  
22 service pursuant to the terms of a collective bargaining  
23 agreement in effect on June 1, 2017, excluding any extension,  
24 amendment, or renewal of that agreement on or after that date,  
25 and has notified the System of that election.

1 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

4 Sec. 16-121. Salary. "Salary": The actual compensation  
5 received by a teacher during any school year and recognized by  
6 the system in accordance with rules of the board. For purposes  
7 of this Section, "school year" includes the regular school term  
8 plus any additional period for which a teacher is compensated  
9 and such compensation is recognized by the rules of the board.

10 Notwithstanding any other provision of this Section,  
11 "salary" does not include any future increase in income that is  
12 offered by an employer for service as a Tier 1 employee under  
13 this Article pursuant to the condition set forth in subsection  
14 (c) of Section 16-122.9 and accepted under that condition by a  
15 Tier 1 employee who has made the election under paragraph (2)  
16 of subsection (a) of Section 16-122.9.

17 Notwithstanding any other provision of this Section,  
18 "salary" does not include any consideration payment made to a  
19 Tier 1 employee.

20 (Source: P.A. 84-1028.)

21 (40 ILCS 5/16-121.1 new)

22 Sec. 16-121.1. Future increase in income. "Future increase  
23 in income" means an increase in income in any form offered by  
24 an employer to a Tier 1 employee for service under this Article

1 after June 30, 2018 that qualifies as "salary", as defined in  
2 Section 16-121, or would qualify as "salary" but for the fact  
3 that it was offered to and accepted by a Tier 1 employee under  
4 the condition set forth in subsection (c) of Section 16-122.9.  
5 The term "future increase in income" does not include an  
6 increase in income in any form that is paid to a Tier 1  
7 employee under an employment contract or a collective  
8 bargaining agreement that is in effect on the effective date of  
9 this Section, but does include an increase in income in any  
10 form pursuant to an extension, amendment, or renewal of any  
11 such employment contract or collective bargaining agreement on  
12 or after the effective date of this Section.

13 (40 ILCS 5/16-122.9 new)

14 Sec. 16-122.9. Election by Tier 1 employees.

15 (a) Each active Tier 1 employee shall make an irrevocable  
16 election either:

17 (1) to agree to delay his or her eligibility for  
18 automatic annual increases in retirement annuity as  
19 provided in subsection (a-1) of Section 16-133.1 or  
20 subsection (b-1) of Section 16-136.1, whichever is  
21 applicable, and to have the amount of the automatic annual  
22 increases in his or her retirement annuity that are  
23 otherwise provided for in this Article calculated,  
24 instead, as provided in subsection (a-1) of Section  
25 16-133.1 or subsection (b-1) of Section 16-136.1,

1 whichever is applicable; or

2 (2) to not agree to paragraph (1) of this subsection.

3 The election required under this subsection (a) shall be  
4 made by each active Tier 1 employee no earlier than January 1,  
5 2018 and no later than March 31, 2018, except that:

6 (i) a person who becomes a Tier 1 employee under this  
7 Article on or after February 1, 2018 must make the election  
8 under this subsection (a) within 60 days after becoming a  
9 Tier 1 employee; and

10 (ii) a person who returns to active service as a Tier 1  
11 employee under this Article on or after February 1, 2018  
12 and has not yet made an election under this Section must  
13 make the election under this subsection (a) within 60 days  
14 after returning to active service as a Tier 1 employee.

15 If a Tier 1 employee fails for any reason to make a  
16 required election under this subsection within the time  
17 specified, then the employee shall be deemed to have made the  
18 election under paragraph (2) of this subsection.

19 (a-5) If this Section is enjoined or stayed by an Illinois  
20 court or a court of competent jurisdiction pending the entry of  
21 a final and unappealable decision, and this Section is  
22 determined to be constitutional or otherwise valid by a final  
23 unappealable decision of an Illinois court or a court of  
24 competent jurisdiction, then the election procedure set forth  
25 in subsection (a) of this Section shall commence on the 180th  
26 calendar day after the date of the issuance of the final



1 unappealable decision and shall conclude at the end of the  
2 270th calendar day after that date.

3 (a-10) All elections under subsection (a) that are made or  
4 deemed to be made before July 1, 2018 shall take effect on July  
5 1, 2018. Elections that are made or deemed to be made on or  
6 after July 1, 2018 shall take effect on the first day of the  
7 month following the month in which the election is made or  
8 deemed to be made.

9 (b) As adequate and legal consideration provided under this  
10 amendatory Act of the 100th General Assembly for making an  
11 election under paragraph (1) of subsection (a) of this Section,  
12 an employer shall be expressly and irrevocably prohibited from  
13 offering any future increases in income to a Tier 1 employee  
14 who has made an election under paragraph (1) of subsection (a)  
15 of this Section on the condition of not constituting salary  
16 under Section 16-121.

17 As adequate and legal consideration provided under this  
18 amendatory Act of the 100th General Assembly for making an  
19 election under paragraph (1) of subsection (a) of this Section,  
20 each Tier 1 employee who has made an election under paragraph  
21 (1) of subsection (a) of this Section shall receive a  
22 consideration payment equal to 10% of the contributions made by  
23 or on behalf of the employee under paragraphs (1), (2), and (3)  
24 of subsection (a) of Section 16-152 before the effective date  
25 of that election. The State Comptroller shall pay the  
26 consideration payment to the Tier 1 employee out of funds

1 appropriated for that purpose under Section 1.9 of the State  
2 Pension Funds Continuing Appropriation Act. The System shall  
3 calculate the amount of each consideration payment and shall  
4 certify to the State Comptroller the amount of the  
5 consideration payment, together with the name, address, and any  
6 other available payment information of the Tier 1 employee as  
7 found in the records of the System.

8 (c) A Tier 1 employee who makes the election under  
9 paragraph (2) of subsection (a) of this Section shall not be  
10 subject to paragraph (1) of subsection (a) of this Section.  
11 However, any future increases in income offered by an employer  
12 under this Article to a Tier 1 employee who has made the  
13 election under paragraph (2) of subsection (a) of this Section  
14 shall be offered by the employer expressly and irrevocably on  
15 the condition of not constituting salary under Section 16-121,  
16 and the employee may not accept any future increase in income  
17 that is offered without this condition.

18 (d) The System shall make a good faith effort to contact  
19 each Tier 1 employee subject to this Section. The System shall  
20 mail information describing the required election to each Tier  
21 1 employee by United States Postal Service mail to his or her  
22 last known address on file with the System. If the Tier 1  
23 employee is not responsive to other means of contact, it is  
24 sufficient for the System to publish the details of any  
25 required elections on its website or to publish those details  
26 in a regularly published newsletter or other existing public

1 forum.

2 Tier 1 employees who are subject to this Section shall be  
3 provided with an election packet containing information  
4 regarding their options, as well as the forms necessary to make  
5 the required election. Upon request, the System shall offer  
6 Tier 1 employees an opportunity to receive information from the  
7 System before making the required election. The information may  
8 consist of video materials, group presentations, individual  
9 consultation with a member or authorized representative of the  
10 System in person or by telephone or other electronic means, or  
11 any combination of those methods. The System shall not provide  
12 advice or counseling with respect to which election a Tier 1  
13 employee should make or specific to the legal or tax  
14 circumstances of or consequences to the Tier 1 employee.

15 The System shall inform Tier 1 employees in the election  
16 packet required under this subsection that the Tier 1 employee  
17 may also wish to obtain information and counsel relating to the  
18 election required under this Section from any other available  
19 source, including, but not limited to, labor organizations and  
20 private counsel.

21 In no event shall the System, its staff, or the Board be  
22 held liable for any information given to a member regarding the  
23 elections under this Section. The System shall coordinate with  
24 the Illinois Department of Central Management Services and each  
25 other retirement system administering an election in  
26 accordance with this amendatory Act of the 100th General

1 Assembly to provide information concerning the impact of the  
2 election set forth in this Section.

3 (e) Notwithstanding any other provision of law, an employer  
4 under this Article is required to offer any future increases in  
5 income expressly and irrevocably on the condition of not  
6 constituting "salary" under Section 16-121 to any Tier 1  
7 employee who has made an election under paragraph (2) of  
8 subsection (a) of this Section. A Tier 1 employee who has made  
9 an election under paragraph (2) of subsection (a) of this  
10 Section shall not accept any future increase in income that is  
11 offered by an employer under this Article without the condition  
12 set forth in this subsection.

13 For purposes of legislative intent, the condition set forth  
14 in this subsection shall be construed in a manner that ensures  
15 that the condition is not violated or circumvented through any  
16 contrivance of any kind.

17 (f) A member's election under this Section is not a  
18 prohibited election under subdivision (j)(1) of Section 1-119  
19 of this Code.

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

23 (h) If an election created by this amendatory Act in any  
24 other Article of this Code or any change deriving from that  
25 election is determined to be unconstitutional or otherwise  
26 invalid by a final unappealable decision of an Illinois court

1 or a court of competent jurisdiction, the invalidity of that  
2 provision shall not in any way affect the validity of this  
3 Section or the changes deriving from the election required  
4 under this Section.

5 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

8 Sec. 16-133.1. Automatic annual increase in annuity.

9 (a) Each member with creditable service and retiring on or  
10 after August 26, 1969 is entitled to the automatic annual  
11 increases in annuity provided under this Section while  
12 receiving a retirement annuity or disability retirement  
13 annuity from the system.

14 Except as otherwise provided in subsection (a-1), an An  
15 annuitant shall first be entitled to an initial increase under  
16 this Section on the January 1 next following the first  
17 anniversary of retirement, or January 1 of the year next  
18 following attainment of age 61, whichever is later. At such  
19 time, the system shall pay an initial increase determined as  
20 follows:

21 (1) 1.5% of the originally granted retirement annuity  
22 or disability retirement annuity multiplied by the number  
23 of years elapsed, if any, from the date of retirement until  
24 January 1, 1972, plus

25 (2) 2% of the originally granted annuity multiplied by

1 the number of years elapsed, if any, from the date of  
2 retirement or January 1, 1972, whichever is later, until  
3 January 1, 1978, plus

4 (3) 3% of the originally granted annuity multiplied by  
5 the number of years elapsed from the date of retirement or  
6 January 1, 1978, whichever is later, until the effective  
7 date of the initial increase.

8 However, the initial annual increase calculated under this  
9 Section for the recipient of a disability retirement annuity  
10 granted under Section 16-149.2 shall be reduced by an amount  
11 equal to the total of all increases in that annuity received  
12 under Section 16-149.5 (but not exceeding 100% of the amount of  
13 the initial increase otherwise provided under this Section).

14 Except as otherwise provided in subsection (a-1),  
15 following ~~Following~~ the initial increase, automatic annual  
16 increases in annuity shall be payable on each January 1  
17 thereafter during the lifetime of the annuitant, determined as  
18 a percentage of the originally granted retirement annuity or  
19 disability retirement annuity for increases granted prior to  
20 January 1, 1990, and calculated as a percentage of the total  
21 amount of annuity, including previous increases under this  
22 Section, for increases granted on or after January 1, 1990, as  
23 follows: 1.5% for periods prior to January 1, 1972, 2% for  
24 periods after December 31, 1971 and prior to January 1, 1978,  
25 and 3% for periods after December 31, 1977.

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

1 for a Tier 1 employee who made the election under paragraph (1)  
2 of subsection (a) of Section 16-122.9:

3 (1) The initial increase in retirement annuity under  
4 this Section shall occur on the January 1 occurring either  
5 on or after the attainment of age 67 or the fifth  
6 anniversary of the annuity start date, whichever is  
7 earlier.

8 (2) The amount of each automatic annual increase in  
9 retirement annuity occurring on or after the effective date  
10 of that election shall be calculated as a percentage of the  
11 originally granted retirement annuity, equal to 3% or  
12 one-half the annual unadjusted percentage increase (but  
13 not less than zero) in the consumer price index-u for the  
14 12 months ending with the September preceding each November  
15 1, whichever is less. If the annual unadjusted percentage  
16 change in the consumer price index-u for the 12 months  
17 ending with the September preceding each November 1 is zero  
18 or there is a decrease, then the annuity shall not be  
19 increased.

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

1 of Insurance and made available to the board of the retirement  
2 system by November 1 of each year.

3 (b) The automatic annual increases in annuity provided  
4 under this Section shall not be applicable unless a member has  
5 made contributions toward such increases for a period  
6 equivalent to one full year of creditable service. If a member  
7 contributes for service performed after August 26, 1969 but the  
8 member becomes an annuitant before such contributions amount to  
9 one full year's contributions based on the salary at the date  
10 of retirement, he or she may pay the necessary balance of the  
11 contributions to the system and be eligible for the automatic  
12 annual increases in annuity provided under this Section.

13 (c) Each member shall make contributions toward the cost of  
14 the automatic annual increases in annuity as provided under  
15 Section 16-152.

16 (d) An annuitant receiving a retirement annuity or  
17 disability retirement annuity on July 1, 1969, who subsequently  
18 re-enters service as a teacher is eligible for the automatic  
19 annual increases in annuity provided under this Section if he  
20 or she renders at least one year of creditable service  
21 following the latest re-entry.

22 (e) In addition to the automatic annual increases in  
23 annuity provided under this Section, an annuitant who meets the  
24 service requirements of this Section and whose retirement  
25 annuity or disability retirement annuity began on or before  
26 January 1, 1971 shall receive, on January 1, 1981, an increase



1 in the annuity then being paid of one dollar per month for each  
2 year of creditable service. On January 1, 1982, an annuitant  
3 whose retirement annuity or disability retirement annuity  
4 began on or before January 1, 1977 shall receive an increase in  
5 the annuity then being paid of one dollar per month for each  
6 year of creditable service.

7 On January 1, 1987, any annuitant whose retirement annuity  
8 began on or before January 1, 1977, shall receive an increase  
9 in the monthly retirement annuity equal to 8¢ per year of  
10 creditable service times the number of years that have elapsed  
11 since the annuity began.

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

13 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

16 Sec. 16-136.1. Annual increase for certain annuitants.

17 (a) Any annuitant receiving a retirement annuity on June  
18 30, 1969 and any member retiring after June 30, 1969 shall be  
19 eligible for the annual increases provided under this Section  
20 provided the annuitant is ineligible for the automatic annual  
21 increase in annuity provided under Section 16-133.1, and  
22 provided further that (1) retirement occurred at age 55 or over  
23 and was based on 5 or more years of creditable service or (2)  
24 if retirement occurred prior to age 55, the retirement annuity  
25 was based on 20 or more years of creditable service.

