



Sen. John J. Cullerton

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1 AMENDMENT TO SENATE BILL 11

2 AMENDMENT NO. _____. Amend Senate Bill 11 by replacing
3 everything after the enacting clause with the following:

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

1 changes, impact of the changes, or implementation of the
2 changes to Article 15, 16, or 17 of the Illinois Pension Code
3 made by this amendatory Act of the 100th General Assembly shall
4 not be subject to interest arbitration or any award issued
5 pursuant to interest arbitration. The provisions of this
6 Section shall not apply to an employment contract or collective
7 bargaining agreement that is in effect on the effective date of
8 this amendatory Act of the 100th General Assembly. However, any
9 such contract or agreement that is modified, amended, renewed,
10 or superseded after the effective date of this amendatory Act
11 of the 100th General Assembly shall be subject to the
12 provisions of this Section. Each employer with active employees
13 participating in a retirement system or pension fund
14 established under Article 15, 16, or 17 of the Illinois Pension
15 Code shall comply with and be subject to the provisions of this
16 amendatory Act of the 100th General Assembly. The provisions of
17 this Section shall not apply to the ability of any employer and
18 employee representative to bargain collectively with regard to
19 the pick up of employee contributions pursuant to Section
20 15-157.1, 16-152.1, 17-130.1, or 17-130.2 of the Illinois
21 Pension Code.

22 (b) Subject to and except for the matters set forth in
23 subsection (a) of this Section that are deemed prohibited
24 subjects of bargaining, nothing in this Section shall be
25 construed as otherwise limiting any of the obligations and
26 requirements applicable to employers under any of the

1 provisions of this Act, including, but not limited to, the
2 requirement to bargain collectively with regard to policy
3 matters directly affecting wages, hours, and terms and
4 conditions of employment as well as the impact thereon upon
5 request by employee representatives. Subject to and except for
6 the matters set forth in subsection (a) of this Section that
7 are deemed prohibited subjects of bargaining, nothing in this
8 Section shall be construed as otherwise limiting any of the
9 rights of employees or employee representatives under the
10 provisions of this Act.

11 (c) In case of any conflict between this Section and any
12 other provisions of this Act or any other law, the provisions
13 of this Section shall control.

14 (5 ILCS 315/10) (from Ch. 48, par. 1610)

15 Sec. 10. Unfair labor practices.

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

18 (1) to interfere with, restrain or coerce public
19 employees in the exercise of the rights guaranteed in this
20 Act or to dominate or interfere with the formation,
21 existence or administration of any labor organization or
22 contribute financial or other support to it; provided, an
23 employer shall not be prohibited from permitting employees
24 to confer with him during working hours without loss of
25 time or pay;

1 (2) to discriminate in regard to hire or tenure of
2 employment or any term or condition of employment in order
3 to encourage or discourage membership in or other support
4 for any labor organization. Nothing in this Act or any
5 other law precludes a public employer from making an
6 agreement with a labor organization to require as a
7 condition of employment the payment of a fair share under
8 paragraph (e) of Section 6;

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

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

23 (5) to violate any of the rules and regulations
24 established by the Board with jurisdiction over them
25 relating to the conduct of representation elections or the
26 conduct affecting the representation elections;

1 (6) to expend or cause the expenditure of public funds
2 to any external agent, individual, firm, agency,
3 partnership or association in any attempt to influence the
4 outcome of representational elections held pursuant to
5 Section 9 of this Act; provided, that nothing in this
6 subsection shall be construed to limit an employer's right
7 to internally communicate with its employees as provided in
8 subsection (c) of this Section, to be represented on any
9 matter pertaining to unit determinations, unfair labor
10 practice charges or pre-election conferences in any formal
11 or informal proceeding before the Board, or to seek or
12 obtain advice from legal counsel. Nothing in this paragraph
13 shall be construed to prohibit an employer from expending
14 or causing the expenditure of public funds on, or seeking
15 or obtaining services or advice from, any organization,
16 group, or association established by and including public
17 or educational employers, whether covered by this Act, the
18 Illinois Educational Labor Relations Act or the public
19 employment labor relations law of any other state or the
20 federal government, provided that such services or advice
21 are generally available to the membership of the
22 organization, group or association, and are not offered
23 solely in an attempt to influence the outcome of a
24 particular representational election; or

25 (7) to refuse to reduce a collective bargaining
26 agreement to writing or to refuse to sign such agreement.

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

3 (1) to restrain or coerce public employees in the
4 exercise of the rights guaranteed in this Act, provided,

5 (i) that this paragraph shall not impair the right of a
6 labor organization to prescribe its own rules with respect
7 to the acquisition or retention of membership therein or
8 the determination of fair share payments and (ii) that a
9 labor organization or its agents shall commit an unfair
10 labor practice under this paragraph in duty of fair
11 representation cases only by intentional misconduct in
12 representing employees under this Act;

13 (2) to restrain or coerce a public employer in the
14 selection of his representatives for the purposes of
15 collective bargaining or the settlement of grievances; or

16 (3) to cause, or attempt to cause, an employer to
17 discriminate against an employee in violation of
18 subsection (a) (2);

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

23 (5) to violate any of the rules and regulations
24 established by the boards with jurisdiction over them
25 relating to the conduct of representation elections or the
26 conduct affecting the representation elections;

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

4 (7) to picket or cause to be picketed, or threaten to
5 picket or cause to be picketed, any public employer where
6 an object thereof is forcing or requiring an employer to
7 recognize or bargain with a labor organization of the
8 representative of its employees, or forcing or requiring
9 the employees of an employer to accept or select such labor
10 organization as their collective bargaining
11 representative, unless such labor organization is
12 currently certified as the representative of such
13 employees:

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

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

21 (C) where such picketing has been conducted
22 without a petition under Section 9 being filed within a
23 reasonable period of time not to exceed 30 days from
24 the commencement of such picketing; provided that when
25 such a petition has been filed the Board shall
26 forthwith, without regard to the provisions of

1 subsection (a) of Section 9 or the absence of a showing
2 of a substantial interest on the part of the labor
3 organization, direct an election in such unit as the
4 Board finds to be appropriate and shall certify the
5 results thereof; provided further, that nothing in
6 this subparagraph shall be construed to prohibit any
7 picketing or other publicity for the purpose of
8 truthfully advising the public that an employer does
9 not employ members of, or have a contract with, a labor
10 organization unless an effect of such picketing is to
11 induce any individual employed by any other person in
12 the course of his employment, not to pick up, deliver,
13 or transport any goods or not to perform any services;
14 or

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

17 (c) The expressing of any views, argument, or opinion or
18 the dissemination thereof, whether in written, printed,
19 graphic, or visual form, shall not constitute or be evidence of
20 an unfair labor practice under any of the provisions of this
21 Act, if such expression contains no threat of reprisal or force
22 or promise of benefit.

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

24 (5 ILCS 315/15) (from Ch. 48, par. 1615)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 15. Act Takes Precedence.

3 (a) In case of any conflict between the provisions of this
4 Act and any other law (other than Section 5 of the State
5 Employees Group Insurance Act of 1971 and other than the
6 changes made to the Illinois Pension Code by this amendatory
7 Act of the 96th General Assembly), executive order or
8 administrative regulation relating to wages, hours and
9 conditions of employment and employment relations, the
10 provisions of this Act or any collective bargaining agreement
11 negotiated thereunder shall prevail and control. Nothing in
12 this Act shall be construed to replace or diminish the rights
13 of employees established by Sections 28 and 28a of the
14 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
15 of the Regional Transportation Authority Act. The provisions of
16 this Act are subject to Section 5 of the State Employees Group
17 Insurance Act of 1971. Nothing in this Act shall be construed
18 to replace the necessity of complaints against a sworn peace
19 officer, as defined in Section 2(a) of the Uniform Peace
20 Officer Disciplinary Act, from having a complaint supported by
21 a sworn affidavit.

22 (b) Except as provided in subsection (a) above, any
23 collective bargaining contract between a public employer and a
24 labor organization executed pursuant to this Act shall
25 supersede any contrary statutes, charters, ordinances, rules
26 or regulations relating to wages, hours and conditions of

1 employment and employment relations adopted by the public
2 employer or its agents. Any collective bargaining agreement
3 entered into prior to the effective date of this Act shall
4 remain in full force during its duration.

5 (c) It is the public policy of this State, pursuant to
6 paragraphs (h) and (i) of Section 6 of Article VII of the
7 Illinois Constitution, that the provisions of this Act are the
8 exclusive exercise by the State of powers and functions which
9 might otherwise be exercised by home rule units. Such powers
10 and functions may not be exercised concurrently, either
11 directly or indirectly, by any unit of local government,
12 including any home rule unit, except as otherwise authorized by
13 this Act.

14 (d) Notwithstanding any other provision of law, no
15 collective bargaining agreement entered into, renewed, or
16 extended after the effective date of this amendatory Act of the
17 100th General Assembly or any arbitration award issued under
18 such collective bargaining agreement may violate or conflict
19 with the changes made by this amendatory Act of the 100th
20 General Assembly.

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

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

24 (5 ILCS 375/3) (from Ch. 127, par. 523)

1 Sec. 3. Definitions. Unless the context otherwise
2 requires, the following words and phrases as used in this Act
3 shall have the following meanings. The Department may define
4 these and other words and phrases separately for the purpose of
5 implementing specific programs providing benefits under this
6 Act.

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

12 (b) "Annuitant" means (1) an employee who retires, or has
13 retired, on or after January 1, 1966 on an immediate annuity
14 under the provisions of Articles 2, 14 (including an employee
15 who has elected to receive an alternative retirement
16 cancellation payment under Section 14-108.5 of the Illinois
17 Pension Code in lieu of an annuity or who meets the criteria
18 for retirement, but in lieu of receiving an annuity under that
19 Article has elected to receive an accelerated pension benefit
20 payment under Section 14-147.5 of that Article), 15 (including
21 an employee who has retired under the optional retirement
22 program established under Section 15-158.2 or who meets the
23 criteria for retirement but in lieu of receiving an annuity
24 under that Article has elected to receive an accelerated
25 pension benefit payment under Section 15-185.5 of the Article),
26 paragraphs (2), (3), or (5) of Section 16-106 (including an

1 employee who meets the criteria for retirement, but in lieu of
2 receiving an annuity under that Article has elected to receive
3 an accelerated pension benefit payment under Section 16-190.5
4 of the Illinois Pension Code), or Article 18 of the Illinois
5 Pension Code; (2) any person who was receiving group insurance
6 coverage under this Act as of March 31, 1978 by reason of his
7 status as an annuitant, even though the annuity in relation to
8 which such coverage was provided is a proportional annuity
9 based on less than the minimum period of service required for a
10 retirement annuity in the system involved; (3) any person not
11 otherwise covered by this Act who has retired as a
12 participating member under Article 2 of the Illinois Pension
13 Code but is ineligible for the retirement annuity under Section
14 2-119 of the Illinois Pension Code; (4) the spouse of any
15 person who is receiving a retirement annuity under Article 18
16 of the Illinois Pension Code and who is covered under a group
17 health insurance program sponsored by a governmental employer
18 other than the State of Illinois and who has irrevocably
19 elected to waive his or her coverage under this Act and to have
20 his or her spouse considered as the "annuitant" under this Act
21 and not as a "dependent"; or (5) an employee who retires, or
22 has retired, from a qualified position, as determined according
23 to rules promulgated by the Director, under a qualified local
24 government, a qualified rehabilitation facility, a qualified
25 domestic violence shelter or service, or a qualified child
26 advocacy center. (For definition of "retired employee", see (p)

1 post).

2 (b-5) (Blank).

3 (b-6) (Blank).

4 (b-7) (Blank).

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

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

1 Section 36 of the State Finance Act. "Compensation" also means
2 salary or wages paid to an employee of any qualified local
3 government, qualified rehabilitation facility, qualified
4 domestic violence shelter or service, or qualified child
5 advocacy center.

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

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

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

1 of the Illinois Pension Code. "Department" also includes the
2 Illinois Comprehensive Health Insurance Board, the Board of
3 Examiners established under the Illinois Public Accounting
4 Act, and the Illinois Finance Authority.

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

26 (i) "Director" means the Director of the Illinois

1 Department of Central Management Services.

2 (j) "Eligibility period" means the period of time a member
3 has to elect enrollment in programs or to select benefits
4 without regard to age, sex or health.

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

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

1 eligible for benefits under a sick pay plan established in
2 accordance with Section 36 of the State Finance Act. "Employee"
3 also includes (i) each officer or employee in the service of a
4 qualified local government, including persons appointed as
5 trustees of sanitary districts regardless of hours devoted to
6 the service of the sanitary district, (ii) each employee in the
7 service of a qualified rehabilitation facility, (iii) each
8 full-time employee in the service of a qualified domestic
9 violence shelter or service, and (iv) each full-time employee
10 in the service of a qualified child advocacy center, as
11 determined according to rules promulgated by the Director.

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

26 (m) "Optional coverages or benefits" means those coverages

1 or benefits available to the member on his or her voluntary
2 election, and at his or her own expense.

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

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

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

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

1 participate in the State Universities Retirement System by
2 clause (4) of subsection (a) of Section 15-107 of the Illinois
3 Pension Code; and (3) the surviving dependent of a person who
4 was an annuitant under this Act by virtue of receiving an
5 alternative retirement cancellation payment under Section
6 14-108.5 of the Illinois Pension Code.

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

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

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

15 (q-5) (Blank).

16 (q-6) (Blank).

17 (q-7) (Blank).

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

21 (s) "Unit of local government" means any county,
22 municipality, township, school district (including a
23 combination of school districts under the Intergovernmental
24 Cooperation Act), special district or other unit, designated as
25 a unit of local government by law, which exercises limited
26 governmental powers or powers in respect to limited

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

22 (t) "Qualified rehabilitation facility" means any
23 not-for-profit organization that is accredited by the
24 Commission on Accreditation of Rehabilitation Facilities or
25 certified by the Department of Human Services (as successor to
26 the Department of Mental Health and Developmental

1 Disabilities) to provide services to persons with disabilities
2 and which receives funds from the State of Illinois for
3 providing those services, approved by the Director and
4 participating in a program created under subsection (j) of
5 Section 10 of this Act.

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

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

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

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

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

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

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

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

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

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

1 (y) (Blank).

2 (z) "Community college benefit recipient" means a person
3 who:

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

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

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

21 (aa) "Community college dependent beneficiary" means a
22 person who:

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

25 (2) is a community college benefit recipient's: (A)
26 spouse, (B) dependent parent who is receiving at least half

1 of his or her support from the community college benefit
2 recipient, or (C) natural, step, adjudicated, or adopted
3 child who is (i) under age 26, or (ii) age 19 or over and
4 has a mental or physical disability from a cause
5 originating prior to the age of 19 (age 26 if enrolled as
6 an adult child).

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

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

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

23 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

25 (a) The State shall pay the cost of basic non-contributory

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

1 the costs of such programs.

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

13 (a-1) (Blank).

14 (a-2) (Blank).

15 (a-3) (Blank).

16 (a-4) (Blank).

17 (a-5) (Blank).

18 (a-6) (Blank).

19 (a-7) (Blank).

20 (a-8) Any annuitant, survivor, or retired employee may
21 waive or terminate coverage in the program of group health
22 benefits. Any such annuitant, survivor, or retired employee who
23 has waived or terminated coverage may enroll or re-enroll in
24 the program of group health benefits only during the annual
25 benefit choice period, as determined by the Director; except
26 that in the event of termination of coverage due to nonpayment

1 of premiums, the annuitant, survivor, or retired employee may
2 not re-enroll in the program.

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

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

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

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

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

22 The Department of Central Management Services, or any
23 successor agency designated to procure healthcare contracts
24 pursuant to this Act, is authorized to establish funds,
25 separate accounts provided by any bank or banks as defined by
26 the Illinois Banking Act, or separate accounts provided by any

1 savings and loan association or associations as defined by the
2 Illinois Savings and Loan Act of 1985 to be held by the
3 Director, outside the State treasury, for the purpose of
4 receiving the transfer of moneys from the Local Government
5 Health Insurance Reserve Fund. The Department may promulgate
6 rules further defining the methodology for the transfers. Any
7 interest earned by moneys in the funds or accounts shall inure
8 to the Local Government Health Insurance Reserve Fund. The
9 transferred moneys, and interest accrued thereon, shall be used
10 exclusively for transfers to administrative service
11 organizations or their financial institutions for payments of
12 claims to claimants and providers under the self-insurance
13 health plan. The transferred moneys, and interest accrued
14 thereon, shall not be used for any other purpose including, but
15 not limited to, reimbursement of administration fees due the
16 administrative service organization pursuant to its contract
17 or contracts with the Department.

18 (a-10) To the extent that participation, benefits, or
19 premiums under this Act are based on a person's service credit
20 under an Article of the Illinois Pension Code, service credit
21 terminated in exchange for an accelerated pension benefit
22 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that
23 Code shall be included in determining a person's service credit
24 for the purposes of this Act.