1           (b) Except as otherwise provided in subsection (b-1), an ~~An~~  
2 annuitant entitled to increases under this Section shall be  
3 entitled to the initial increase as of the later of: (1)  
4 January 1 following attainment of age 65, (2) January 1  
5 following the first anniversary of retirement, or (3) the first  
6 day of the month following receipt of the required qualifying  
7 contribution from the annuitant. The initial monthly increase  
8 shall be computed on the basis of the period elapsed between  
9 the later of the date of last retirement or attainment of age  
10 50 and the date of qualification for the initial increase, at  
11 the rate of 1 1/2% of the original monthly retirement annuity  
12 per year for periods prior to September 1, 1971, and at the  
13 rate of 2% per year for periods between September 1, 1971 and  
14 September 1, 1978, and at the rate of 3% per year for periods  
15 thereafter.

16           Except as otherwise provided in subsection (b-1), if  
17 applicable, an ~~An~~ annuitant who has received an initial  
18 increase under this Section, shall be entitled, on each January  
19 1 following the granting of the initial increase, to an  
20 increase of 3% of the original monthly retirement annuity for  
21 increases granted prior to January 1, 1990, and equal to 3% of  
22 the total annuity, including previous increases under this  
23 Section, for increases granted on or after January 1, 1990. The  
24 original monthly retirement annuity for computations under  
25 this subsection (b) shall be considered to be \$83.34 for any  
26 annuitant entitled to benefits under Section 16-134. The

1 minimum original disability retirement annuity for  
2 computations under this subsection (b) shall be considered to  
3 be \$33.34 per month for any annuitant retired on account of  
4 disability.

5 (b-1) Notwithstanding any other provision of this Article,  
6 for a Tier 1 employee who made the election under paragraph (1)  
7 of subsection (a) of Section 16-122.9:

8 (1) The initial increase in retirement annuity under  
9 this Section shall occur on the January 1 occurring either  
10 on or after the attainment of age 67 or the fifth  
11 anniversary of the annuity start date, whichever is  
12 earlier.

13 (2) The amount of each automatic annual increase in  
14 retirement annuity occurring on or after the effective date  
15 of that election shall be calculated as a percentage of the  
16 originally granted retirement annuity, equal to 3% or  
17 one-half the annual unadjusted percentage increase (but  
18 not less than zero) in the consumer price index-u for the  
19 12 months ending with the September preceding each November  
20 1, whichever is less. If the annual unadjusted percentage  
21 change in the consumer price index-u for the 12 months  
22 ending with the September preceding each November 1 is zero  
23 or there is a decrease, then the annuity shall not be  
24 increased.

25 For the purposes of this Section, "consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

1 the United States Department of Labor that measures the average  
2 change in prices of goods and services purchased by all urban  
3 consumers, United States city average, all items, 1982-84 =  
4 100. The new amount resulting from each annual adjustment shall  
5 be determined by the Public Pension Division of the Department  
6 of Insurance and made available to the board of the retirement  
7 system by November 1 of each year.

8 (c) An annuitant who otherwise qualifies for annual  
9 increases under this Section must make a one-time payment of 1%  
10 of the monthly final average salary for each full year of the  
11 creditable service forming the basis of the retirement annuity  
12 or, if the retirement annuity was not computed using final  
13 average salary, 1% of the original monthly retirement annuity  
14 for each full year of service forming the basis of the  
15 retirement annuity.

16 (d) In addition to other increases which may be provided by  
17 this Section, regardless of creditable service, annuitants not  
18 meeting the service requirements of Section 16-133.1 and whose  
19 retirement annuity began on or before January 1, 1971 shall  
20 receive, on January 1, 1981, an increase in the retirement  
21 annuity then being paid of one dollar per month for each year  
22 of creditable service forming the basis of the retirement  
23 allowance. On January 1, 1982, annuitants whose retirement  
24 annuity began on or before January 1, 1977, shall receive an  
25 increase in the retirement annuity then being paid of one  
26 dollar per month for each year of creditable service.

1           On January 1, 1987, any annuitant whose retirement annuity  
2 began on or before January 1, 1977, shall receive an increase  
3 in the monthly retirement annuity equal to 8¢ per year of  
4 creditable service times the number of years that have elapsed  
5 since the annuity began.

6           (Source: P.A. 86-273.)

7           (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

10          Sec. 16-152. Contributions by members.

11          (a) Except as otherwise provided in subsection (a-5), each  
12 ~~Each~~ member shall make contributions for membership service to  
13 this System as follows:

14           (1) Effective July 1, 1998, contributions of 7.50% of  
15 salary towards the cost of the retirement annuity. Such  
16 contributions shall be deemed "normal contributions".

17           (2) Effective July 1, 1969, contributions of 1/2 of 1%  
18 of salary toward the cost of the automatic annual increase  
19 in retirement annuity provided under Section 16-133.1.

20           (3) Effective July 24, 1959, contributions of 1% of  
21 salary towards the cost of survivor benefits. Such  
22 contributions shall not be credited to the individual  
23 account of the member and shall not be subject to refund  
24 except as provided under Section 16-143.2.

25           (4) Effective July 1, 2005, contributions of 0.40% of

1 salary toward the cost of the early retirement without  
2 discount option provided under Section 16-133.2. This  
3 contribution shall cease upon termination of the early  
4 retirement without discount option as provided in Section  
5 16-133.2.

6 (a-5) Beginning July 1, 2018 or the effective date of the  
7 Tier 1 employee's election under paragraph (1) of subsection  
8 (a) of Section 16-122.9, whichever is later, in lieu of the  
9 contributions otherwise required under subsection (a), each  
10 Tier 1 employee who made the election under paragraph (1) of  
11 subsection (a) of Section 16-122.9 shall make contributions as  
12 follows:

13 (1) Contributions of 7.50% of salary towards the cost  
14 of the retirement annuity. Such contributions shall be  
15 deemed "normal contributions".

16 (2) Contributions of 0.60% towards the cost of survivor  
17 benefits. Such contributions shall not be credited to the  
18 individual account of the member and shall not be subject  
19 to refund except as provided in Section 16-143.2.

20 (3) Contributions of 0.40% of salary toward the cost of  
21 the early retirement without discount option provided  
22 under Section 16-133.2. This contribution shall cease upon  
23 termination of the early retirement without discount  
24 option as provided in Section 16-133.2.

25 (b) The minimum required contribution for any year of  
26 full-time teaching service shall be \$192.

1 (c) Contributions shall not be required of any annuitant  
2 receiving a retirement annuity who is given employment as  
3 permitted under Section 16-118 or 16-150.1.

4 (d) A person who (i) was a member before July 1, 1998, (ii)  
5 retires with more than 34 years of creditable service, and  
6 (iii) does not elect to qualify for the augmented rate under  
7 Section 16-129.1 shall be entitled, at the time of retirement,  
8 to receive a partial refund of contributions made under this  
9 Section for service occurring after the later of June 30, 1998  
10 or attainment of 34 years of creditable service, in an amount  
11 equal to 1.00% of the salary upon which those contributions  
12 were based.

13 (e) A member's contributions toward the cost of early  
14 retirement without discount made under item (a)(4) of this  
15 Section shall not be refunded if the member has elected early  
16 retirement without discount under Section 16-133.2 and has  
17 begun to receive a retirement annuity under this Article  
18 calculated in accordance with that election. Otherwise, a  
19 member's contributions toward the cost of early retirement  
20 without discount made under item (a)(4) of this Section shall  
21 be refunded according to whichever one of the following  
22 circumstances occurs first:

23 (1) The contributions shall be refunded to the member,  
24 without interest, within 120 days after the member's  
25 retirement annuity commences, if the member does not elect  
26 early retirement without discount under Section 16-133.2.

1           (2) The contributions shall be included, without  
2 interest, in any refund claimed by the member under Section  
3 16-151.

4           (3) The contributions shall be refunded to the member's  
5 designated beneficiary (or if there is no beneficiary, to  
6 the member's estate), without interest, if the member dies  
7 without having begun to receive a retirement annuity under  
8 this Article.

9           (4) The contributions shall be refunded to the member,  
10 without interest, if the early retirement without discount  
11 option provided under subsection (d) of Section 16-133.2 is  
12 terminated. In that event, the System shall provide to the  
13 member, within 120 days after the option is terminated, an  
14 application for a refund of those contributions.

15 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; 99-642,  
16 eff. 7-28-16.)

17           (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

20           Sec. 16-158. Contributions by State and other employing  
21 units.

22           (a) The State shall make contributions to the System by  
23 means of appropriations from the Common School Fund and other  
24 State funds of amounts which, together with other employer  
25 contributions, employee contributions, investment income, and



1 other income, will be sufficient to meet the cost of  
2 maintaining and administering the System on a 90% funded basis  
3 in accordance with actuarial recommendations.

4 The Board shall determine the amount of State contributions  
5 required for each fiscal year on the basis of the actuarial  
6 tables and other assumptions adopted by the Board and the  
7 recommendations of the actuary, using the formula in subsection  
8 (b-3).

9 (a-1) Annually, on or before November 15 until November 15,  
10 2011, the Board shall certify to the Governor the amount of the  
11 required State contribution for the coming fiscal year. The  
12 certification under this subsection (a-1) shall include a copy  
13 of the actuarial recommendations upon which it is based and  
14 shall specifically identify the System's projected State  
15 normal cost for that fiscal year.

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

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

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

7           (a-5) On or before November 1 of each year, beginning  
8           November 1, 2012, the Board shall submit to the State Actuary,  
9           the Governor, and the General Assembly a proposed certification  
10          of the amount of the required State contribution to the System  
11          for the next fiscal year, along with all of the actuarial  
12          assumptions, calculations, and data upon which that proposed  
13          certification is based. On or before January 1 of each year,  
14          beginning January 1, 2013, the State Actuary shall issue a  
15          preliminary report concerning the proposed certification and  
16          identifying, if necessary, recommended changes in actuarial  
17          assumptions that the Board must consider before finalizing its  
18          certification of the required State contributions. On or before  
19          January 15, 2013 and each January 15 thereafter, the Board  
20          shall certify to the Governor and the General Assembly the  
21          amount of the required State contribution for the next fiscal  
22          year. The Board's certification must note any deviations from  
23          the State Actuary's recommended changes, the reason or reasons  
24          for not following the State Actuary's recommended changes, and  
25          the fiscal impact of not following the State Actuary's  
26          recommended changes on the required State contribution.

1       (a-10) As soon as practical after the effective date of  
2 this amendatory Act of the 100th General Assembly, the State  
3 Actuary and the Board shall recalculate and recertify to the  
4 Governor and the General Assembly the amount of the State  
5 contribution to the System for State fiscal year 2018, taking  
6 into account the changes in required State contributions made  
7 by this amendatory Act of the 100th General Assembly.

8       (a-15) On or before May 1, 2018, the Board shall  
9 recalculate and recertify to the Governor and the General  
10 Assembly the amount of the required State contribution to the  
11 System for State fiscal year 2019, taking into account the  
12 effect on the System's liabilities of the elections made under  
13 Section 16-122.9.

14       On or before October 1, 2018, the Board shall recalculate  
15 and recertify to the Governor and the General Assembly the  
16 amount of the required State contribution to the System for  
17 State fiscal year 2019, taking into account the reduction  
18 specified under item (3) of subsection (b-3) of this Section.

19       (b) Through State fiscal year 1995, the State contributions  
20 shall be paid to the System in accordance with Section 18-7 of  
21 the School Code.

22       (b-1) Beginning in State fiscal year 1996, on the 15th day  
23 of each month, or as soon thereafter as may be practicable, the  
24 Board shall submit vouchers for payment of State contributions  
25 to the System, in a total monthly amount of one-twelfth of the  
26 required annual State contribution certified under subsection

1 (a-1). From the effective date of this amendatory Act of the  
2 93rd General Assembly through June 30, 2004, the Board shall  
3 not submit vouchers for the remainder of fiscal year 2004 in  
4 excess of the fiscal year 2004 certified contribution amount  
5 determined under this Section after taking into consideration  
6 the transfer to the System under subsection (a) of Section  
7 6z-61 of the State Finance Act. These vouchers shall be paid by  
8 the State Comptroller and Treasurer by warrants drawn on the  
9 funds appropriated to the System for that fiscal year.

10 If in any month the amount remaining unexpended from all  
11 other appropriations to the System for the applicable fiscal  
12 year (including the appropriations to the System under Section  
13 8.12 of the State Finance Act and Section 1 of the State  
14 Pension Funds Continuing Appropriation Act) is less than the  
15 amount lawfully vouchered under this subsection, the  
16 difference shall be paid from the Common School Fund under the  
17 continuing appropriation authority provided in Section 1.1 of  
18 the State Pension Funds Continuing Appropriation Act.

19 (b-2) Allocations from the Common School Fund apportioned  
20 to school districts not coming under this System shall not be  
21 diminished or affected by the provisions of this Article.

22 (b-3) For State fiscal years 2018 through 2045 (except as  
23 otherwise provided for fiscal year 2019), the minimum  
24 contribution to the System to be made by the State for each  
25 fiscal year shall be an amount determined by the System to be  
26 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of  
2 State fiscal year 2045. In making these determinations, the  
3 required State contribution shall be calculated each year as a  
4 level percentage of total payroll, including payroll that is  
5 not deemed pensionable, over the years remaining to and  
6 including fiscal year 2045 and shall be determined under the  
7 projected unit credit actuarial cost method.

8 For State fiscal year 2019:

9 (1) The initial calculation and certification shall be  
10 based on the amount determined above.

11 (2) For purposes of the recertification due on or  
12 before May 1, 2018, the recalculation of the required State  
13 contribution for fiscal year 2019 shall take into account  
14 the effect on the System's liabilities of the elections  
15 made under Section 16-122.9.

16 (3) For purposes of the recertification due on or  
17 before October 1, 2018, the total required State  
18 contribution for fiscal year 2019 shall be reduced by the  
19 amount of the consideration payments made to Tier 1  
20 employees who made the election under paragraph (1) of  
21 subsection (a) of Section 16-122.9.

22 Beginning in State fiscal year 2018, any increase or  
23 decrease in State contribution over the prior fiscal year due  
24 exclusively to changes in actuarial or investment assumptions  
25 adopted by the Board shall be included in the State  
26 contribution to the System, as a percentage of the applicable

1 employee payroll, and shall be increased in equal annual  
2 increments so that by the State fiscal year occurring 5 years  
3 after the adoption of the actuarial or investment assumptions,  
4 the State is contributing at the rate otherwise required under  
5 this Section.

6 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
7 contribution to the System to be made by the State for each  
8 fiscal year shall be an amount determined by the System to be  
9 sufficient to bring the total assets of the System up to 90% of  
10 the total actuarial liabilities of the System by the end of  
11 State fiscal year 2045. In making these determinations, the  
12 required State contribution shall be calculated each year as a  
13 level percentage of payroll over the years remaining to and  
14 including fiscal year 2045 and shall be determined under the  
15 projected unit credit actuarial cost method.

16 For State fiscal years 1996 through 2005, the State  
17 contribution to the System, as a percentage of the applicable  
18 employee payroll, shall be increased in equal annual increments  
19 so that by State fiscal year 2011, the State is contributing at  
20 the rate required under this Section; except that in the  
21 following specified State fiscal years, the State contribution  
22 to the System shall not be less than the following indicated  
23 percentages of the applicable employee payroll, even if the  
24 indicated percentage will produce a State contribution in  
25 excess of the amount otherwise required under this subsection  
26 and subsection (a), and notwithstanding any contrary

1 certification made under subsection (a-1) before the effective  
2 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
3 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
4 2003; and 13.56% in FY 2004.

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for State fiscal year 2006 is  
7 \$534,627,700.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2007 is  
10 \$738,014,500.

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

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2010 is  
19 \$2,089,268,000 and shall be made from the proceeds of bonds  
20 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
21 Obligation Bond Act, less (i) the pro rata share of bond sale  
22 expenses determined by the System's share of total bond  
23 proceeds, (ii) any amounts received from the Common School Fund  
24 in fiscal year 2010, and (iii) any reduction in bond proceeds  
25 due to the issuance of discounted bonds, if applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is  
2 the amount recertified by the System on or before April 1, 2011  
3 pursuant to subsection (a-1) of this Section and shall be made  
4 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
5 Section 7.2 of the General Obligation Bond Act, less (i) the  
6 pro rata share of bond sale expenses determined by the System's  
7 share of total bond proceeds, (ii) any amounts received from  
8 the Common School Fund in fiscal year 2011, and (iii) any  
9 reduction in bond proceeds due to the issuance of discounted  
10 bonds, if applicable. This amount shall include, in addition to  
11 the amount certified by the System, an amount necessary to meet  
12 employer contributions required by the State as an employer  
13 under paragraph (e) of this Section, which may also be used by  
14 the System for contributions required by paragraph (a) of  
15 Section 16-127.

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

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



1 Article in any future year until the System has reached a  
2 funding ratio of at least 90%. A reference in this Article to  
3 the "required State contribution" or any substantially similar  
4 term does not include or apply to any amounts payable to the  
5 System under Section 25 of the Budget Stabilization Act.

6 Notwithstanding any other provision of this Section, the  
7 required State contribution for State fiscal year 2005 and for  
8 fiscal year 2008 and each fiscal year thereafter, as calculated  
9 under this Section and certified under subsection (a-1), shall  
10 not exceed an amount equal to (i) the amount of the required  
11 State contribution that would have been calculated under this  
12 Section for that fiscal year if the System had not received any  
13 payments under subsection (d) of Section 7.2 of the General  
14 Obligation Bond Act, minus (ii) the portion of the State's  
15 total debt service payments for that fiscal year on the bonds  
16 issued in fiscal year 2003 for the purposes of that Section  
17 7.2, as determined and certified by the Comptroller, that is  
18 the same as the System's portion of the total moneys  
19 distributed under subsection (d) of Section 7.2 of the General  
20 Obligation Bond Act. In determining this maximum for State  
21 fiscal years 2008 through 2010, however, the amount referred to  
22 in item (i) shall be increased, as a percentage of the  
23 applicable employee payroll, in equal increments calculated  
24 from the sum of the required State contribution for State  
25 fiscal year 2007 plus the applicable portion of the State's  
26 total debt service payments for fiscal year 2007 on the bonds

1 issued in fiscal year 2003 for the purposes of Section 7.2 of  
2 the General Obligation Bond Act, so that, by State fiscal year  
3 2011, the State is contributing at the rate otherwise required  
4 under this Section.

5 (c) Payment of the required State contributions and of all  
6 pensions, retirement annuities, death benefits, refunds, and  
7 other benefits granted under or assumed by this System, and all  
8 expenses in connection with the administration and operation  
9 thereof, are obligations of the State.

10 If members are paid from special trust or federal funds  
11 which are administered by the employing unit, whether school  
12 district or other unit, the employing unit shall pay to the  
13 System from such funds the full accruing retirement costs based  
14 upon that service, which, beginning July 1, 2014, shall be at a  
15 rate, expressed as a percentage of salary, equal to the total  
16 minimum contribution to the System to be made by the State for  
17 that fiscal year, including both normal cost and unfunded  
18 liability components, expressed as a percentage of payroll, as  
19 determined by the System under subsection (b-3) of this  
20 Section. Employer contributions, based on salary paid to  
21 members from federal funds, may be forwarded by the  
22 distributing agency of the State of Illinois to the System  
23 prior to allocation, in an amount determined in accordance with  
24 guidelines established by such agency and the System. Any  
25 contribution for fiscal year 2015 collected as a result of the  
26 change made by this amendatory Act of the 98th General Assembly

1 shall be considered a State contribution under subsection (b-3)  
2 of this Section.

3 (d) Effective July 1, 1986, any employer of a teacher as  
4 defined in paragraph (8) of Section 16-106 shall pay the  
5 employer's normal cost of benefits based upon the teacher's  
6 service, in addition to employee contributions, as determined  
7 by the System. Such employer contributions shall be forwarded  
8 monthly in accordance with guidelines established by the  
9 System.

10 However, with respect to benefits granted under Section  
11 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
12 of Section 16-106, the employer's contribution shall be 12%  
13 (rather than 20%) of the member's highest annual salary rate  
14 for each year of creditable service granted, and the employer  
15 shall also pay the required employee contribution on behalf of  
16 the teacher. For the purposes of Sections 16-133.4 and  
17 16-133.5, a teacher as defined in paragraph (8) of Section  
18 16-106 who is serving in that capacity while on leave of  
19 absence from another employer under this Article shall not be  
20 considered an employee of the employer from which the teacher  
21 is on leave.

22 (e) Beginning July 1, 1998, every employer of a teacher  
23 shall pay to the System an employer contribution computed as  
24 follows:

25 (1) Beginning July 1, 1998 through June 30, 1999, the  
26 employer contribution shall be equal to 0.3% of each

1 teacher's salary.

2 (2) Beginning July 1, 1999 and thereafter, the employer  
3 contribution shall be equal to 0.58% of each teacher's  
4 salary.

5 The school district or other employing unit may pay these  
6 employer contributions out of any source of funding available  
7 for that purpose and shall forward the contributions to the  
8 System on the schedule established for the payment of member  
9 contributions.

10 These employer contributions are intended to offset a  
11 portion of the cost to the System of the increases in  
12 retirement benefits resulting from this amendatory Act of 1998.

13 Each employer of teachers is entitled to a credit against  
14 the contributions required under this subsection (e) with  
15 respect to salaries paid to teachers for the period January 1,  
16 2002 through June 30, 2003, equal to the amount paid by that  
17 employer under subsection (a-5) of Section 6.6 of the State  
18 Employees Group Insurance Act of 1971 with respect to salaries  
19 paid to teachers for that period.

20 The additional 1% employee contribution required under  
21 Section 16-152 by this amendatory Act of 1998 is the  
22 responsibility of the teacher and not the teacher's employer,  
23 unless the employer agrees, through collective bargaining or  
24 otherwise, to make the contribution on behalf of the teacher.

25 If an employer is required by a contract in effect on May  
26 1, 1998 between the employer and an employee organization to

1 pay, on behalf of all its full-time employees covered by this  
2 Article, all mandatory employee contributions required under  
3 this Article, then the employer shall be excused from paying  
4 the employer contribution required under this subsection (e)  
5 for the balance of the term of that contract. The employer and  
6 the employee organization shall jointly certify to the System  
7 the existence of the contractual requirement, in such form as  
8 the System may prescribe. This exclusion shall cease upon the  
9 termination, extension, or renewal of the contract at any time  
10 after May 1, 1998.

11 (f) For school years beginning on or after June 1, 2005 and  
12 before July 1, 2018, if ~~if~~ the amount of a teacher's salary for  
13 any school year used to determine final average salary exceeds  
14 the member's annual full-time salary rate with the same  
15 employer for the previous school year by more than 6%, the  
16 teacher's employer shall pay to the System, in addition to all  
17 other payments required under this Section and in accordance  
18 with guidelines established by the System, the present value of  
19 the increase in benefits resulting from the portion of the  
20 increase in salary that is in excess of 6%. This present value  
21 shall be computed by the System on the basis of the actuarial  
22 assumptions and tables used in the most recent actuarial  
23 valuation of the System that is available at the time of the  
24 computation. If a teacher's salary for the 2005-2006 school  
25 year is used to determine final average salary under this  
26 subsection (f), then the changes made to this subsection (f) by

1 Public Act 94-1057 shall apply in calculating whether the  
2 increase in his or her salary is in excess of 6%. For the  
3 purposes of this Section, change in employment under Section  
4 10-21.12 of the School Code on or after June 1, 2005 shall  
5 constitute a change in employer. The System may require the  
6 employer to provide any pertinent information or  
7 documentation. The changes made to this subsection (f) by this  
8 amendatory Act of the 94th General Assembly apply without  
9 regard to whether the teacher was in service on or after its  
10 effective date.

11 Whenever it determines that a payment is or may be required  
12 under this subsection, the System shall calculate the amount of  
13 the payment and bill the employer for that amount. The bill  
14 shall specify the calculations used to determine the amount  
15 due. If the employer disputes the amount of the bill, it may,  
16 within 30 days after receipt of the bill, apply to the System  
17 in writing for a recalculation. The application must specify in  
18 detail the grounds of the dispute and, if the employer asserts  
19 that the calculation is subject to subsection (g) or (h) of  
20 this Section, must include an affidavit setting forth and  
21 attesting to all facts within the employer's knowledge that are  
22 pertinent to the applicability of that subsection. Upon  
23 receiving a timely application for recalculation, the System  
24 shall review the application and, if appropriate, recalculate  
25 the amount due.

26 The employer contributions required under this subsection

1 (f) may be paid in the form of a lump sum within 90 days after  
2 receipt of the bill. If the employer contributions are not paid  
3 within 90 days after receipt of the bill, then interest will be  
4 charged at a rate equal to the System's annual actuarially  
5 assumed rate of return on investment compounded annually from  
6 the 91st day after receipt of the bill. Payments must be  
7 concluded within 3 years after the employer's receipt of the  
8 bill.

9 (f-1) For school years beginning on or after July 1, 2018,  
10 if the amount of a teacher's salary for any school year used to  
11 determine final average salary exceeds the member's annual  
12 full-time salary rate with the same employer for the previous  
13 school year by more than the unadjusted percentage increase in  
14 the consumer price index-u for the calendar year ending on the  
15 December 31 immediately preceding the beginning of the school  
16 year, then the teacher's employer shall pay to the System, in  
17 addition to all other payments required under this Section and  
18 in accordance with guidelines established by the System, the  
19 present value of the increase in benefits resulting from the  
20 portion of the increase in salary that is in excess of the  
21 unadjusted percentage increase in the consumer price index-u  
22 for the applicable calendar year. This present value shall be  
23 computed by the System on the basis of the actuarial  
24 assumptions and tables used in the most recent actuarial  
25 valuation of the System that is available at the time of the  
26 computation. The System may require the employer to provide any

1 pertinent information or documentation.

2 Whenever it determines that a payment is or may be required  
3 under this subsection (f-1), the System shall calculate the  
4 amount of the payment and bill the employer for that amount.  
5 The bill shall specify the calculations used to determine the  
6 amount due. If the employer disputes the amount of the bill, it  
7 may, within 30 days after receipt of the bill, apply to the  
8 System in writing for a recalculation. The application must  
9 specify in detail the grounds of the dispute and, if the  
10 employer asserts that the calculation is subject to subsection  
11 (h-1) of this Section, must include an affidavit setting forth  
12 and attesting to all facts within the employer's knowledge that  
13 are pertinent to the applicability of subsection (h-1). Upon  
14 receiving a timely application for recalculation, the System  
15 shall review the application and, if appropriate, recalculate  
16 the amount due.

17 The employer contributions required under this subsection  
18 (f-1) may be paid in the form of a lump sum within 90 days after  
19 receipt of the bill. If the employer contributions are not paid  
20 within 90 days after receipt of the bill, then interest shall  
21 be charged at a rate equal to the System's annual actuarially  
22 assumed rate of return on investment compounded annually from  
23 the 91st day after receipt of the bill. Payments must be  
24 concluded within 3 years after the employer's receipt of the  
25 bill.

26 For the purposes of this Section, "consumer price index-u"



1 means the index published by the Bureau of Labor Statistics of  
2 the United States Department of Labor that measures the average  
3 change in prices of goods and services purchased by all urban  
4 consumers, United States city average, all items, 1982-84 =  
5 100. The new amount resulting from each annual adjustment shall  
6 be determined by the Public Pension Division of the Department  
7 of Insurance and made available to the boards of the retirement  
8 systems and pension funds by November 1 of each year.

9 (g) This subsection (g) applies only to payments made or  
10 salary increases given on or after June 1, 2005 but before July  
11 1, 2011. The changes made by Public Act 94-1057 shall not  
12 require the System to refund any payments received before July  
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection  
15 (f), the System shall exclude salary increases paid to teachers  
16 under contracts or collective bargaining agreements entered  
17 into, amended, or renewed before June 1, 2005.

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude salary increases paid to a  
20 teacher at a time when the teacher is 10 or more years from  
21 retirement eligibility under Section 16-132 or 16-133.2.