25 (b) State employees who become eligible for this program on
26 or after January 1, 1980 in positions normally requiring actual

1 performance of duty not less than 1/2 of a normal work period
2 but not equal to that of a normal work period, shall be given
3 the option of participating in the available program. If the
4 employee elects coverage, the State shall contribute on behalf
5 of such employee to the cost of the employee's benefit and any
6 applicable dependent supplement, that sum which bears the same
7 percentage as that percentage of time the employee regularly
8 works when compared to normal work period.

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

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

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

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

15 (g) The State shall not pay the cost of the basic
16 non-contributory group life insurance, program of health
17 benefits and other employee benefits for members who are
18 survivors as defined by paragraphs (1) and (2) of subsection
19 (q) of Section 3 of this Act. The costs of benefits for these
20 survivors shall be paid by the survivors or by the University
21 of Illinois Cooperative Extension Service, or any combination
22 thereof. However, the State shall pay the amount of the
23 reduction in the cost of participation, if any, resulting from
24 the amendment to subsection (a) made by this amendatory Act of
25 the 91st General Assembly.

26 (h) Those persons occupying positions with any department

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

12 (i) Any unit of local government within the State of
13 Illinois may apply to the Director to have its employees,
14 annuitants, and their dependents provided group health
15 coverage under this Act on a non-insured basis. To participate,
16 a unit of local government must agree to enroll all of its
17 employees, who may select coverage under either the State group
18 health benefits plan or a health maintenance organization that
19 has contracted with the State to be available as a health care
20 provider for employees as defined in this Act. A unit of local
21 government must remit the entire cost of providing coverage
22 under the State group health benefits plan or, for coverage
23 under a health maintenance organization, an amount determined
24 by the Director based on an analysis of the sex, age,
25 geographic location, or other relevant demographic variables
26 for its employees, except that the unit of local government

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

22 Employees of a participating unit of local government who
23 are not enrolled due to coverage under another group health
24 policy or plan may enroll in the event of a qualifying change
25 in status, special enrollment, special circumstance as defined
26 by the Director, or during the annual Benefit Choice Period. A

1 participating unit of local government may also elect to cover
2 its annuitants. Dependent coverage shall be offered on an
3 optional basis, with the costs paid by the unit of local
4 government, its employees, or some combination of the two as
5 determined by the unit of local government. The unit of local
6 government shall be responsible for timely collection and
7 transmission of dependent premiums.

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

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

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

25 In the case of coverage of local government employees under
26 a health maintenance organization, the Director shall annually

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

10 Monthly payments by the unit of local government or its
11 employees for group health benefits plan or health maintenance
12 organization coverage shall be deposited in the Local
13 Government Health Insurance Reserve Fund.

14 The Local Government Health Insurance Reserve Fund is
15 hereby created as a nonappropriated trust fund to be held
16 outside the State Treasury, with the State Treasurer as
17 custodian. The Local Government Health Insurance Reserve Fund
18 shall be a continuing fund not subject to fiscal year
19 limitations. The Local Government Health Insurance Reserve
20 Fund is not subject to administrative charges or charge-backs,
21 including but not limited to those authorized under Section 8h
22 of the State Finance Act. All revenues arising from the
23 administration of the health benefits program established
24 under this Section shall be deposited into the Local Government
25 Health Insurance Reserve Fund. Any interest earned on moneys in
26 the Local Government Health Insurance Reserve Fund shall be

1 deposited into the Fund. All expenditures from this Fund shall
2 be used for payments for health care benefits for local
3 government and rehabilitation facility employees, annuitants,
4 and dependents, and to reimburse the Department or its
5 administrative service organization for all expenses incurred
6 in the administration of benefits. No other State funds may be
7 used for these purposes.

8 A local government employer's participation or desire to
9 participate in a program created under this subsection shall
10 not limit that employer's duty to bargain with the
11 representative of any collective bargaining unit of its
12 employees.

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

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

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

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

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

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

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

1 annual Benefit Choice Period. A participating domestic
2 violence shelter may also elect to cover its annuitants.
3 Dependent coverage shall be offered on an optional basis, with
4 employees, or some combination of the 2 as determined by the
5 domestic violence shelter or service. The domestic violence
6 shelter or service shall be responsible for timely collection
7 and transmission of dependent premiums.

8 The Director shall annually determine rates of payment,
9 subject to the following constraints:

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

21 (2) In subsequent years, a further adjustment shall be
22 made to reflect the actual prior years' claims experience
23 of the employees of the domestic violence shelter or
24 service.

25 Monthly payments by the domestic violence shelter or
26 service or its employees for group health insurance shall be

1 deposited in the Local Government Health Insurance Reserve
2 Fund.

3 (1) A public community college or entity organized pursuant
4 to the Public Community College Act may apply to the Director
5 initially to have only annuitants not covered prior to July 1,
6 1992 by the district's health plan provided health coverage
7 under this Act on a non-insured basis. The community college
8 must execute a 2-year contract to participate in the Local
9 Government Health Plan. Any annuitant may enroll in the event
10 of a qualifying change in status, special enrollment, special
11 circumstance as defined by the Director, or during the annual
12 Benefit Choice Period.

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

21 (1-5) The provisions of subsection (1) become inoperative
22 on July 1, 1999.

23 (m) The Director shall adopt any rules deemed necessary for
24 implementation of this amendatory Act of 1989 (Public Act
25 86-978).

26 (n) Any child advocacy center within the State of Illinois

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

26 The Director shall annually determine rates of payment,

1 subject to the following constraints:

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

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

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

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

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

22 (20 ILCS 5/5-647 new)

23 Sec. 5-647. Future increases in income. A Department must
24 not pay, offer, or agree to pay any future increase in income,

1 as that term is defined in Section 15-112.1 or 16-121.1 of the
2 Illinois Pension Code, to any person in a manner that violates
3 Section 15-132.9 or 16-122.9 of the Illinois Pension Code.

4 Section 20. The Illinois Pension Code is amended by
5 changing Sections 2-101, 2-105, 2-107, 2-108, 2-119.1, 2-124,
6 2-126, 2-134, 2-162, 14-131, 14-135.08, 14-152.1, 15-108.1,
7 15-111, 15-136, 15-155, 15-157, 15-165, 15-198, 16-121,
8 16-133.1, 16-136.1, 16-152, 16-158, 16-203, 17-116, 17-119.2,
9 17-129, 17-130, 18-131, 18-140, 20-121, 20-123, 20-124, and
10 20-125 and by adding Sections 2-105.3, 2-107.9, 2-110.3,
11 2-165.1, 2-166.1, 14-147.5, 15-112.1, 15-132.9, 15-185.5,
12 15-200.1, 15-201.1, 16-107.1, 16-121.1, 16-122.9, 16-190.5,
13 16-205.1, 16-206.1, 17-106.05, 17-113.4, 17-113.5, and
14 17-115.5 as follows:

15 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

24 Participation in the retirement system created under this

1 Article is restricted to persons who became participants before
2 the effective date of this amendatory Act of the 100th General
3 Assembly. Beginning on that date, the System shall not accept
4 any new participants.

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

6 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

7 Sec. 2-105. Member. "Member": Members of the General
8 Assembly of this State, including persons who enter military
9 service while a member of the General Assembly, and any person
10 serving as Governor, Lieutenant Governor, Secretary of State,
11 Treasurer, Comptroller, or Attorney General for the period of
12 service in such office.

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

23 However, notwithstanding any other provision of this
24 Article, a person shall not be deemed a member for the purposes
25 of this Article unless he or she became a participant of the

1 System before the effective date of this amendatory Act of the
2 100th General Assembly.

3 (Source: P.A. 85-1008.)

4 (40 ILCS 5/2-105.3 new)

5 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
6 participant who first became a participant before January 1,
7 2011.

8 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

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

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

18 (40 ILCS 5/2-107.9 new)

19 Sec. 2-107.9. Future increase in income. "Future increase
20 in income" means an increase in income in any form offered to a
21 Tier 1 employee for service under this Article after June 30,
22 2018 that qualifies as "salary", as defined in Section 2-108,
23 or would qualify as "salary" but for the fact that it was

1 offered to and accepted by a Tier 1 employee under the
2 condition set forth in subsection (c) of Section 2-110.3.

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

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

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

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

14 (2) For the State executive officers specified in Section
15 2-105, the total compensation paid to the member for one year
16 of service.