22 When assessing payment for any amount due under subsection  
23 (f), the System shall exclude salary increases resulting from  
24 overload work, including summer school, when the school  
25 district has certified to the System, and the System has  
26 approved the certification, that (i) the overload work is for

1 the sole purpose of classroom instruction in excess of the  
2 standard number of classes for a full-time teacher in a school  
3 district during a school year and (ii) the salary increases are  
4 equal to or less than the rate of pay for classroom instruction  
5 computed on the teacher's current salary and work schedule.

6 When assessing payment for any amount due under subsection  
7 (f), the System shall exclude a salary increase resulting from  
8 a promotion (i) for which the employee is required to hold a  
9 certificate or supervisory endorsement issued by the State  
10 Teacher Certification Board that is a different certification  
11 or supervisory endorsement than is required for the teacher's  
12 previous position and (ii) to a position that has existed and  
13 been filled by a member for no less than one complete academic  
14 year and the salary increase from the promotion is an increase  
15 that results in an amount no greater than the lesser of the  
16 average salary paid for other similar positions in the district  
17 requiring the same certification or the amount stipulated in  
18 the collective bargaining agreement for a similar position  
19 requiring the same certification.

20 When assessing payment for any amount due under subsection  
21 (f), the System shall exclude any payment to the teacher from  
22 the State of Illinois or the State Board of Education over  
23 which the employer does not have discretion, notwithstanding  
24 that the payment is included in the computation of final  
25 average salary.

26 (h) When assessing payment for any amount due under

1 subsection (f), the System shall exclude any salary increase  
2 described in subsection (g) of this Section given on or after  
3 July 1, 2011 but before July 1, 2014 under a contract or  
4 collective bargaining agreement entered into, amended, or  
5 renewed on or after June 1, 2005 but before July 1, 2011.  
6 Notwithstanding any other provision of this Section, any  
7 payments made or salary increases given after June 30, 2014  
8 shall be used in assessing payment for any amount due under  
9 subsection (f) of this Section.

10 (h-1) When assessing payment for any amount due under  
11 subsection (f-1), the System shall exclude earnings increases  
12 paid to participants under contracts or collective bargaining  
13 agreements entered into, amended, or renewed before the  
14 effective date of this amendatory Act of the 100th General  
15 Assembly.

16 (i) The System shall prepare a report and file copies of  
17 the report with the Governor and the General Assembly by  
18 January 1, 2007 that contains all of the following information:

19 (1) The number of recalculations required by the  
20 changes made to this Section by Public Act 94-1057 for each  
21 employer.

22 (2) The dollar amount by which each employer's  
23 contribution to the System was changed due to  
24 recalculations required by Public Act 94-1057.

25 (3) The total amount the System received from each  
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

2 (4) The increase in the required State contribution  
3 resulting from the changes made to this Section by Public  
4 Act 94-1057.

5 (i-5) For school years beginning on or after July 1, 2018,  
6 if the amount of a participant's salary for any school year,  
7 determined on a full-time equivalent basis, exceeds the amount  
8 of the salary set for the Governor, the participant's employer  
9 shall pay to the System, in addition to all other payments  
10 required under this Section and in accordance with guidelines  
11 established by the System, the amount of earnings that exceed  
12 the salary set for the Governor multiplied by the level  
13 percentage of payroll used in that fiscal year as determined by  
14 the System to be sufficient to bring the total assets of the  
15 System up to 90% of the total actuarial liabilities of the  
16 System by the end of State fiscal year 2045. This amount shall  
17 be computed by the System on the basis of the actuarial  
18 assumptions and tables used in the most recent actuarial  
19 valuation of the System that is available at the time of the  
20 computation. The System may require the employer to provide any  
21 pertinent information or documentation.

22 Whenever it determines that a payment is or may be required  
23 under this subsection, the System shall calculate the amount of  
24 the payment and bill the employer for that amount. The bill  
25 shall specify the calculations used to determine the amount  
26 due. If the employer disputes the amount of the bill, it may,

1 within 30 days after receipt of the bill, apply to the System  
2 in writing for a recalculation. The application must specify in  
3 detail the grounds of the dispute. Upon receiving a timely  
4 application for recalculation, the System shall review the  
5 application and, if appropriate, recalculate the amount due.

6 The employer contributions required under this subsection  
7 may be paid in the form of a lump sum within 90 days after  
8 receipt of the bill. If the employer contributions are not paid  
9 within 90 days after receipt of the bill, then interest will be  
10 charged at a rate equal to the System's annual actuarially  
11 assumed rate of return on investment compounded annually from  
12 the 91st day after receipt of the bill. Payments must be  
13 concluded within 3 years after the employer's receipt of the  
14 bill.

15 (j) For purposes of determining the required State  
16 contribution to the System, the value of the System's assets  
17 shall be equal to the actuarial value of the System's assets,  
18 which shall be calculated as follows:

19 As of June 30, 2008, the actuarial value of the System's  
20 assets shall be equal to the market value of the assets as of  
21 that date. In determining the actuarial value of the System's  
22 assets for fiscal years after June 30, 2008, any actuarial  
23 gains or losses from investment return incurred in a fiscal  
24 year shall be recognized in equal annual amounts over the  
25 5-year period following that fiscal year.

26 (k) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial  
2 value of assets shall be assumed to earn a rate of return equal  
3 to the system's actuarially assumed rate of return.

4 (1) If Section 16-122.9 is determined to be  
5 unconstitutional or otherwise invalid by a final unappealable  
6 decision of an Illinois court or a court of competent  
7 jurisdiction, then the changes made to this Section by this  
8 amendatory Act of the 100th General Assembly shall not take  
9 effect and are repealed by operation of law.

10 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
11 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
12 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

13 (40 ILCS 5/16-203)

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

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

18 (a) As used in this Section, "new benefit increase" means  
19 an increase in the amount of any benefit provided under this  
20 Article, or an expansion of the conditions of eligibility for  
21 any benefit under this Article, that results from an amendment  
22 to this Code that takes effect after June 1, 2005 (the  
23 effective date of Public Act 94-4). "New benefit increase",  
24 however, does not include any benefit increase resulting from  
25 the changes made to this Article by Public Act 95-910 or this

1 amendatory Act of the 100th ~~95th~~ General Assembly.

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

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

11 Every new benefit increase is contingent upon the General  
12 Assembly providing the additional funding required under this  
13 subsection. The Commission on Government Forecasting and  
14 Accountability shall analyze whether adequate additional  
15 funding has been provided for the new benefit increase and  
16 shall report its analysis to the Public Pension Division of the  
17 Department of Insurance ~~Financial and Professional Regulation~~.

18 A new benefit increase created by a Public Act that does not  
19 include the additional funding required under this subsection  
20 is null and void. If the Public Pension Division determines  
21 that the additional funding provided for a new benefit increase  
22 under this subsection is or has become inadequate, it may so  
23 certify to the Governor and the State Comptroller and, in the  
24 absence of corrective action by the General Assembly, the new  
25 benefit increase shall expire at the end of the fiscal year in  
26 which the certification is made.

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

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

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

18 (40 ILCS 5/16-205.1 new)

19 Sec. 16-205.1. Defined contribution plan.

20 (a) By July 1, 2018, the System shall prepare and implement  
21 a voluntary defined contribution plan for up to 5% of eligible  
22 active Tier 1 employees. The System shall determine the 5% cap  
23 by the number of active Tier 1 employees on the effective date  
24 of this Section. The defined contribution plan developed under  
25 this Section shall be a plan that aggregates employer and



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

5 As used in this Section, "defined benefit plan" means the  
6 retirement plan available under this Article to Tier 1  
7 employees who have not made the election authorized under this  
8 Section.

9 (1) Under the defined contribution plan, an active Tier  
10 1 employee of this System could elect to cease accruing  
11 benefits in the defined benefit plan under this Article and  
12 begin accruing benefits for future service in the defined  
13 contribution plan. Service credit under the defined  
14 contribution plan may be used for determining retirement  
15 eligibility under the defined benefit plan. An active Tier  
16 1 employee who elects to cease accruing benefits in his or  
17 her defined benefit plan shall be prohibited from  
18 purchasing service credit on or after the date of his or  
19 her election. A Tier 1 employee making the irrevocable  
20 election provided under this Section shall not receive  
21 interest accruals to his or her benefit under paragraph (A)  
22 of subsection (a) of Section 16-133 on or after the date of  
23 his or her election.

24 (2) Participants in the defined contribution plan  
25 shall pay employee contributions at the same rate as Tier 1  
26 employees in this System who do not participate in the

1 defined contribution plan.

2 (3) State contributions shall be paid into the accounts  
3 of all participants in the defined contribution plan at a  
4 uniform rate, expressed as a percentage of salary and  
5 determined for each year. This rate shall be no higher than  
6 the employer's normal cost for Tier 1 employees in the  
7 defined benefit plan for that year, as determined by the  
8 System and expressed as a percentage of salary, and shall  
9 be no lower than 0% of salary. The State shall adjust this  
10 rate annually.

11 (4) The defined contribution plan shall require 5 years  
12 of participation in the defined contribution plan before  
13 vesting in State contributions. If the participant fails to  
14 vest in them, the State contributions, and the earnings  
15 thereon, shall be forfeited.

16 (5) The defined contribution plan may provide for  
17 participants in the plan to be eligible for the defined  
18 disability benefits available to other participants under  
19 this Article. If it does, the System shall reduce the  
20 employee contributions credited to the member's defined  
21 contribution plan account by an amount determined by the  
22 System to cover the cost of offering such benefits.

23 (6) The defined contribution plan shall provide a  
24 variety of options for investments. These options shall  
25 include investments in a fund created by the System and  
26 managed in accordance with legal and fiduciary standards,

1 as well as investment options otherwise available.

2 (7) The defined contribution plan shall provide a  
3 variety of options for payouts to retirees and their  
4 survivors.

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

10 (9) The System shall reduce the employee contributions  
11 credited to the member's defined contribution plan account  
12 by an amount determined by the System to cover the cost of  
13 offering these benefits and any applicable administrative  
14 fees.

15 (b) Only persons who are active Tier 1 employees of the  
16 System on the effective date of this Section are eligible to  
17 participate in the defined contribution plan. Participation in  
18 the defined contribution plan shall be limited to the first 5%  
19 of eligible persons who elect to participate. The election to  
20 participate in the defined contribution plan is voluntary and  
21 irrevocable.

22 (c) An eligible Tier 1 employee may irrevocably elect to  
23 participate in the defined contribution plan by filing with the  
24 System a written application to participate that is received by  
25 the System prior to its determination that 5% of eligible  
26 persons have elected to participate in the defined contribution

1 plan.

2 When the System first determines that 5% of eligible  
3 persons have elected to participate in the defined contribution  
4 plan, the System shall provide notice to previously eligible  
5 employees that the plan is no longer available and shall cease  
6 accepting applications to participate.

7 (d) The System shall make a good faith effort to contact  
8 each active Tier 1 employee who is eligible to participate in  
9 the defined contribution plan. The System shall mail  
10 information describing the option to join the defined  
11 contribution plan to each of these employees to his or her last  
12 known address on file with the System. If the employee is not  
13 responsive to other means of contact, it is sufficient for the  
14 System to publish the details of the option on its website.

15 Upon request for further information describing the  
16 option, the System shall provide employees with information  
17 from the System before exercising the option to join the plan,  
18 including information on the impact to their vested benefits or  
19 non-vested service. The individual consultation shall include  
20 projections of the member's defined benefits at retirement or  
21 earlier termination of service and the value of the member's  
22 account at retirement or earlier termination of service. The  
23 System shall not provide advice or counseling with respect to  
24 whether the employee should exercise the option. The System  
25 shall inform Tier 1 employees who are eligible to participate  
26 in the defined contribution plan that they may also wish to

1 obtain information and counsel relating to their option from  
2 any other available source, including but not limited to labor  
3 organizations, private counsel, and financial advisors.

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

12 (f) Notwithstanding any other provision of this Section, no  
13 person shall begin participating in the defined contribution  
14 plan until it has attained qualified plan status and received  
15 all necessary approvals from the U.S. Internal Revenue Service.

16 (g) The System shall report on its progress under this  
17 Section, including the available details of the defined  
18 contribution plan and the System's plans for informing eligible  
19 Tier 1 employees about the plan, to the Governor and the  
20 General Assembly on or before January 15, 2018.

21 (h) The intent of this amendatory Act of the 100th General  
22 Assembly is to ensure that the State's normal cost of  
23 participation in the defined contribution plan is similar, and  
24 if possible equal, to the State's normal cost of participation  
25 in the defined benefit plan, unless a lower State's normal cost  
26 is necessary to ensure cost neutrality.

1       (i) If Section 16-122.9 is determined to be  
2 unconstitutional or otherwise invalid by a final unappealable  
3 decision of an Illinois court or a court of competent  
4 jurisdiction, then this Section shall not take effect and is  
5 repealed by operation of law.

6           (40 ILCS 5/16-206.1 new)

7       Sec. 16-206.1. Defined contribution plan; termination. If  
8 the defined contribution plan is terminated or becomes  
9 inoperative pursuant to law, then each participant in the plan  
10 shall automatically be deemed to have been a contributing Tier  
11 1 employee in the System's defined benefit plan during the time  
12 in which he or she participated in the defined contribution  
13 plan, and for that purpose the System shall be entitled to  
14 recover the amounts in the participant's defined contribution  
15 accounts.

16           (40 ILCS 5/17-106.05 new)

17       Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A  
18 teacher under this Article who first became a member or  
19 participant before January 1, 2011 under any reciprocal  
20 retirement system or pension fund established under this Code  
21 other than a retirement system or pension fund established  
22 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for  
23 the purposes of the election under Section 17-115.5, "Tier 1  
24 employee" does not include a teacher under this Article who

1 would qualify as a Tier 1 employee but who has made an  
2 irrevocable election on or before June 1, 2017 to retire from  
3 service pursuant to the terms of a collective bargaining  
4 agreement in effect on June 1, 2017, excluding any extension,  
5 amendment, or renewal of that agreement on or after that date,  
6 and has notified the Fund of that election.

7 (40 ILCS 5/17-113.4 new)

8 Sec. 17-113.4. Salary. "Salary" means any income in any  
9 form that qualifies as "average salary" or "annual rate of  
10 salary" for purposes of paragraph (1) of subsection (c) of  
11 Section 17-116 and "salary" for payroll deduction purposes  
12 under Sections 17-130, 17-131, and 17-132.

13 Notwithstanding any other provision of this Section,  
14 "salary" does not include any future increase in income that is  
15 offered by an employer for service as a Tier 1 employee under  
16 this Article pursuant to the condition set forth in subsection  
17 (c) of Section 17-115.5 and accepted under that condition by a  
18 Tier 1 employee who has made the election under paragraph (2)  
19 of subsection (a) of Section 17-115.5.

20 (40 ILCS 5/17-113.5 new)

21 Sec. 17-113.5. Future increase in income. "Future increase  
22 in income" means an increase in income in any form offered by  
23 an employer to a Tier 1 employee for service under this Article  
24 after June 30, 2018 that qualifies as "salary", as defined in

1 Section 17-113.4, or would qualify as "salary" but for the fact  
2 that it was offered to and accepted by a Tier 1 employee under  
3 the condition set forth in subsection (c) of Section 17-115.5.  
4 The term "future increase in income" does not include an  
5 increase in income in any form that is paid to a Tier 1  
6 employee under an employment contract or a collective  
7 bargaining agreement that is in effect on the effective date of  
8 this Section, but does include an increase in income in any  
9 form pursuant to an extension, amendment, or renewal of any  
10 such employment contract or collective bargaining agreement on  
11 or after the effective date of this Section.

12 (40 ILCS 5/17-115.5 new)

13 Sec. 17-115.5. Election by Tier 1 employees.

14 (a) Each active Tier 1 employee shall make an irrevocable  
15 election either:

16 (1) to agree to delay his or her eligibility for  
17 automatic annual increases in service retirement pension  
18 as provided in Section 17-119.2 and to have the amount of  
19 the automatic annual increases in his or her service  
20 retirement pension that are otherwise provided for in this  
21 Article calculated, instead, as provided in Section  
22 17-119.2; or

23 (2) to not agree to paragraph (1) of this subsection.

24 The election required under this subsection (a) shall be  
25 made by each active Tier 1 employee no earlier than January 1,



1 2018 and no later than March 31, 2018, except that:

2 (i) a person who becomes a Tier 1 employee under this  
3 Article on or after January 1, 2018 must make the election  
4 under this subsection (a) within 60 days after becoming a  
5 Tier 1 employee; and

6 (ii) a person who returns to active service as a Tier 1  
7 employee under this Article on or after January 1, 2018 and  
8 has not yet made an election under this Section must make  
9 the election under this subsection (a) within 60 days after  
10 returning to active service as a Tier 1 employee.

11 If a Tier 1 employee fails for any reason to make a  
12 required election under this subsection within the time  
13 specified, then the employee shall be deemed to have made the  
14 election under paragraph (2) of this subsection.

15 (a-5) If this Section is enjoined or stayed by an Illinois  
16 court or a court of competent jurisdiction pending the entry of  
17 a final and unappealable decision, and this Section is  
18 determined to be constitutional or otherwise valid by a final  
19 unappealable decision of an Illinois court or a court of  
20 competent jurisdiction, then the election procedure set forth  
21 in subsection (a) of this Section shall commence on the 180th  
22 calendar day after the date of the issuance of the final  
23 unappealable decision and shall conclude at the end of the  
24 270th calendar day after that date.

25 (a-10) All elections under subsection (a) that are made or  
26 deemed to be made before July 1, 2018 shall take effect on July

1 1, 2018. Elections that are made or deemed to be made on or  
2 after July 1, 2018 shall take effect on the first day of the  
3 month following the month in which the election is made or  
4 deemed to be made.

5 (b) As adequate and legal consideration provided under this  
6 amendatory Act of the 100th General Assembly for making an  
7 election under paragraph (1) of subsection (a) of this Section,  
8 an employer shall be expressly and irrevocably prohibited from  
9 offering any future increases in income to a Tier 1 employee  
10 who has made an election under paragraph (1) of subsection (a)  
11 of this Section on the condition of not constituting salary  
12 under Section 17-113.4.

13 As adequate and legal consideration provided under this  
14 amendatory Act of the 100th General Assembly for making an  
15 election under paragraph (1) of subsection (a) of this Section,  
16 each Tier 1 employee who has made an election under paragraph  
17 (1) of subsection (a) of this Section shall receive a  
18 consideration payment equal to 10% of the contributions made by  
19 or on behalf of the employee under Section 17-130 before the  
20 effective date of that election. The Fund shall timely make the  
21 consideration payment to the Tier 1 employee.

22 (c) A Tier 1 employee who makes the election under  
23 paragraph (2) of subsection (a) of this Section shall not be  
24 subject to paragraph (1) of subsection (a) of this Section.  
25 However, any future increases in income offered by an employer  
26 under this Article to a Tier 1 employee who has made the

1 election under paragraph (2) of subsection (a) of this Section  
2 shall be offered by the employer expressly and irrevocably on  
3 the condition of not constituting salary under Section  
4 17-113.4, and the employee may not accept any future increase  
5 in income that is offered without this condition.

6 (d) The Fund shall make a good faith effort to contact each  
7 Tier 1 employee subject to this Section. The Fund shall mail  
8 information describing the required election to each Tier 1  
9 employee by United States Postal Service mail to his or her  
10 last known address on file with the Fund. If the Tier 1  
11 employee is not responsive to other means of contact, it is  
12 sufficient for the Fund to publish the details of any required  
13 elections on its website or to publish those details in a  
14 regularly published newsletter or other existing public forum.

15 Tier 1 employees who are subject to this Section shall be  
16 provided with an election packet containing information  
17 regarding their options, as well as the forms necessary to make  
18 the required election. Upon request, the Fund shall offer Tier  
19 1 employees an opportunity to receive information from the Fund  
20 before making the required election. The information may  
21 consist of video materials, group presentations, individual  
22 consultation with a member or authorized representative of the  
23 Fund in person or by telephone or other electronic means, or  
24 any combination of those methods. The Fund shall not provide  
25 advice or counseling with respect to which election a Tier 1  
26 employee should make or specific to the legal or tax

1 circumstances of or consequences to the Tier 1 employee.

2 The Fund shall inform Tier 1 employees in the election  
3 packet required under this subsection that the Tier 1 employee  
4 may also wish to obtain information and counsel relating to the  
5 election required under this Section from any other available  
6 source, including, but not limited to, labor organizations and  
7 private counsel.

8 In no event shall the Fund, its staff, or the Board be held  
9 liable for any information given to a member regarding the  
10 elections under this Section. The Fund shall coordinate with  
11 the Illinois Department of Central Management Services and each  
12 other retirement system administering an election in  
13 accordance with this amendatory Act of the 100th General  
14 Assembly to provide information concerning the impact of the  
15 election set forth in this Section.

16 (e) Notwithstanding any other provision of law, an employer  
17 under this Article is required to offer any future increases in  
18 income expressly and irrevocably on the condition of not  
19 constituting "salary" under Section 17-113.4 to any Tier 1  
20 employee who has made an election under paragraph (2) of  
21 subsection (a) of this Section. A Tier 1 employee who has made  
22 an election under paragraph (2) of subsection (a) of this  
23 Section shall not accept any future increase in income that is  
24 offered by an employer under this Article without the condition  
25 set forth in this subsection.

26 For purposes of legislative intent, the condition set forth

1 in this subsection shall be construed in a manner that ensures  
2 that the condition is not violated or circumvented through any  
3 contrivance of any kind.

4 (f) A member's election under this Section is not a  
5 prohibited election under subdivision (j)(1) of Section 1-119  
6 of this Code.

7 (g) No provision of this Section shall be interpreted in a  
8 way that would cause the Fund to cease to be a qualified plan  
9 under Section 401(a) of the Internal Revenue Code of 1986.

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

18 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

19 Sec. 17-116. Service retirement pension.

20 (a) Each teacher having 20 years of service upon attainment  
21 of age 55, or who thereafter attains age 55 shall be entitled  
22 to a service retirement pension upon or after attainment of age  
23 55; and each teacher in service on or after July 1, 1971, with  
24 5 or more but less than 20 years of service shall be entitled  
25 to receive a service retirement pension upon or after

1 attainment of age 62.

2 (b) The service retirement pension for a teacher who  
3 retires on or after June 25, 1971, at age 60 or over, shall be  
4 calculated as follows:

5 (1) For creditable service earned before July 1, 1998  
6 that has not been augmented under Section 17-119.1: 1.67%  
7 for each of the first 10 years of service; 1.90% for each  
8 of the next 10 years of service; 2.10% for each year of  
9 service in excess of 20 but not exceeding 30; and 2.30% for  
10 each year of service in excess of 30, based upon average  
11 salary as herein defined.

12 (2) For creditable service earned on or after July 1,  
13 1998 by a member who has at least 30 years of creditable  
14 service on July 1, 1998 and who does not elect to augment  
15 service under Section 17-119.1: 2.3% of average salary for  
16 each year of creditable service earned on or after July 1,  
17 1998.

18 (3) For all other creditable service: 2.2% of average  
19 salary for each year of creditable service.

20 (c) When computing such service retirement pensions, the  
21 following conditions shall apply:

22 1. Average salary shall consist of the average annual  
23 rate of salary for the 4 consecutive years of validated  
24 service within the last 10 years of service when such  
25 average annual rate was highest. In the determination of  
26 average salary for retirement allowance purposes, for

1 members who commenced employment after August 31, 1979,  
2 that part of the salary for any year shall be excluded  
3 which exceeds the annual full-time salary rate for the  
4 preceding year by more than 20%. In the case of a member  
5 who commenced employment before August 31, 1979 and who  
6 receives salary during any year after September 1, 1983  
7 which exceeds the annual full time salary rate for the  
8 preceding year by more than 20%, an Employer and other  
9 employers of eligible contributors as defined in Section  
10 17-106 shall pay to the Fund an amount equal to the present  
11 value of the additional service retirement pension  
12 resulting from such excess salary. The present value of the  
13 additional service retirement pension shall be computed by  
14 the Board on the basis of actuarial tables adopted by the  
15 Board. If a member elects to receive a pension from this  
16 Fund provided by Section 20-121, his salary under the State  
17 Universities Retirement System and the Teachers'  
18 Retirement System of the State of Illinois shall be  
19 considered in determining such average salary. Amounts  
20 paid after the effective date of this amendatory Act of  
21 1991 for unused vacation time earned after that effective  
22 date shall not under any circumstances be included in the  
23 calculation of average salary or the annual rate of salary  
24 for the purposes of this Article.

25 2. Proportionate credit shall be given for validated  
26 service of less than one year.

1           3. For retirement at age 60 or over the pension shall  
2 be payable at the full rate.

3           4. For separation from service below age 60 to a  
4 minimum age of 55, the pension shall be discounted at the  
5 rate of 1/2 of one per cent for each month that the age of  
6 the contributor is less than 60, but a teacher may elect to  
7 defer the effective date of pension in order to eliminate  
8 or reduce this discount. This discount shall not be  
9 applicable to any participant who has at least 34 years of  
10 service or a retirement pension of at least 74.6% of  
11 average salary on the date the retirement annuity begins.

12           5. No additional pension shall be granted for service  
13 exceeding 45 years. Beginning June 26, 1971 no pension  
14 shall exceed the greater of \$1,500 per month or 75% of  
15 average salary as herein defined.

16           6. Service retirement pensions shall begin on the  
17 effective date of resignation, retirement, the day  
18 following the close of the payroll period for which service  
19 credit was validated, or the time the person resigning or  
20 retiring attains age 55, or on a date elected by the  
21 teacher, whichever shall be latest; provided that, for a  
22 person who first becomes a member after the effective date  
23 of this amendatory Act of the 99th General Assembly, the  
24 benefit shall not commence more than one year prior to the  
25 date of the Fund's receipt of an application for the  
26 benefit.



1           7. A member who is eligible to receive a retirement  
2 pension of at least 74.6% of average salary and will attain  
3 age 55 on or before December 31 during the year which  
4 commences on July 1 shall be deemed to attain age 55 on the  
5 preceding June 1.

6           8. A member retiring after the effective date of this  
7 amendatory Act of 1998 shall receive a pension equal to 75%  
8 of average salary if the member is qualified to receive a  
9 retirement pension equal to at least 74.6% of average  
10 salary under this Article or as proportional annuities  
11 under Article 20 of this Code.

12           (d) Notwithstanding any other provision of this Section,  
13 annual salary does not include any future increase in income  
14 that is offered for service to a Tier 1 employee under this  
15 Article pursuant to the condition set forth in subsection (c)  
16 of Section 17-115.5 and accepted under that condition by a Tier  
17 1 employee who has made the election under paragraph (2) of  
18 subsection (a) of Section 17-115.5.

19           Notwithstanding any other provision of this Section,  
20 annual salary does not include any consideration payment made  
21 to a Tier 1 employee.

22 (Source: P.A. 99-702, eff. 7-29-16.)

23 (40 ILCS 5/17-119.2 new)

24 Sec. 17-119.2. Automatic annual increases in service  
25 retirement pension for certain Tier 1 employees.

1 Notwithstanding any other provision of this Article, for a Tier  
2 1 employee who made the election under paragraph (1) of  
3 subsection (a) of Section 17-115.5:

4 (1) The initial increase in service retirement pension  
5 shall occur on the January 1 occurring either on or after  
6 the attainment of age 67 or the fifth anniversary of the  
7 pension start date, whichever is earlier.

8 (2) The amount of each automatic annual increase in  
9 service retirement pension occurring on or after the  
10 effective date of that election shall be calculated as a  
11 percentage of the originally granted service retirement  
12 pension, equal to 3% or one-half the annual unadjusted  
13 percentage increase (but not less than zero) in the  
14 consumer price index-u for the 12 months ending with the  
15 September preceding each November 1, whichever is less. If  
16 the annual unadjusted percentage change in the consumer  
17 price index-u for the 12 months ending with the September  
18 preceding each November 1 is zero or there is a decrease,  
19 then the annuity shall not be increased.

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

1 of Insurance and made available to the Board by November 1 of  
2 each year.