17 (3) For members of the System who are participants under
18 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
19 of the House of Representatives or Secretary or Assistant
20 Secretary of the Senate, the total compensation paid to the
21 member for one year of service, but not to exceed the salary of
22 the highest salaried officer of the General Assembly.

23 However, in the event that federal law results in any
24 participant receiving imputed income based on the value of
25 group term life insurance provided by the State, such imputed

1 income shall not be included in salary for the purposes of this
2 Article.

3 Notwithstanding any other provision of this Section,
4 "salary" does not include any future increase in income that is
5 offered for service to a Tier 1 employee under this Article
6 pursuant to the condition set forth in subsection (c) of
7 Section 2-110.3 and accepted under that condition by a Tier 1
8 employee who has made the election under paragraph (2) of
9 subsection (a) of Section 2-110.3.

10 Notwithstanding any other provision of this Section,
11 "salary" does not include any consideration payment made to a
12 Tier 1 employee.

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

14 (40 ILCS 5/2-110.3 new)

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

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

18 (1) to agree to delay his or her eligibility for
19 automatic annual increases in retirement annuity as
20 provided in subsection (a-1) of Section 2-119.1 and to have
21 the amount of the automatic annual increases in his or her
22 retirement annuity and survivor's annuity that are
23 otherwise provided for in this Article calculated,
24 instead, as provided in subsection (a-1) of Section
25 2-119.1; or

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

2 The election required under this subsection (a) shall be
3 made by each active Tier 1 employee no earlier than January 1,
4 2018 and no later than March 31, 2018, except that a person who
5 returns to active service as a Tier 1 employee under this
6 Article on or after January 1, 2018 and has not yet made an
7 election under this Section must make the election under this
8 subsection (a) within 60 days after returning to active service
9 as a Tier 1 employee.

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

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

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

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

4 (b) 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 the State of Illinois shall be expressly and irrevocably
8 prohibited from offering any future increases in income to a
9 Tier 1 employee who has made an election under paragraph (1) of
10 subsection (a) of this Section on the condition of not
11 constituting salary under Section 2-108.

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

1 found in the records of the System.

2 (c) A Tier 1 employee who makes the election under
3 paragraph (2) of subsection (a) of this Section shall not be
4 subject to paragraph (1) of subsection (a) of this Section.

5 However, each future increase in income offered for service as
6 a member under this Article to a Tier 1 employee who has made
7 the election under paragraph (2) of subsection (a) of this
8 Section shall be offered expressly and irrevocably on the
9 condition of not constituting salary under Section 2-108 and
10 that the Tier 1 employee's acceptance of the offered future
11 increase in income shall constitute his or her agreement to
12 that condition.

13 (d) The System shall make a good faith effort to contact
14 each Tier 1 employee subject to this Section. The System shall
15 mail information describing the required election to each Tier
16 1 employee by United States Postal Service mail to his or her
17 last known address on file with the System. If the Tier 1
18 employee is not responsive to other means of contact, it is
19 sufficient for the System to publish the details of any
20 required elections on its website or to publish those details
21 in a regularly published newsletter or other existing public
22 forum.

23 Tier 1 employees who are subject to this Section shall be
24 provided with an election packet containing information
25 regarding their options, as well as the forms necessary to make
26 the required election. Upon request, the System shall offer

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

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

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

25 (e) Notwithstanding any other provision of law, each future
26 increase in income offered by the State of Illinois for service

1 as a member must be offered expressly and irrevocably on the
2 condition of not constituting "salary" under Section 2-108 to
3 any Tier 1 employee who has made an election under paragraph
4 (2) of subsection (a) of this Section. The offer shall also
5 provide that the Tier 1 employee's acceptance of the offered
6 future increase in income shall constitute his or her agreement
7 to the condition set forth in this subsection.

8 For purposes of legislative intent, the condition set forth
9 in this subsection shall be construed in a manner that ensures
10 that the condition is not violated or circumvented through any
11 contrivance of any kind.

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

15 (g) No provision of this Section shall be interpreted in a
16 way that would cause the System to cease to be a qualified plan
17 under Section 401(a) of the Internal Revenue Code of 1986. The
18 provisions of this Section shall be subject to and implemented
19 in a manner that complies with Section 11 of Article IV of the
20 Illinois Constitution.

21 (h) If an election created by this amendatory Act in any
22 other Article of this Code or any change deriving from that
23 election is determined to be unconstitutional or otherwise
24 invalid by a final unappealable decision of an Illinois court
25 or a court of competent jurisdiction, the invalidity of that
26 provision shall not in any way affect the validity of this

1 Section or the changes deriving from the election required
2 under this Section.

3 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

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

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

24 (1) The initial increase in retirement annuity under
25 this Section shall occur on the January 1 occurring either

1 on or after the attainment of age 67 or the fifth
2 anniversary of the annuity start date, whichever is
3 earlier.

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

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

26 (b) Beginning January 1, 1990, for eligible participants

1 who remain in service after attaining 20 years of creditable
2 service, the 3% increases provided under subsection (a) shall
3 begin to accrue on the January 1 next following the date upon
4 which the participant (1) attains age 55, or (2) attains 20
5 years of creditable service, whichever occurs later, and shall
6 continue to accrue while the participant remains in service;
7 such increases shall become payable on January 1 or July 1,
8 whichever occurs first, next following the first anniversary of
9 retirement. For any person who has service credit in the System
10 for the entire period from January 15, 1969 through December
11 31, 1992, regardless of the date of termination of service, the
12 reference to age 55 in clause (1) of this subsection (b) shall
13 be deemed to mean age 50.

14 This subsection (b) does not apply to any person who first
15 becomes a member of the System after August 8, 2003 (the
16 effective date of Public Act 93-494) ~~this amendatory Act of the~~
17 ~~93rd General Assembly.~~

18 (b-5) Notwithstanding any other provision of this Article,
19 a participant who first becomes a participant on or after
20 January 1, 2011 (the effective date of Public Act 96-889)
21 shall, in January or July next following the first anniversary
22 of retirement, whichever occurs first, and in the same month of
23 each year thereafter, but in no event prior to age 67, have the
24 amount of the retirement annuity then being paid increased by
25 3% or the annual unadjusted percentage increase in the Consumer
26 Price Index for All Urban Consumers as determined by the Public

1 Pension Division of the Department of Insurance under
2 subsection (a) of Section 2-108.1, whichever is less.

3 (c) The foregoing provisions relating to automatic
4 increases are not applicable to a participant who retires
5 before having made contributions (at the rate prescribed in
6 Section 2-126) for automatic increases for less than the
7 equivalent of one full year. However, in order to be eligible
8 for the automatic increases, such a participant may make
9 arrangements to pay to the system the amount required to bring
10 the total contributions for the automatic increase to the
11 equivalent of one year's contributions based upon his or her
12 last salary.

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

17 The initial increase shall be 1 1/2% of the originally
18 granted retirement annuity multiplied by the number of full
19 years that the annuitant was in receipt of such annuity prior
20 to January 1, 1972, plus 2% of the originally granted
21 retirement annuity for each year after that date. The
22 subsequent annual increases shall be at the rate of 2% of the
23 originally granted retirement annuity for each year through
24 1979 and at the rate of 3% for 1980 and thereafter.

25 (e) Beginning January 1, 1990, and except as provided in
26 subsection (a-1), all automatic annual increases payable under

1 this Section shall be calculated as a percentage of the total
2 annuity payable at the time of the increase, including previous
3 increases granted under this Article.

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

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

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

8 Sec. 2-124. Contributions by State.

9 (a) The State shall make contributions to the System by
10 appropriations of amounts which, together with the
11 contributions of participants, interest earned on investments,
12 and other income will meet the cost of maintaining and
13 administering the System on a 90% funded basis in accordance
14 with actuarial recommendations.

15 (b) The Board shall determine the amount of State
16 contributions required for each fiscal year on the basis of the
17 actuarial tables and other assumptions adopted by the Board and
18 the prescribed rate of interest, using the formula in
19 subsection (c).

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

1 State fiscal year 2045. In making these determinations, the
2 required State contribution shall be calculated each year as a
3 level percentage of total payroll, including payroll that is
4 not deemed pensionable, but excluding payroll attributable to
5 participants in the defined contribution plan under Section
6 2-165.1, over the years remaining to and including fiscal year
7 2045 and shall be determined under the projected unit credit
8 actuarial cost method.

9 For State fiscal year 2019:

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

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

17 (3) For purposes of the recertification due on or
18 before October 1, 2018, the total required State
19 contribution for fiscal year 2019 shall be reduced by the
20 amount of the consideration payments made to Tier 1
21 employees who made the election under paragraph (1) of
22 subsection (a) of Section 2-110.3.