3 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

4 Sec. 17-129. Employer contributions; deficiency in Fund.

5 (a) If in any fiscal year of the Board of Education ending  
6 prior to 1997 the total amounts paid to the Fund from the Board  
7 of Education (other than under this subsection, and other than  
8 amounts used for making or "picking up" contributions on behalf  
9 of teachers) and from the State do not equal the total  
10 contributions made by or on behalf of the teachers for such  
11 year, or if the total income of the Fund in any such fiscal  
12 year of the Board of Education from all sources is less than  
13 the total such expenditures by the Fund for such year, the  
14 Board of Education shall, in the next succeeding year, in  
15 addition to any other payment to the Fund set apart and  
16 appropriate from moneys from its tax levy for educational  
17 purposes, a sum sufficient to remove such deficiency or  
18 deficiencies, and promptly pay such sum into the Fund in order  
19 to restore any of the reserves of the Fund that may have been  
20 so temporarily applied. Any amounts received by the Fund after  
21 December 4, 1997 from State appropriations, including under  
22 Section 17-127, shall be a credit against and shall fully  
23 satisfy any obligation that may have arisen, or be claimed to  
24 have arisen, under this subsection (a) as a result of any  
25 deficiency or deficiencies in the fiscal year of the Board of

1 Education ending in calendar year 1997.

2 (b) (i) Notwithstanding any other provision of this  
3 Section, and notwithstanding any prior certification by the  
4 Board under subsection (c) for fiscal year 2011, the Board of  
5 Education's total required contribution to the Fund for fiscal  
6 year 2011 under this Section is \$187,000,000.

7 (ii) Notwithstanding any other provision of this Section,  
8 the Board of Education's total required contribution to the  
9 Fund for fiscal year 2012 under this Section is \$192,000,000.

10 (iii) Notwithstanding any other provision of this Section,  
11 the Board of Education's total required contribution to the  
12 Fund for fiscal year 2013 under this Section is \$196,000,000.

13 (iv) For fiscal years 2014 through 2059, the minimum  
14 contribution to the Fund to be made by the Board of Education  
15 in each fiscal year shall be an amount determined by the Fund  
16 to be sufficient to bring the total assets of the Fund up to  
17 90% of the total actuarial liabilities of the Fund by the end  
18 of fiscal year 2059. In making these determinations, the  
19 required Board of Education contribution shall be calculated  
20 each year as a level percentage of the applicable employee  
21 payrolls over the years remaining to and including fiscal year  
22 2059 and shall be determined under the projected unit credit  
23 actuarial cost method.

24 (v) Beginning in fiscal year 2060, the minimum Board of  
25 Education contribution for each fiscal year shall be the amount  
26 needed to maintain the total assets of the Fund at 90% of the

1 total actuarial liabilities of the Fund.

2 (vi) Notwithstanding any other provision of this  
3 subsection (b), for any fiscal year, the contribution to the  
4 Fund from the Board of Education shall not be required to be in  
5 excess of the amount calculated as needed to maintain the  
6 assets (or cause the assets to be) at the 90% level by the end  
7 of the fiscal year.

8 (vii) Any contribution by the State to or for the benefit  
9 of the Fund, including, without limitation, as referred to  
10 under Section 17-127, shall be a credit against any  
11 contribution required to be made by the Board of Education  
12 under this subsection (b).

13 (c) The Board shall determine the amount of Board of  
14 Education contributions required for each fiscal year on the  
15 basis of the actuarial tables and other assumptions adopted by  
16 the Board and the recommendations of the actuary, in order to  
17 meet the minimum contribution requirements of subsections (a)  
18 and (b). Annually, on or before February 28, the Board shall  
19 certify to the Board of Education the amount of the required  
20 Board of Education contribution for the coming fiscal year. The  
21 certification shall include a copy of the actuarial  
22 recommendations upon which it is based.

23 (d) On or before May 1, 2018, the Board shall recalculate  
24 and recertify to the Board of Education the amount of the  
25 required Board of Education contribution to the Fund for State  
26 fiscal year 2019, taking into account the effect on the Fund's

1 liabilities of the elections made under Section 17-115.5.

2 (Source: P.A. 96-889, eff. 4-14-10.)

3 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

4 Sec. 17-130. Participants' contributions by payroll  
5 deductions.

6 (a) Except as provided in subsection (a-5), there ~~There~~  
7 shall be deducted from the salary of each teacher 7.50% of his  
8 salary for service or disability retirement pension and 0.5% of  
9 salary for the annual increase in base pension.

10 In addition, there shall be deducted from the salary of  
11 each teacher 1% of his salary for survivors' and children's  
12 pensions.

13 (a-5) Beginning on July 1, 2018 or the effective date of  
14 the Tier 1 employee's election under paragraph (1) of Section  
15 17-115.5, whichever is later, in lieu of the contributions  
16 otherwise required under subsection (a), each Tier 1 employee  
17 who made the election under paragraph (1) of Section 17-115.5  
18 shall make contributions of 7.50% of salary for service or  
19 disability retirement pension and 0.6% of salary for survivors'  
20 and children's pensions.

21 (b) An Employer and any employer of eligible contributors  
22 as defined in Section 17-106 is authorized to make the  
23 necessary deductions from the salaries of its teachers. Such  
24 amounts shall be included as a part of the Fund. An Employer  
25 and any employer of eligible contributors as defined in Section

1 17-106 shall formulate such rules and regulations as may be  
2 necessary to give effect to the provisions of this Section.

3 (c) All persons employed as teachers shall, by such  
4 employment, accept the provisions of this Article and of  
5 Sections 34-83 to 34-85, inclusive, of "The School Code",  
6 approved March 18, 1961, as amended, and thereupon become  
7 contributors to the Fund in accordance with the terms thereof.  
8 The provisions of this Article and of those Sections shall  
9 become a part of the contract of employment.

10 (d) A person who (i) was a member before July 1, 1998, (ii)  
11 retires with more than 34 years of creditable service, and  
12 (iii) does not elect to qualify for the augmented rate under  
13 Section 17-119.1 shall be entitled, at the time of retirement,  
14 to receive a partial refund of contributions made under this  
15 Section for service occurring after the later of June 30, 1998  
16 or attainment of 34 years of creditable service, in an amount  
17 equal to 1.00% of the salary upon which those contributions  
18 were based.

19 (Source: P.A. 97-8, eff. 6-13-11.)

20 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

21 Sec. 18-131. Financing; employer contributions.

22 (a) The State of Illinois shall make contributions to this  
23 System by appropriations of the amounts which, together with  
24 the contributions of participants, net earnings on  
25 investments, and other income, will meet the costs of

1 maintaining and administering this System on a 90% funded basis  
2 in accordance with actuarial recommendations.

3 (b) The Board shall determine the amount of State  
4 contributions required for each fiscal year on the basis of the  
5 actuarial tables and other assumptions adopted by the Board and  
6 the prescribed rate of interest, using the formula in  
7 subsection (c).

8 (c) For State fiscal years 2018 through 2045, the minimum  
9 contribution to the System to be made by the State for each  
10 fiscal year shall be an amount determined by the System to be  
11 sufficient to bring the total assets of the System up to 90% of  
12 the total actuarial liabilities of the System by the end of  
13 State fiscal year 2045. In making these determinations, the  
14 required State contribution shall be calculated each year as a  
15 level percentage of total payroll, including payroll that is  
16 not deemed pensionable, over the years remaining to and  
17 including fiscal year 2045 and shall be determined under the  
18 projected unit credit actuarial cost method.

19 Beginning in State fiscal year 2018, any increase or  
20 decrease in State contribution over the prior fiscal year due  
21 exclusively to changes in actuarial or investment assumptions  
22 adopted by the Board shall be included in the State  
23 contribution to the System, as a percentage of the applicable  
24 employee payroll, and shall be increased in equal annual  
25 increments so that by the State fiscal year occurring 5 years  
26 after the adoption of the actuarial or investment assumptions,



1 the State is contributing at the rate otherwise required under  
2 this Section.

3 If Section 2-110.3, 15-132.9, 16-122.9, or 17-115.5 is  
4 determined to be unconstitutional or otherwise invalid by a  
5 final unappealable decision of an Illinois court or a court of  
6 competent jurisdiction, then the changes made to this Section  
7 by this amendatory Act of the 100th General Assembly shall not  
8 take effect and are repealed by operation of law.

9 For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
10 contribution to the System to be made by the State for each  
11 fiscal year shall be an amount determined by the System to be  
12 sufficient to bring the total assets of the System up to 90% of  
13 the total actuarial liabilities of the System by the end of  
14 State fiscal year 2045. In making these determinations, the  
15 required State contribution shall be calculated each year as a  
16 level percentage of payroll over the years remaining to and  
17 including fiscal year 2045 and shall be determined under the  
18 projected unit credit actuarial cost method.

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

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2006 is  
26 \$29,189,400.

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2007 is  
3 \$35,236,800.

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

10           Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2010 is  
12 \$78,832,000 and shall be made from the proceeds of bonds sold  
13 in fiscal year 2010 pursuant to Section 7.2 of the General  
14 Obligation Bond Act, less (i) the pro rata share of bond sale  
15 expenses determined by the System's share of total bond  
16 proceeds, (ii) any amounts received from the General Revenue  
17 Fund in fiscal year 2010, and (iii) any reduction in bond  
18 proceeds due to the issuance of discounted bonds, if  
19 applicable.

20           Notwithstanding any other provision of this Article, the  
21 total required State contribution for State fiscal year 2011 is  
22 the amount recertified by the System on or before April 1, 2011  
23 pursuant to Section 18-140 and shall be made from the proceeds  
24 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
25 the General Obligation Bond Act, less (i) the pro rata share of  
26 bond sale expenses determined by the System's share of total

1 bond proceeds, (ii) any amounts received from the General  
2 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
3 bond proceeds due to the issuance of discounted bonds, if  
4 applicable.

5 Beginning in State fiscal year 2046, the minimum State  
6 contribution for each fiscal year shall be the amount needed to  
7 maintain the total assets of the System at 90% of the total  
8 actuarial liabilities of the System.

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

21 Notwithstanding any other provision of this Section, the  
22 required State contribution for State fiscal year 2005 and for  
23 fiscal year 2008 and each fiscal year thereafter, as calculated  
24 under this Section and certified under Section 18-140, shall  
25 not exceed an amount equal to (i) the amount of the required  
26 State contribution that would have been calculated under this

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

20 (d) For purposes of determining the required State  
21 contribution to the System, the value of the System's assets  
22 shall be equal to the actuarial value of the System's assets,  
23 which shall be calculated as follows:

24 As of June 30, 2008, the actuarial value of the System's  
25 assets shall be equal to the market value of the assets as of  
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial  
2 gains or losses from investment return incurred in a fiscal  
3 year shall be recognized in equal annual amounts over the  
4 5-year period following that fiscal year.

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

9 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
10 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
11 7-13-12.)

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

13 Sec. 18-140. To certify required State contributions and  
14 submit vouchers.

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

24 On or before November 1 of each year, beginning November 1,  
25 2012, the Board shall submit to the State Actuary, the

1 Governor, and the General Assembly a proposed certification of  
2 the amount of the required State contribution to the System for  
3 the next fiscal year, along with all of the actuarial  
4 assumptions, calculations, and data upon which that proposed  
5 certification is based. On or before January 1 of each year  
6 beginning January 1, 2013, the State Actuary shall issue a  
7 preliminary report concerning the proposed certification and  
8 identifying, if necessary, recommended changes in actuarial  
9 assumptions that the Board must consider before finalizing its  
10 certification of the required State contributions. On or before  
11 January 15, 2013 and every January 15 thereafter, the Board  
12 shall certify to the Governor and the General Assembly the  
13 amount of the required State contribution for the next fiscal  
14 year. The Board's certification must note any deviations from  
15 the State Actuary's recommended changes, the reason or reasons  
16 for not following the State Actuary's recommended changes, and  
17 the fiscal impact of not following the State Actuary's  
18 recommended changes on the required State contribution.

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

25 On or before July 1, 2005, the Board shall recalculate and  
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2006, taking  
2 into account the changes in required State contributions made  
3 by this amendatory Act of the 94th General Assembly.

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

10 As soon as practical after the effective date of this  
11 amendatory Act of the 100th General Assembly, the State Actuary  
12 and the Board shall recalculate and recertify to the Governor  
13 and the General Assembly the amount of the State contribution  
14 to the System for State fiscal year 2017, taking into account  
15 the changes in required State contributions made by this  
16 amendatory Act of the 100th General Assembly.

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

1 the transfer to the System under subsection (c) of Section  
2 6z-61 of the State Finance Act. These vouchers shall be paid by  
3 the State Comptroller and Treasurer by warrants drawn on the  
4 funds appropriated to the System for that fiscal year.

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

14 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
15 97-694, eff. 6-18-12.)

16 (40 ILCS 5/2-165 rep.)

17 (40 ILCS 5/2-166 rep.)

18 (40 ILCS 5/15-200 rep.)

19 (40 ILCS 5/15-201 rep.)

20 (40 ILCS 5/16-205 rep.)

21 (40 ILCS 5/16-206 rep.)

22 Section 20. The Illinois Pension Code is amended by  
23 repealing Sections 2-165, 2-166, 15-200, 15-201, 16-205, and  
24 16-206.



1 Section 25. The State Pension Funds Continuing  
2 Appropriation Act is amended by adding Section 1.9 as follows:

3 (40 ILCS 15/1.9 new)

4 Sec. 1.9. Appropriation for consideration payment. There  
5 is hereby appropriated from the General Revenue Fund to the  
6 State Comptroller, on a continuing basis, all amounts necessary  
7 for the payment of consideration payments under subsection (b)  
8 of Sections 2-110.3, 15-132.9, and 16-122.9 of the Illinois  
9 Pension Code, in the amounts certified to the State Comptroller  
10 by the respective retirement system or pension fund.

11 Section 30. The School Code is amended by changing Sections  
12 24-1, 24-8, and 34-18.53 as follows:

13 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

14 Sec. 24-1. Appointment-Salaries-Payment-School  
15 month-School term.) School boards shall appoint all teachers,  
16 determine qualifications of employment and fix the amount of  
17 their salaries subject to any limitation set forth in this Act  
18 and subject to any applicable restrictions in Section 16-122.9  
19 of the Illinois Pension Code. They shall pay the wages of  
20 teachers monthly, subject, however, to the provisions of  
21 Section 24-21. The school month shall be the same as the  
22 calendar month but by resolution the school board may adopt for  
23 its use a month of 20 days, including holidays. The school term

1 shall consist of at least the minimum number of pupil  
2 attendance days required by Section 10-19, any additional legal  
3 school holidays, days of teachers' institutes, or equivalent  
4 professional educational experiences, and one or two days at  
5 the beginning of the school term when used as a teachers'  
6 workshop.

7 (Source: P.A. 80-249.)

8 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

9 Sec. 24-8. Minimum salary. In fixing the salaries of  
10 teachers, school boards shall pay those who serve on a  
11 full-time basis not less than a rate for the school year that  
12 is based upon training completed in a recognized institution of  
13 higher learning, as follows: for the school year beginning July  
14 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;  
15 120 semester hours or more and a bachelor's degree, \$10,000;  
16 150 semester hours or more and a master's degree, \$11,000.

17 Based upon previous public school experience in this State  
18 or any other State, territory, dependency or possession of the  
19 United States, or in schools operated by or under the auspices  
20 of the United States, teachers who serve on a full-time basis  
21 shall have their salaries increased to at least the following  
22 amounts above the starting salary for a teacher in such  
23 district in the same classification: with less than a  
24 bachelor's degree, \$750 after 5 years; with 120 semester hours  
25 or more and a bachelor's degree, \$1,000 after 5 years and

1 \$1,600 after 8 years; with 150 semester hours or more and a  
2 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and  
3 \$2,750 after 13 years. However, any salary increase is subject  
4 to any applicable restrictions in Section 16-122.9 of the  
5 Illinois Pension Code.

6 For the purpose of this Section a teacher's salary shall  
7 include any amount paid by the school district on behalf of the  
8 teacher, as teacher contributions, to the Teachers' Retirement  
9 System of the State of Illinois.

10 If a school board establishes a schedule for teachers'  
11 salaries based on education and experience, not inconsistent  
12 with this Section, all certificated nurses employed by that  
13 board shall be paid in accordance with the provisions of such  
14 schedule (subject to any applicable restrictions in Section  
15 16-122.9 of the Illinois Pension Code).

16 For purposes of this Section, a teacher who submits a  
17 certificate of completion to the school office prior to the  
18 first day of the school term shall be considered to have the  
19 degree stated in such certificate.

20 (Source: P.A. 83-913.)

21 (105 ILCS 5/34-18.53 new)

22 Sec. 34-18.53. Future increase in income. The Board of  
23 Education must not pay, offer, or agree to pay any future  
24 increase in income, as that term is defined in Section 17-113.5  
25 of the Illinois Pension Code, to any person in a manner that

1 violates Section 17-115.5 of the Illinois Pension Code.

2 Section 35. The State Universities Civil Service Act is  
3 amended by changing Section 36d as follows:

4 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

5 Sec. 36d. Powers and duties of the Merit Board. The Merit  
6 Board shall have the power and duty-

7 (1) To approve a classification plan prepared under its  
8 direction, assigning to each class positions of  
9 substantially similar duties. The Merit Board shall have  
10 power to delegate to its Director the duty of assigning  
11 each position in the classified service to the appropriate  
12 class in the classification plan approved by the Merit  
13 Board.

14 (2) To prescribe the duties of each class of positions  
15 and the qualifications required by employment in that  
16 class.

17 (3) To prescribe the range of compensation for each  
18 class or to fix a single rate of compensation for employees  
19 in a particular class; and to establish other conditions of  
20 employment which an employer and employee representatives  
21 have agreed upon as fair and equitable. The Merit Board  
22 shall direct the payment of the "prevailing rate of wages"  
23 in those classifications in which, on January 1, 1952, any  
24 employer is paying such prevailing rate and in such other

1 classes as the Merit Board may thereafter determine.  
2 "Prevailing rate of wages" as used herein shall be the  
3 wages paid generally in the locality in which the work is  
4 being performed to employees engaged in work of a similar  
5 character. Subject to any applicable restrictions in  
6 Section 15-132.9 or 16-122.9 of the Illinois Pension Code,  
7 each ~~Each~~ employer covered by the University System shall  
8 be authorized to negotiate with representatives of  
9 employees to determine appropriate ranges or rates of  
10 compensation or other conditions of employment and may  
11 recommend to the Merit Board for establishment the rates or  
12 ranges or other conditions of employment which the employer  
13 and employee representatives have agreed upon as fair and  
14 equitable, but excluding the changes, the impact of  
15 changes, and the implementation of the changes set forth in  
16 this amendatory Act of the 100th General Assembly. Any  
17 rates or ranges established prior to January 1, 1952, and  
18 hereafter, shall not be changed except in accordance with  
19 the procedures herein provided.

20 (4) To recommend to the institutions and agencies  
21 specified in Section 36e standards for hours of work,  
22 holidays, sick leave, overtime compensation and vacation  
23 for the purpose of improving conditions of employment  
24 covered therein and for the purpose of insuring conformity  
25 with the prevailing rate principal.

26 (5) To prescribe standards of examination for each

1 class, the examinations to be related to the duties of such  
2 class. The Merit Board shall have power to delegate to the  
3 Director and his staff the preparation, conduct and grading  
4 of examinations. Examinations may be written, oral, by  
5 statement of training and experience, in the form of tests  
6 of knowledge, skill, capacity, intellect, aptitude; or, by  
7 any other method, which in the judgment of the Merit Board  
8 is reasonable and practical for any particular  
9 classification. Different examining procedures may be  
10 determined for the examinations in different  
11 classifications but all examinations in the same  
12 classification shall be uniform.

13 (6) To authorize the continuous recruitment of  
14 personnel and to that end, to delegate to the Director and  
15 his staff the power and the duty to conduct open and  
16 continuous competitive examinations for all  
17 classifications of employment.

18 (7) To cause to be established from the results of  
19 examinations registers for each class of positions in the  
20 classified service of the State Universities Civil Service  
21 System, of the persons who shall attain the minimum mark  
22 fixed by the Merit Board for the examination; and such  
23 persons shall take rank upon the registers as candidates in  
24 the order of their relative excellence as determined by  
25 examination, without reference to priority of time of  
26 examination.

1           (8) To provide by its rules for promotions in the  
2           classified service. Vacancies shall be filled by promotion  
3           whenever practicable. For the purpose of this paragraph, an  
4           advancement in class shall constitute a promotion.

5           (9) To set a probationary period of employment of no  
6           less than 6 months and no longer than 12 months for each  
7           class of positions in the classification plan, the length  
8           of the probationary period for each class to be determined  
9           by the Director.

10          (10) To provide by its rules for employment at regular  
11          rates of compensation of persons with physical  
12          disabilities in positions in which the disability does not  
13          prevent the individual from furnishing satisfactory  
14          service.

15          (11) To make and publish rules, to carry out the  
16          purpose of the State Universities Civil Service System and  
17          for examination, appointments, transfers and removals and  
18          for maintaining and keeping records of the efficiency of  
19          officers and employees and groups of officers and employees  
20          in accordance with the provisions of Sections 36b to 36q,  
21          inclusive, and said Merit Board may from time to time make  
22          changes in such rules.

23          (12) To appoint a Director and such assistants and  
24          other clerical and technical help as may be necessary  
25          efficiently to administer Sections 36b to 36q, inclusive.  
26          To authorize the Director to appoint an assistant resident

1 at the place of employment of each employer specified in  
2 Section 36e and this assistant may be authorized to give  
3 examinations and to certify names from the regional  
4 registers provided in Section 36k.

5 (13) To submit to the Governor of this state on or  
6 before November 1 of each year prior to the regular session  
7 of the General Assembly a report of the University System's  
8 business and an estimate of the amount of appropriation  
9 from state funds required for the purpose of administering  
10 the University System.

11 (Source: P.A. 99-143, eff. 7-27-15.)

12 Section 40. The University of Illinois Act is amended by  
13 adding Section 100 as follows:

14 (110 ILCS 305/100 new)

15 Sec. 100. Future increases in income. The University of  
16 Illinois must not pay, offer, or agree to pay any future  
17 increase in income, as that term is defined in Section 15-112.1  
18 or 16-121.1 of the Illinois Pension Code, to any person in a  
19 manner that violates Section 15-132.9 or 16-122.9 of the  
20 Illinois Pension Code.

21 Section 45. The Southern Illinois University Management  
22 Act is amended by adding Section 85 as follows:



1 (110 ILCS 520/85 new)

2 Sec. 85. Future increases in income. Southern Illinois  
3 University must not pay, offer, or agree to pay any future  
4 increase in income, as that term is defined in Section 15-112.1  
5 or 16-121.1 of the Illinois Pension Code, to any person in a  
6 manner that violates Section 15-132.9 or 16-122.9 of the  
7 Illinois Pension Code.

8 Section 50. The Chicago State University Law is amended by  
9 adding Section 5-195 as follows:

10 (110 ILCS 660/5-195 new)

11 Sec. 5-195. Future increases in income. Chicago State  
12 University must not pay, offer, or agree to pay any future  
13 increase in income, as that term is defined in Section 15-112.1  
14 or 16-121.1 of the Illinois Pension Code, to any person in a  
15 manner that violates Section 15-132.9 or 16-122.9 of the  
16 Illinois Pension Code.

17 Section 55. The Eastern Illinois University Law is amended  
18 by adding Section 10-195 as follows:

19 (110 ILCS 665/10-195 new)

20 Sec. 10-195. Future increases in income. Eastern Illinois  
21 University must not pay, offer, or agree to pay any future  
22 increase in income, as that term is defined in Section 15-112.1

1 or 16-121.1 of the Illinois Pension Code, to any person in a  
2 manner that violates Section 15-132.9 or 16-122.9 of the  
3 Illinois Pension Code.

4 Section 60. The Governors State University Law is amended  
5 by adding Section 15-195 as follows:

6 (110 ILCS 670/15-195 new)

7 Sec. 15-195. Future increases in income. Governors State  
8 University must not pay, offer, or agree to pay any future  
9 increase in income, as that term is defined in Section 15-112.1  
10 or 16-121.1 of the Illinois Pension Code, to any person in a  
11 manner that violates Section 15-132.9 or 16-122.9 of the  
12 Illinois Pension Code.

13 Section 65. The Illinois State University Law is amended by  
14 adding Section 20-200 as follows:

15 (110 ILCS 675/20-200 new)

16 Sec. 20-200. Future increases in income. Illinois State  
17 University must not pay, offer, or agree to pay any future  
18 increase in income, as that term is defined in Section 15-112.1  
19 or 16-121.1 of the Illinois Pension Code, to any person in a  
20 manner that violates Section 15-132.9 or 16-122.9 of the  
21 Illinois Pension Code.

1 Section 70. The Northeastern Illinois University Law is  
2 amended by adding Section 25-195 as follows:

3 (110 ILCS 680/25-195 new)

4 Sec. 25-195. Future increases in income. Northeastern  
5 Illinois University must not pay, offer, or agree to pay any  
6 future increase in income, as that term is defined in Section  
7 15-112.1 or 16-121.1 of the Illinois Pension Code, to any  
8 person in a manner that violates Section 15-132.9 or 16-122.9  
9 of the Illinois Pension Code.

10 Section 75. The Northern Illinois University Law is amended  
11 by adding Section 30-205 as follows:

12 (110 ILCS 685/30-205 new)

13 Sec. 30-205. Future increases in income. Northern Illinois  
14 University must not pay, offer, or agree to pay any future  
15 increase in income, as that term is defined in Section 15-112.1  
16 or 16-121.1 of the Illinois Pension Code, to any person in a  
17 manner that violates Section 15-132.9 or 16-122.9 of the  
18 Illinois Pension Code.

19 Section 80. The Western Illinois University Law is amended  
20 by adding Section 35-200 as follows:

21 (110 ILCS 690/35-200 new)

1       Sec. 35-200. Future increases in income. Western Illinois  
2 University must not pay, offer, or agree to pay any future  
3 increase in income, as that term is defined in Section 15-112.1  
4 or 16-121.1 of the Illinois Pension Code, to any person in a  
5 manner that violates Section 15-132.9 or 16-122.9 of the  
6 Illinois Pension Code.

7       Section 85. The Public Community College Act is amended by  
8 changing Sections 3-26 and 3-42 as follows:

9           (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

10       Sec. 3-26. (a) To make appointments and fix the salaries of  
11 a chief administrative officer, who shall be the executive  
12 officer of the board, other administrative personnel, and all  
13 teachers, but subject to any applicable restrictions in Section  
14 15-132.9 or 16-122.9 of the Illinois Pension Code. In making  
15 these appointments and fixing the salaries, the board may make  
16 no discrimination on account of sex, race, creed, color or  
17 national origin.

18       (b) Upon the written request of an employee, to withhold  
19 from the compensation of that employee the membership dues of  
20 such employee payable to any specified labor organization as  
21 defined in the Illinois Educational Labor Relations Act. Under  
22 such arrangement, an amount shall be withheld for each regular  
23 payroll period which is equal to the prorata share of the  
24 annual membership dues plus any payments or contributions and

1 the board shall pay such withholding to the specified labor  
2 organization within 10 working days from the time of the  
3 withholding.

4 (Source: P.A. 83-1014.)

5 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

6 Sec. 3-42. To employ such personnel as may be needed, to  
7 establish policies governing their employment and dismissal,  
8 and to fix the amount of their compensation, subject to any  
9 applicable restrictions in Section 15-132.9 or 16-122.9 of the  
10 Illinois Pension Code. In the employment, establishment of  
11 policies and fixing of compensation the board may make no  
12 discrimination on account of sex, race, creed, color or  
13 national origin.

14 Residence within any community college district or outside  
15 any community college district shall not be considered:

16 (a) in determining whether to retain or not retain any  
17 employee of a community college employed prior to July 1,  
18 1977 or prior to the adoption by the community college  
19 board of a resolution making residency within the community  
20 college district of some or all employees a condition of  
21 employment, whichever is later;

22 (b) in assigning, promoting or transferring any  
23 employee of a community college to an office or position  
24 employed prior to July 1, 1977 or prior to the adoption by  
25 the community college board of a resolution making

1           residency within the community college district of some or  
2           all employees a condition of employment, whichever is  
3           later; or

4           (c) in determining the salary or other compensation of  
5           any employee of a community college.