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

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

7 If Section 2-110.3 is determined to be unconstitutional or
8 otherwise invalid by a final unappealable decision of an
9 Illinois court or a court of competent jurisdiction, then the
10 changes made to this Section by this amendatory Act of the
11 100th General Assembly shall not take effect and are repealed
12 by operation of law.

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

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

1 the rate required under this Section.

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

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2007 is
7 \$5,220,300.

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2011 is
26 the amount recertified by the System on or before April 1, 2011

1 pursuant to Section 2-134 and shall be made from the proceeds
2 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
3 the General Obligation Bond Act, less (i) the pro rata share of
4 bond sale expenses determined by the System's share of total
5 bond proceeds, (ii) any amounts received from the General
6 Revenue Fund in fiscal year 2011, and (iii) any reduction in
7 bond proceeds due to the issuance of discounted bonds, if
8 applicable.

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

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

25 Notwithstanding any other provision of this Section, the
26 required State contribution for State fiscal year 2005 and for

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

24 (d) For purposes of determining the required State
25 contribution to the System, the value of the System's assets
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

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

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

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

16 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

19 Sec. 2-126. Contributions by participants.

20 (a) Each participant shall contribute toward the cost of
21 his or her retirement annuity a percentage of each payment of
22 salary received by him or her for service as a member as
23 follows: for service between October 31, 1947 and January 1,
24 1959, 5%; for service between January 1, 1959 and June 30,
25 1969, 6%; for service between July 1, 1969 and January 10,

1 1973, 6 1/2%; for service after January 10, 1973, 7%; for
2 service after December 31, 1981, 8 1/2%.

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

6 A participant who has no eligible survivor's annuity
7 beneficiary may elect to cease making contributions for
8 survivor's annuity under this subsection. A survivor's annuity
9 shall not be payable upon the death of a person who has made
10 this election, unless prior to that death the election has been
11 revoked and the amount of the contributions that would have
12 been paid under this subsection in the absence of the election
13 is paid to the System, together with interest at the rate of 4%
14 per year from the date the contributions would have been made
15 to the date of payment.

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

21 (d) In addition, each participant serving as an officer of
22 the General Assembly shall contribute, for the same purposes
23 and at the same rates as are required of a regular participant,
24 on each additional payment received as an officer. If the
25 participant serves as an officer for at least 2 but less than 4
26 years, he or she shall contribute an amount equal to the amount

1 that would have been contributed had the participant served as
2 an officer for 4 years. Persons who serve as officers in the
3 87th General Assembly but cannot receive the additional payment
4 to officers because of the ban on increases in salary during
5 their terms may nonetheless make contributions based on those
6 additional payments for the purpose of having the additional
7 payments included in their highest salary for annuity purposes;
8 however, persons electing to make these additional
9 contributions must also pay an amount representing the
10 corresponding employer contributions, as calculated by the
11 System.

12 (e) Notwithstanding any other provision of this Article,
13 the required contribution of a participant who first becomes a
14 participant on or after January 1, 2011 shall not exceed the
15 contribution that would be due under this Article if that
16 participant's highest salary for annuity purposes were
17 \$106,800, plus any increases in that amount under Section
18 2-108.1.

19 (f) 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 2-110.3, whichever is later, in lieu of the
22 contributions otherwise required under this Section, each Tier
23 1 employee who made the election under paragraph (1) of
24 subsection (a) of Section 2-110.3 shall contribute 8.5% of each
25 payment of salary toward the cost of his or her retirement
26 annuity and 1.85% of each payment of salary toward the cost of

1 the survivor's annuity.

2 (g) Notwithstanding subsection (f) of this Section,
3 beginning July 1, 2018 or the effective date of the Tier 1
4 employee's election under paragraph (1) of subsection (a) of
5 Section 2-110.3, whichever is later, in lieu of the
6 contributions otherwise required under this Section, each Tier
7 1 employee who made the election under paragraph (1) of
8 subsection (a) of Section 2-110.3 and has elected to cease
9 making contributions for survivor's annuity under subsection
10 (b) of this Section, shall contribute 8.55% of each payment of
11 salary toward the cost of his or her retirement annuity.

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

13 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

16 Sec. 2-134. To certify required State contributions and
17 submit vouchers.

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

1 fiscal year.

2 On or before November 1 of each year, beginning November 1,
3 2012, the Board shall submit to the State Actuary, the
4 Governor, and the General Assembly a proposed certification of
5 the amount of the required State contribution to the System for
6 the next fiscal year, along with all of the actuarial
7 assumptions, calculations, and data upon which that proposed
8 certification is based. On or before January 1 of each year
9 beginning January 1, 2013, the State Actuary shall issue a
10 preliminary report concerning the proposed certification and
11 identifying, if necessary, recommended changes in actuarial
12 assumptions that the Board must consider before finalizing its
13 certification of the required State contributions. On or before
14 January 15, 2013 and every January 15 thereafter, the Board
15 shall certify to the Governor and the General Assembly the
16 amount of the required State contribution for the next fiscal
17 year. The Board's certification must note any deviations from
18 the State Actuary's recommended changes, the reason or reasons
19 for not following the State Actuary's recommended changes, and
20 the fiscal impact of not following the State Actuary's
21 recommended changes on the required State contribution.

22 On or before May 1, 2004, 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 2005, taking
25 into account the amounts appropriated to and received by the
26 System under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act.

2 On or before July 1, 2005, 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 2006, taking
5 into account the changes in required State contributions made
6 by this amendatory Act of the 94th General Assembly.

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

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

20 On or before May 1, 2018, the Board shall recalculate and
21 recertify to the Governor and the General Assembly the amount
22 of the required State contribution to the System for State
23 fiscal year 2019, taking into account the effect on the
24 System's liabilities of the elections made under Section
25 2-110.3.

26 On or before October 1, 2018, the Board shall recalculate

1 and recertify to the Governor and the General Assembly the
2 amount of the required State contribution to the System for
3 State fiscal year 2019, taking into account the reduction
4 specified under item (3) of subsection (c) of Section 2-124.

5 (b) Beginning in State fiscal year 1996, on or as soon as
6 possible after the 15th day of each month the Board shall
7 submit vouchers for payment of State contributions to the
8 System, in a total monthly amount of one-twelfth of the
9 required annual State contribution certified under subsection
10 (a). From the effective date of this amendatory Act of the 93rd
11 General Assembly through June 30, 2004, the Board shall not
12 submit vouchers for the remainder of fiscal year 2004 in excess
13 of the fiscal year 2004 certified contribution amount
14 determined under this Section after taking into consideration
15 the transfer to the System under subsection (d) of Section
16 6z-61 of the State Finance Act. These vouchers shall be paid by
17 the State Comptroller and Treasurer by warrants drawn on the
18 funds appropriated to the System for that fiscal year. If in
19 any month the amount remaining unexpended from all other
20 appropriations to the System for the applicable fiscal year
21 (including the appropriations to the System under Section 8.12
22 of the State Finance Act and Section 1 of the State Pension
23 Funds Continuing Appropriation Act) is less than the amount
24 lawfully vouchered under this Section, the difference shall be
25 paid from the General Revenue Fund under the continuing
26 appropriation authority provided in Section 1.1 of the State

1 Pension Funds Continuing Appropriation Act.

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

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/2-162)

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

14 Sec. 2-162. Application and expiration of new benefit
15 increases.

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

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

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

16 (40 ILCS 5/2-165.1 new)

17 Sec. 2-165.1. Defined contribution plan.

18 (a) By July 1, 2018, the System shall prepare and implement
19 a voluntary defined contribution plan for up to 5% of eligible
20 active Tier 1 employees. The System shall determine the 5% cap
21 by the number of active Tier 1 employees on the effective date
22 of this Section. The defined contribution plan developed under
23 this Section shall be a plan that aggregates employer and
24 employee contributions in individual participant accounts
25 which, after meeting any other requirements, are used for

1 payouts after retirement in accordance with this Section and
2 any other applicable laws.

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

7 (1) Under the defined contribution plan, an active Tier
8 1 employee of this System could elect to cease accruing
9 benefits in the defined benefit plan under this Article and
10 begin accruing benefits for future service in the defined
11 contribution plan. Service credit under the defined
12 contribution plan may be used for determining retirement
13 eligibility under the defined benefit plan.

14 (2) Participants in the defined contribution plan
15 shall pay employee contributions at the same rate as Tier 1
16 employees in this System who do not participate in the
17 defined contribution plan.