6           (Source: P.A. 80-248.)

7           Section 90. The Illinois Educational Labor Relations Act is  
8           amended by changing Sections 4, 14, and 17 and by adding  
9           Section 10.6 as follows:

10           (115 ILCS 5/4) (from Ch. 48, par. 1704)

11           Sec. 4. Employer rights. Employers shall not be required to  
12           bargain over matters of inherent managerial policy, which shall  
13           include such areas of discretion or policy as the functions of  
14           the employer, standards of services, its overall budget, the  
15           organizational structure and selection of new employees and  
16           direction of employees. Employers, however, shall be required  
17           to bargain collectively with regard to policy matters directly  
18           affecting wages (but subject to any applicable restrictions in  
19           Section 15-132.9, 16-122.9, or 17-115.5 of the Illinois Pension  
20           Code), hours and terms and conditions of employment as well as  
21           the impact thereon upon request by employee representatives,  
22           but excluding the changes, the impact of changes, and the  
23           implementation of the changes set forth in this amendatory Act  
24           of the 100th General Assembly. To preserve the rights of

1 employers and exclusive representatives which have established  
2 collective bargaining relationships or negotiated collective  
3 bargaining agreements prior to the effective date of this Act,  
4 employers shall be required to bargain collectively with regard  
5 to any matter concerning wages (but subject to any applicable  
6 restrictions in Section 15-132.9, 16-122.9, or 17-115.5 of the  
7 Illinois Pension Code), hours or conditions of employment about  
8 which they have bargained for and agreed to in a collective  
9 bargaining agreement prior to the effective date of this Act,  
10 but excluding the changes, the impact of changes, and the  
11 implementation of the changes set forth in this amendatory Act  
12 of the 100th General Assembly.

13 (Source: P.A. 83-1014.)

14 (115 ILCS 5/10.6 new)

15 Sec. 10.6. No collective bargaining or interest  
16 arbitration regarding certain changes to the Illinois Pension  
17 Code.

18 (a) Notwithstanding any other provision of this Act,  
19 employers shall not be required to bargain over matters  
20 affected by the changes, the impact of the changes, and the  
21 implementation of the changes to Article 15, 16, or 17 of the  
22 Illinois Pension Code made by this amendatory Act of the 100th  
23 General Assembly, which are deemed to be prohibited subjects of  
24 bargaining. Notwithstanding any provision of this Act, the  
25 changes, impact of the changes, or implementation of the

1 changes to Article 15, 16, or 17 of the Illinois Pension Code  
2 made by this amendatory Act of the 100th General Assembly shall  
3 not be subject to interest arbitration or any award issued  
4 pursuant to interest arbitration. The provisions of this  
5 Section shall not apply to an employment contract or collective  
6 bargaining agreement that is in effect on the effective date of  
7 this amendatory Act of the 100th General Assembly. However, any  
8 such contract or agreement that is modified, amended, renewed,  
9 or superseded after the effective date of this amendatory Act  
10 of the 100th General Assembly shall be subject to the  
11 provisions of this Section. The provisions of this Section  
12 shall not apply to the ability of any employer and employee  
13 representative to bargain collectively with regard to the pick  
14 up of employee contributions pursuant to Section 15-157.1,  
15 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

16 (b) Nothing in this Section shall be construed as otherwise  
17 limiting any of the obligations and requirements applicable to  
18 employers under any of the provisions of this Act, including,  
19 but not limited to, the requirement to bargain collectively  
20 with regard to policy matters directly affecting wages, hours,  
21 and terms and conditions of employment as well as the impact  
22 thereon upon request by employee representatives, except for  
23 the matters set forth in subsection (a) of this Section that  
24 are deemed prohibited subjects of bargaining. Nothing in this  
25 Section shall be construed as otherwise limiting any of the  
26 rights of employees or employee representatives under the



1 provisions of this Act, except for the matters set forth in  
2 subsection (a) of this Section that are deemed prohibited  
3 subjects of bargaining.

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

7 (115 ILCS 5/14) (from Ch. 48, par. 1714)

8 Sec. 14. Unfair labor practices.

9 (a) Educational employers, their agents or representatives  
10 are prohibited from:

11 (1) Interfering, restraining or coercing employees in  
12 the exercise of the rights guaranteed under this Act.

13 (2) Dominating or interfering with the formation,  
14 existence or administration of any employee organization.

15 (3) Discriminating in regard to hire or tenure of  
16 employment or any term or condition of employment to  
17 encourage or discourage membership in any employee  
18 organization.

19 (4) Discharging or otherwise discriminating against an  
20 employee because he or she has signed or filed an  
21 affidavit, authorization card, petition or complaint or  
22 given any information or testimony under this Act.

23 (5) Subject to and except as provided in Section 10.6,  
24 refusing ~~Refusing~~ to bargain collectively in good faith  
25 with an employee representative which is the exclusive

1 representative of employees in an appropriate unit,  
2 including but not limited to the discussing of grievances  
3 with the exclusive representative; provided, however, that  
4 if an alleged unfair labor practice involves  
5 interpretation or application of the terms of a collective  
6 bargaining agreement and said agreement contains a  
7 grievance and arbitration procedure, the Board may defer  
8 the resolution of such dispute to the grievance and  
9 arbitration procedure contained in said agreement.  
10 However, no actions of the employer taken to implement or  
11 otherwise comply with the provisions of subsection (a) of  
12 Section 10.6 shall constitute or give rise to an unfair  
13 labor practice under this Act.

14 (6) Refusing to reduce a collective bargaining  
15 agreement to writing and signing such agreement.

16 (7) Violating any of the rules and regulations  
17 promulgated by the Board regulating the conduct of  
18 representation elections.

19 (8) Refusing to comply with the provisions of a binding  
20 arbitration award.

21 (9) Expending or causing the expenditure of public  
22 funds to any external agent, individual, firm, agency,  
23 partnership or association in any attempt to influence the  
24 outcome of representational elections held pursuant to  
25 paragraph (c) of Section 7 of this Act; provided, that  
26 nothing in this subsection shall be construed to limit an

1 employer's right to be represented on any matter pertaining  
2 to unit determinations, unfair labor practice charges or  
3 pre-election conferences in any formal or informal  
4 proceeding before the Board, or to seek or obtain advice  
5 from legal counsel. Nothing in this paragraph shall be  
6 construed to prohibit an employer from expending or causing  
7 the expenditure of public funds on, or seeking or obtaining  
8 services or advice from, any organization, group or  
9 association established by, and including educational or  
10 public employers, whether or not covered by this Act, the  
11 Illinois Public Labor Relations Act or the public  
12 employment labor relations law of any other state or the  
13 federal government, provided that such services or advice  
14 are generally available to the membership of the  
15 organization, group, or association, and are not offered  
16 solely in an attempt to influence the outcome of a  
17 particular representational election.

18 (b) Employee organizations, their agents or  
19 representatives or educational employees are prohibited from:

20 (1) Restraining or coercing employees in the exercise  
21 of the rights guaranteed under this Act, provided that a  
22 labor organization or its agents shall commit an unfair  
23 labor practice under this paragraph in duty of fair  
24 representation cases only by intentional misconduct in  
25 representing employees under this Act.

26 (2) Restraining or coercing an educational employer in

1 the selection of his representative for the purposes of  
2 collective bargaining or the adjustment of grievances.

3 (3) Refusing to bargain collectively in good faith with  
4 an educational employer, if they have been designated in  
5 accordance with the provisions of this Act as the exclusive  
6 representative of employees in an appropriate unit.

7 (4) Violating any of the rules and regulations  
8 promulgated by the Board regulating the conduct of  
9 representation elections.

10 (5) Refusing to reduce a collective bargaining  
11 agreement to writing and signing such agreement.

12 (6) Refusing to comply with the provisions of a binding  
13 arbitration award.

14 (c) The expressing of any views, argument, opinion or the  
15 dissemination thereof, whether in written, printed, graphic or  
16 visual form, shall not constitute or be evidence of an unfair  
17 labor practice under any of the provisions of this Act, if such  
18 expression contains no threat of reprisal or force or promise  
19 of benefit.

20 (d) The actions of a Financial Oversight Panel created  
21 pursuant to Section 1A-8 of the School Code due to a district  
22 violating a financial plan shall not constitute or be evidence  
23 of an unfair labor practice under any of the provisions of this  
24 Act. Such actions include, but are not limited to, reviewing,  
25 approving, or rejecting a school district budget or a  
26 collective bargaining agreement.

1 (Source: P.A. 89-572, eff. 7-30-96.)

2 (115 ILCS 5/17) (from Ch. 48, par. 1717)

3 Sec. 17. Effect on other laws. In case of any conflict  
4 between the provisions of this Act and any other law (other  
5 than Section 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
6 Pension Code), executive order or administrative regulation,  
7 the provisions of this Act shall prevail and control. The  
8 provisions of this Act are subject to any applicable  
9 restrictions in Section 15-132.9, 16-122.9, or 17-115.5 of the  
10 Illinois Pension Code, as well as the changes, impact of  
11 changes, and implementation of changes set forth in this  
12 amendatory Act of the 100th General Assembly. Nothing in this  
13 Act shall be construed to replace or diminish the rights of  
14 employees established by Section 36d of "An Act to create the  
15 State Universities Civil Service System", approved May 11,  
16 1905, as amended or modified.

17 (Source: P.A. 83-1014.)

18 Section 900. The State Mandates Act is amended by adding  
19 Section 8.41 as follows:

20 (30 ILCS 805/8.41 new)

21 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8  
22 of this Act, no reimbursement by the State is required for the  
23 implementation of any mandate created by this amendatory Act of

1 the 100th General Assembly.

2       Section 970. Severability. Except as otherwise provided in  
3 this Act, the provisions of this Act are severable under  
4 Section 1.31 of the Statute on Statutes.

5       Section 999. Effective date. This Act takes effect upon  
6 becoming law, but this Act does not take effect at all unless  
7 Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, and 13 of the  
8 100th General Assembly become law.

1

## INDEX

2

## Statutes amended in order of appearance

3

5 ILCS 315/7.6 new

4

5 ILCS 315/10

from Ch. 48, par. 1610

5

5 ILCS 315/15

from Ch. 48, par. 1615

6

20 ILCS 5/5-647 new

7

40 ILCS 5/2-101

from Ch. 108 1/2, par. 2-101

8

40 ILCS 5/2-105

from Ch. 108 1/2, par. 2-105

9

40 ILCS 5/2-105.3 new

10

40 ILCS 5/2-107

from Ch. 108 1/2, par. 2-107

11

40 ILCS 5/2-107.9 new

12

40 ILCS 5/2-108

from Ch. 108 1/2, par. 2-108

13

40 ILCS 5/2-110.3 new

14

40 ILCS 5/2-119.1

from Ch. 108 1/2, par. 2-119.1

15

40 ILCS 5/2-124

from Ch. 108 1/2, par. 2-124

16

40 ILCS 5/2-126

from Ch. 108 1/2, par. 2-126

17

40 ILCS 5/2-134

from Ch. 108 1/2, par. 2-134

18

40 ILCS 5/2-162

19

40 ILCS 5/2-165.1 new

20

40 ILCS 5/2-166.1 new

21

40 ILCS 5/15-108.1

22

40 ILCS 5/15-111

from Ch. 108 1/2, par. 15-111

23

40 ILCS 5/15-112.1 new

24

40 ILCS 5/15-132.9 new

25

40 ILCS 5/15-136

from Ch. 108 1/2, par. 15-136

1	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
2	40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157
3	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
4	40 ILCS 5/15-198	
5	40 ILCS 5/15-200.1 new	
6	40 ILCS 5/15-201.1 new	
7	40 ILCS 5/16-107.1 new	
8	40 ILCS 5/16-121	from Ch. 108 1/2, par. 16-121
9	40 ILCS 5/16-121.1 new	
10	40 ILCS 5/16-122.9 new	
11	40 ILCS 5/16-133.1	from Ch. 108 1/2, par. 16-133.1
12	40 ILCS 5/16-136.1	from Ch. 108 1/2, par. 16-136.1
13	40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
14	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
15	40 ILCS 5/16-203	
16	40 ILCS 5/16-205.1 new	
17	40 ILCS 5/16-206.1 new	
18	40 ILCS 5/17-106.05 new	
19	40 ILCS 5/17-113.4 new	
20	40 ILCS 5/17-113.5 new	
21	40 ILCS 5/17-115.5 new	
22	40 ILCS 5/17-116	from Ch. 108 1/2, par. 17-116
23	40 ILCS 5/17-119.2 new	
24	40 ILCS 5/17-129	from Ch. 108 1/2, par. 17-129
25	40 ILCS 5/17-130	from Ch. 108 1/2, par. 17-130
26	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131



1	40 ILCS 5/18-140	from Ch. 108 1/2, par. 18-140
2	40 ILCS 5/2-165 rep.	
3	40 ILCS 5/2-166 rep.	
4	40 ILCS 5/15-200 rep.	
5	40 ILCS 5/15-201 rep.	
6	40 ILCS 5/16-205 rep.	
7	40 ILCS 5/16-206 rep.	
8	40 ILCS 15/1.9 new	
9	105 ILCS 5/24-1	from Ch. 122, par. 24-1
10	105 ILCS 5/24-8	from Ch. 122, par. 24-8
11	105 ILCS 5/34-18.53 new	
12	110 ILCS 70/36d	from Ch. 24 1/2, par. 38b3
13	110 ILCS 305/100 new	
14	110 ILCS 520/85 new	
15	110 ILCS 660/5-195 new	
16	110 ILCS 665/10-195 new	
17	110 ILCS 670/15-195 new	
18	110 ILCS 675/20-200 new	
19	110 ILCS 680/25-195 new	
20	110 ILCS 685/30-205 new	
21	110 ILCS 690/35-200 new	
22	110 ILCS 805/3-26	from Ch. 122, par. 103-26
23	110 ILCS 805/3-42	from Ch. 122, par. 103-42
24	115 ILCS 5/4	from Ch. 48, par. 1704
25	115 ILCS 5/10.6 new	
26	115 ILCS 5/14	from Ch. 48, par. 1714

SB0011

- 201 -

LRB100 06001 RPS 16030 b

- 1 115 ILCS 5/17 from Ch. 48, par. 1717
- 2 30 ILCS 805/8.41 new