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 compensation 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 compensation, and
25 shall be no lower than 3% of compensation. The State shall
26 adjust 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 defined
8 disability benefits. If it does, the System shall reduce
9 the employee contributions credited to the participant's
10 defined contribution plan account by an amount determined
11 by the System to cover the cost of offering such benefits.

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

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

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

24 (9) The System shall reduce the employee contributions
25 credited to the participant's defined contribution plan
26 account by an amount determined by the System to cover the

1 cost of offering these benefits and any applicable
2 administrative fees.

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

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

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

21 (d) The System shall make a good faith effort to contact
22 each active Tier 1 employee who is eligible to participate in
23 the defined contribution plan. The System shall mail
24 information describing the option to join the defined
25 contribution plan to each of these employees to his or her last
26 known address on file with the System. If the employee is not

1 responsive to other means of contact, it is sufficient for the
2 System to publish the details of the option on its website.

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

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

19 (j) If Section 2-110.3 is determined to be unconstitutional
20 or otherwise invalid by a final unappealable decision of an
21 Illinois court or a court of competent jurisdiction, then this
22 Section shall not take effect and is repealed by operation of
23 law.

24 (40 ILCS 5/2-166.1 new)

25 Sec. 2-166.1. Defined contribution plan; termination. If

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

9 (40 ILCS 5/14-131)

10 Sec. 14-131. Contributions by State.

11 (a) The State shall make contributions to the System by
12 appropriations of amounts which, together with other employer
13 contributions from trust, federal, and other funds, employee
14 contributions, investment income, and other income, will be
15 sufficient to meet the cost of maintaining and administering
16 the System on a 90% funded basis in accordance with actuarial
17 recommendations.

18 For the purposes of this Section and Section 14-135.08,
19 references to State contributions refer only to employer
20 contributions and do not include employee contributions that
21 are picked up or otherwise paid by the State or a department on
22 behalf of the employee.

23 (b) The Board shall determine the total amount of State
24 contributions required for each fiscal year on the basis of the
25 actuarial tables and other assumptions adopted by the Board,

1 using the formula in subsection (e).

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

13 For the purposes of this Section and Section 14.1 of the
14 State Finance Act, the term "eligible employees" includes
15 employees who participate in the System, persons who may elect
16 to participate in the System but have not so elected, persons
17 who are serving a qualifying period that is required for
18 participation, and annuitants employed by a department as
19 described in subdivision (a) (1) or (a) (2) of Section 14-111.

20 (c) Contributions shall be made by the several departments
21 for each pay period by warrants drawn by the State Comptroller
22 against their respective funds or appropriations based upon
23 vouchers stating the amount to be so contributed. These amounts
24 shall be based on the full rate certified by the Board under
25 Section 14-135.08 for that fiscal year. From the effective date
26 of this amendatory Act of the 93rd General Assembly through the

1 payment of the final payroll from fiscal year 2004
2 appropriations, the several departments shall not make
3 contributions for the remainder of fiscal year 2004 but shall
4 instead make payments as required under subsection (a-1) of
5 Section 14.1 of the State Finance Act. The several departments
6 shall resume those contributions at the commencement of fiscal
7 year 2005.

8 (c-1) Notwithstanding subsection (c) of this Section, for
9 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, and 2017 only,
10 contributions by the several departments are not required to be
11 made for General Revenue Funds payrolls processed by the
12 Comptroller. Payrolls paid by the several departments from all
13 other State funds must continue to be processed pursuant to
14 subsection (c) of this Section.

15 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,
16 2016, and 2017 only, on or as soon as possible after the 15th
17 day of each month, the Board shall submit vouchers for payment
18 of State contributions to the System, in a total monthly amount
19 of one-twelfth of the fiscal year General Revenue Fund
20 contribution as certified by the System pursuant to Section
21 14-135.08 of the Illinois Pension Code.

22 (d) If an employee is paid from trust funds or federal
23 funds, the department or other employer shall pay employer
24 contributions from those funds to the System at the certified
25 rate, unless the terms of the trust or the federal-State
26 agreement preclude the use of the funds for that purpose, in

1 which case the required employer contributions shall be paid by
2 the State. From the effective date of this amendatory Act of
3 the 93rd General Assembly through the payment of the final
4 payroll from fiscal year 2004 appropriations, the department or
5 other employer shall not pay contributions for the remainder of
6 fiscal year 2004 but shall instead make payments as required
7 under subsection (a-1) of Section 14.1 of the State Finance
8 Act. The department or other employer shall resume payment of
9 contributions at the commencement of fiscal year 2005.

10 (e) For State fiscal years 2018 through 2045, 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 payroll, over the years remaining to and
18 including fiscal year 2045 and shall be determined under the
19 projected unit credit actuarial cost method.

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

1 after the adoption of the actuarial or investment assumptions,
2 the State is contributing at the rate otherwise required under
3 this Section.

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

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

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

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

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

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

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

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

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

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

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

1 the "required State contribution" or any substantially similar
2 term does not include or apply to any amounts payable to the
3 System under Section 25 of the Budget Stabilization Act.

4 Notwithstanding any other provision of this Section, the
5 required State contribution for State fiscal year 2005 and for
6 fiscal year 2008 and each fiscal year thereafter, as calculated
7 under this Section and certified under Section 14-135.08, shall
8 not exceed an amount equal to (i) the amount of the required
9 State contribution that would have been calculated under this
10 Section for that fiscal year if the System had not received any
11 payments under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act, minus (ii) the portion of the State's
13 total debt service payments for that fiscal year on the bonds
14 issued in fiscal year 2003 for the purposes of that Section
15 7.2, as determined and certified by the Comptroller, that is
16 the same as the System's portion of the total moneys
17 distributed under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act. In determining this maximum for State
19 fiscal years 2008 through 2010, however, the amount referred to
20 in item (i) shall be increased, as a percentage of the
21 applicable employee payroll, in equal increments calculated
22 from the sum of the required State contribution for State
23 fiscal year 2007 plus the applicable portion of the State's
24 total debt service payments for fiscal year 2007 on the bonds
25 issued in fiscal year 2003 for the purposes of Section 7.2 of
26 the General Obligation Bond Act, so that, by State fiscal year

1 2011, the State is contributing at the rate otherwise required
2 under this Section.

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

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

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

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

16 (i) After the submission of all payments for eligible
17 employees from personal services line items paid from the
18 General Revenue Fund in fiscal year 2010 have been made, the
19 Comptroller shall provide to the System a certification of the
20 sum of all fiscal year 2010 expenditures for personal services
21 that would have been covered by payments to the System under
22 this Section if the provisions of this amendatory Act of the
23 96th General Assembly had not been enacted. Upon receipt of the
24 certification, the System shall determine the amount due to the
25 System based on the full rate certified by the Board under
26 Section 14-135.08 for fiscal year 2010 in order to meet the

1 State's obligation under this Section. The System shall compare
2 this amount due to the amount received by the System in fiscal
3 year 2010 through payments under this Section. If the amount
4 due is more than the amount received, the difference shall be
5 termed the "Fiscal Year 2010 Shortfall" for purposes of this
6 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
7 under Section 1.2 of the State Pension Funds Continuing
8 Appropriation Act. If the amount due is less than the amount
9 received, the difference shall be termed the "Fiscal Year 2010
10 Overpayment" for purposes of this Section, and the Fiscal Year
11 2010 Overpayment shall be repaid by the System to the General
12 Revenue Fund as soon as practicable after the certification.

13 (j) After the submission of all payments for eligible
14 employees from personal services line items paid from the
15 General Revenue Fund in fiscal year 2011 have been made, the
16 Comptroller shall provide to the System a certification of the
17 sum of all fiscal year 2011 expenditures for personal services
18 that would have been covered by payments to the System under
19 this Section if the provisions of this amendatory Act of the
20 96th General Assembly had not been enacted. Upon receipt of the
21 certification, the System shall determine the amount due to the
22 System based on the full rate certified by the Board under
23 Section 14-135.08 for fiscal year 2011 in order to meet the
24 State's obligation under this Section. The System shall compare
25 this amount due to the amount received by the System in fiscal
26 year 2011 through payments under this Section. If the amount

1 due is more than the amount received, the difference shall be
2 termed the "Fiscal Year 2011 Shortfall" for purposes of this
3 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
4 under Section 1.2 of the State Pension Funds Continuing
5 Appropriation Act. If the amount due is less than the amount
6 received, the difference shall be termed the "Fiscal Year 2011
7 Overpayment" for purposes of this Section, and the Fiscal Year
8 2011 Overpayment shall be repaid by the System to the General
9 Revenue Fund as soon as practicable after the certification.

10 (k) For fiscal years 2012 through 2017 only, after the
11 submission of all payments for eligible employees from personal
12 services line items paid from the General Revenue Fund in the
13 fiscal year have been made, the Comptroller shall provide to
14 the System a certification of the sum of all expenditures in
15 the fiscal year for personal services. Upon receipt of the
16 certification, the System shall determine the amount due to the
17 System based on the full rate certified by the Board under
18 Section 14-135.08 for the fiscal year in order to meet the
19 State's obligation under this Section. The System shall compare
20 this amount due to the amount received by the System for the
21 fiscal year. If the amount due is more than the amount
22 received, the difference shall be termed the "Prior Fiscal Year
23 Shortfall" for purposes of this Section, and the Prior Fiscal
24 Year Shortfall shall be satisfied under Section 1.2 of the
25 State Pension Funds Continuing Appropriation Act. If the amount
26 due is less than the amount received, the difference shall be

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

5 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 99-8,
6 eff. 7-9-15; 99-523, eff. 6-30-16.)

7 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

11 (a) To certify to the Governor and to each department, on
12 or before November 15 of each year until November 15, 2011, the
13 required rate for State contributions to the System for the
14 next State fiscal year, as determined under subsection (b) of
15 Section 14-131. The certification to the Governor under this
16 subsection (a) shall include a copy of the actuarial
17 recommendations upon which the rate is based and shall
18 specifically identify the System's projected State normal cost
19 for that fiscal year.

20 (a-5) On or before November 1 of each year, beginning
21 November 1, 2012, the Board shall submit to the State Actuary,
22 the Governor, and the General Assembly a proposed certification
23 of the amount of the required State contribution to the System
24 for the next fiscal year, along with all of the actuarial
25 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 any deviations from
11 the State Actuary's recommended changes, the reason or reasons
12 for not following the State Actuary's recommended changes, and
13 the fiscal impact of not following the State Actuary's
14 recommended changes on the required State contribution.

15 (b) The certifications under subsections (a) and (a-5)
16 shall include an additional amount necessary to pay all
17 principal of and interest on those general obligation bonds due
18 the next fiscal year authorized by Section 7.2(a) of the
19 General Obligation Bond Act and issued to provide the proceeds
20 deposited by the State with the System in July 2003,
21 representing deposits other than amounts reserved under
22 Section 7.2(c) of the General Obligation Bond Act. For State
23 fiscal year 2005, the Board shall make a supplemental
24 certification of the additional amount necessary to pay all
25 principal of and interest on those general obligation bonds due
26 in State fiscal years 2004 and 2005 authorized by Section

1 7.2(a) of the General Obligation Bond Act and issued to provide
2 the proceeds deposited by the State with the System in July
3 2003, representing deposits other than amounts reserved under
4 Section 7.2(c) of the General Obligation Bond Act, as soon as
5 practical after the effective date of this amendatory Act of
6 the 93rd General Assembly.

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

14 On or before July 1, 2005, the Board shall recalculate and
15 recertify to the Governor and to each department the amount of
16 the required State contribution to the System and the required
17 rates for State contributions to the System for State fiscal
18 year 2006, taking into account the changes in required State
19 contributions made by this amendatory Act of the 94th General
20 Assembly.

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

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

8 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
9 97-694, eff. 6-18-12.)

10 (40 ILCS 5/14-147.5 new)

11 Sec. 14-147.5. Accelerated pension benefit payment.

12 (a) As used in this Section:

13 "Eligible person" means a person who:

14 (1) has terminated service;

15 (2) has accrued sufficient service credit to be
16 eligible to receive a retirement annuity under this
17 Article;

18 (3) has not received any retirement annuity under this
19 Article; and

20 (4) does not have a QILDRO in effect against him or her
21 under this Article.

22 "Pension benefit" means the benefits under this Article, or
23 Article 1 as it relates to those benefits, including any
24 anticipated annual increases, that an eligible person is
25 entitled to upon attainment of the applicable retirement age.

1 "Pension benefit" also includes applicable survivor's or
2 disability benefits.

3 (b) Before January 1, 2018, and annually thereafter, the
4 System shall calculate, using actuarial tables and other
5 assumptions adopted by the Board, the net present value of
6 pension benefits for each eligible person and shall offer each
7 eligible person the opportunity to irrevocably elect to receive
8 an amount determined by the System to be equal to 70% of the
9 net present value of his or her pension benefits in lieu of
10 receiving any pension benefit. The offer shall specify the
11 dollar amount that the eligible person will receive if he or
12 she so elects and shall expire when a subsequent offer is made
13 to an eligible person or when the System determines that 10% of
14 eligible persons in that year have made the election under this
15 subsection, whichever occurs first. The System shall make a
16 good faith effort to contact every eligible person to notify
17 him or her of the election and of the amount of the accelerated
18 pension benefit payment.

19 Until the System determines that 10% of eligible persons in
20 that year have made the election under this subsection, an
21 eligible person may irrevocably elect to receive an accelerated
22 pension benefit payment in the amount that the System offers
23 under this subsection in lieu of receiving any pension benefit.
24 A person who elects to receive an accelerated pension benefit
25 payment under this Section may not elect to proceed under the
26 Retirement Systems Reciprocal Act with respect to service under

1 this Article.

2 (c) A person's credits and creditable service under this
3 Article shall be terminated upon the person's receipt of an
4 accelerated pension benefit payment under this Section, and no
5 other benefit shall be paid under this Article based on those
6 terminated credits and creditable service, including any
7 retirement, survivor, or other benefit; except that to the
8 extent that participation, benefits, or premiums under the
9 State Employees Group Insurance Act of 1971 are based on the
10 amount of service credit, the terminated service credit shall
11 be used for that purpose.

12 (d) If a person who has received an accelerated pension
13 benefit payment under this Section returns to active service
14 under this Article, then:

15 (1) Any benefits under the System earned as a result of
16 that return to active service shall be based solely on the
17 person's credits and creditable service arising from the
18 return to active service.

19 (2) The accelerated pension benefit payment may not be
20 repaid to the System, and the terminated credits and
21 creditable service may not under any circumstances be
22 reinstated.

23 (e) As a condition of receiving an accelerated pension
24 benefit payment, an eligible person must have another
25 retirement plan or account qualified under the Internal Revenue
26 Code of 1986, as amended, for the accelerated pension benefit

1 payment to be rolled into. The accelerated pension benefit
2 payment under this Section may be subject to withholding or
3 payment of applicable taxes, but to the extent permitted by
4 federal law, a person who receives an accelerated pension
5 benefit payment under this Section must direct the System to
6 pay all of that payment as a rollover into another retirement
7 plan or account qualified under the Internal Revenue Code of
8 1986, as amended.

9 (f) Before January 1, 2019 and every January 1 thereafter,
10 the Board shall certify to the Illinois Finance Authority and
11 the General Assembly the amount by which the total amount of
12 accelerated pension benefit payments made under this Section
13 exceed the amount appropriated to the System for the purpose of
14 making those payments.

15 (g) The Board shall adopt any rules necessary to implement
16 this Section.

17 (h) No provision of this Section shall be interpreted in a
18 way that would cause the applicable System to cease to be a
19 qualified plan under the Internal Revenue Code of 1986.

20 (i) Notwithstanding any other provision of this Section, in
21 no case shall the total amount of accelerated pension benefit
22 payments paid under this Section, Section 15-185.5, and Section
23 16-190.5 cause the Illinois Finance Authority to issue more
24 than the \$250,000,000 of State Pension Obligation Acceleration
25 Bonds authorized in subsection (c-5) of Section 801-40 of the
26 Illinois Finance Authority Act.

1 (40 ILCS 5/14-152.1)

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

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

6 (a) As used in this Section, "new benefit increase" means
7 an increase in the amount of any benefit provided under this
8 Article, or an expansion of the conditions of eligibility for
9 any benefit under this Article, that results from an amendment
10 to this Code that takes effect after June 1, 2005 (the
11 effective date of Public Act 94-4). "New benefit increase",
12 however, does not include any benefit increase resulting from
13 the changes made to this Article by Public Act 96-37 or by this
14 amendatory Act of the 100th General Assembly ~~this amendatory~~
15 ~~Act of the 96th General Assembly.~~

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

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

25 Every new benefit increase is contingent upon the General

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

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

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

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

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

7 (40 ILCS 5/15-108.1)

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

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

20 "Tier 1 employee": An employee under this Article, other
21 than a participant in the self-managed plan under Section
22 15-158.2, who first became a member or participant before
23 January 1, 2011 under any reciprocal retirement system or
24 pension fund established under this Code other than a
25 retirement system or pension fund established under Article 2,

1 3, 4, 5, 6, or 18 of this Code. However, for the purposes of the
2 election under Section 15-132.9, "Tier 1 employee" does not
3 include a participant under this Article who would qualify as a
4 Tier 1 employee but who has made an irrevocable election on or
5 before June 1, 2017 to retire from service pursuant to the
6 terms of a collective bargaining agreement in effect on June 1,
7 2017, excluding any extension, amendment, or renewal of that
8 agreement on or after that date, and has notified the System of
9 that election.

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

11 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

12 Sec. 15-111. Earnings.

13 (a) "Earnings": Subject to Section 15-111.5, an amount paid
14 for personal services equal to the sum of the basic
15 compensation plus extra compensation for summer teaching,
16 overtime or other extra service. For periods for which an
17 employee receives service credit under subsection (c) of
18 Section 15-113.1 or Section 15-113.2, earnings are equal to the
19 basic compensation on which contributions are paid by the
20 employee during such periods. Compensation for employment
21 which is irregular, intermittent and temporary shall not be
22 considered earnings, unless the participant is also receiving
23 earnings from the employer as an employee under Section 15-107.

24 With respect to transition pay paid by the University of
25 Illinois to a person who was a participating employee employed

1 in the fire department of the University of Illinois's
2 Champaign-Urbana campus immediately prior to the elimination
3 of that fire department:

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

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

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

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

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

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

21 (c) With each submission of payroll information in the
22 manner prescribed by the System, the employer shall certify
23 that the payroll information is correct and complies with all
24 applicable State and federal laws.

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

1 (40 ILCS 5/15-112.1 new)

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

17 (40 ILCS 5/15-132.9 new)

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

19 (a) Each active Tier 1 employee shall make an irrevocable
20 election either:

21 (1) to agree to delay his or her eligibility for
22 automatic annual increases in retirement annuity as
23 provided in subsection (d-1) of Section 15-136 and to have
24 the amount of the automatic annual increases in his or her
25 retirement annuity and survivor annuity that are otherwise

1 provided for in this Article calculated, instead, as
2 provided in subsection (d-1) of Section 15-136; or

3 (2) to not agree to the provisions of paragraph (1) of
4 this subsection.

5 The election required under this subsection (a) shall be
6 made by each active Tier 1 employee no earlier than January 1,
7 2018 and no later than March 31, 2018, except that:

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

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

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

21 (a-5) If this Section is enjoined or stayed by an Illinois
22 court or a court of competent jurisdiction pending the entry of
23 a final and unappealable decision, and this Section is
24 determined to be constitutional or otherwise valid by a final
25 unappealable decision of an Illinois court or a court of
26 competent jurisdiction, then the election procedure set forth

1 in subsection (a) of this Section shall commence on the 180th
2 calendar day after the date of the issuance of the final
3 unappealable decision and shall conclude at the end of the
4 270th calendar day after that date.

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

11 (b) As adequate and legal consideration provided under this
12 amendatory Act of the 100th General Assembly for making an
13 election under paragraph (1) of subsection (a) of this Section,
14 the employer shall be expressly and irrevocably prohibited from
15 offering any future increases in income to a Tier 1 employee
16 who has made an election under paragraph (1) of subsection (a)
17 of this Section on the condition of not constituting earnings
18 under Section 15-111.

19 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 each Tier 1 employee who has made an election under paragraph
23 (1) of subsection (a) of this Section shall receive a
24 consideration payment equal to 10% of the contributions made by
25 or on behalf of the employee under Section 15-157 before the
26 effective date of that election. The State Comptroller shall

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

9 (c) A Tier 1 employee who makes the election under
10 paragraph (2) of subsection (a) of this Section shall not be
11 subject to paragraph (1) of subsection (a) of this Section.
12 However, each future increase in income offered by an employer
13 under this Article to a Tier 1 employee who has made the
14 election under paragraph (2) of subsection (a) of this Section
15 shall be offered by the employer expressly and irrevocably on
16 the condition of not constituting earnings under Section 15-111
17 and that the Tier 1 employee's acceptance of the offered future
18 increase in income shall constitute his or her agreement to
19 that condition.

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

1 required elections on its website or to publish those details
2 in a regularly published newsletter or other existing public
3 forum.

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

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

23 In no event shall the System, its staff, or the Board be
24 held liable for any information given to a member regarding the
25 elections under this Section. The System shall coordinate with
26 the Illinois Department of Central Management Services and each

1 other retirement system administering an election in
2 accordance with this amendatory Act of the 100th General
3 Assembly to provide information concerning the impact of the
4 election set forth in this Section.

5 (e) Notwithstanding any other provision of law, an employer
6 under this Article is required to offer each future increase in
7 income expressly and irrevocably on the condition of not
8 constituting "earnings" under Section 15-111 to any Tier 1
9 employee who has made an election under paragraph (2) of
10 subsection (a) of this Section. The offer shall also provide
11 that the Tier 1 employee's acceptance of the offered future
12 increase in income shall constitute his or her agreement to the
13 condition set forth in this subsection.

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

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

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

24 (h) If an election created by this amendatory Act in any
25 other Article of this Code or any change deriving from that
26 election is determined to be unconstitutional or otherwise

1 invalid by a final unappealable decision of an Illinois court
2 or a court of competent jurisdiction, the invalidity of that
3 provision shall not in any way affect the validity of this
4 Section or the changes deriving from the election required
5 under this Section.

6 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

18 Rule 1: The retirement annuity shall be 1.67% of final rate
19 of earnings for each of the first 10 years of service, 1.90%
20 for each of the next 10 years of service, 2.10% for each year
21 of service in excess of 20 but not exceeding 30, and 2.30% for
22 each year in excess of 30; or for persons who retire on or
23 after January 1, 1998, 2.2% of the final rate of earnings for
24 each year of service.

25 Rule 2: The retirement annuity shall be the sum of the

1 following, determined from amounts credited to the participant
2 in accordance with the actuarial tables and the effective rate
3 of interest in effect at the time the retirement annuity
4 begins:

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

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

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

18 With respect to a police officer or firefighter who retires
19 on or after August 14, 1998, the accumulated normal
20 contributions taken into account under clauses (i) and (ii) of
21 this Rule 2 shall include the additional normal contributions
22 made by the police officer or firefighter under Section
23 15-157(a).

24 The amount of a retirement annuity calculated under this
25 Rule 2 shall be computed solely on the basis of the
26 participant's accumulated normal contributions, as specified

1 in this Rule and defined in Section 15-116. Neither an employee
2 or employer contribution for early retirement under Section
3 15-136.2 nor any other employer contribution shall be used in
4 the calculation of the amount of a retirement annuity under
5 this Rule 2.

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

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

12 Rule 3: The retirement annuity of a participant who is
13 employed at least one-half time during the period on which his
14 or her final rate of earnings is based, shall be equal to the
15 participant's years of service not to exceed 30, multiplied by
16 (1) \$96 if the participant's final rate of earnings is less
17 than \$3,500, (2) \$108 if the final rate of earnings is at least
18 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
19 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
20 the final rate of earnings is at least \$5,500 but less than
21 \$6,500, (5) \$144 if the final rate of earnings is at least
22 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
23 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
24 the final rate of earnings is at least \$8,500 but less than
25 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
26 more, except that the annuity for those persons having made an

1 election under Section 15-154(a-1) shall be calculated and
2 payable under the portable retirement benefit program pursuant
3 to the provisions of Section 15-136.4.

4 Rule 4: A participant who is at least age 50 and has 25 or
5 more years of service as a police officer or firefighter, and a
6 participant who is age 55 or over and has at least 20 but less
7 than 25 years of service as a police officer or firefighter,
8 shall be entitled to a retirement annuity of 2 1/4% of the
9 final rate of earnings for each of the first 10 years of
10 service as a police officer or firefighter, 2 1/2% for each of
11 the next 10 years of service as a police officer or
12 firefighter, and 2 3/4% for each year of service as a police
13 officer or firefighter in excess of 20. The retirement annuity
14 for all other service shall be computed under Rule 1. A Tier 2
15 member is eligible for a retirement annuity calculated under
16 Rule 4 only if that Tier 2 member meets the service
17 requirements for that benefit calculation as prescribed under
18 this Rule 4 in addition to the applicable age requirement under
19 subsection (a-5) of Section 15-135.

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

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

24 (ii) in the case of an individual who was a
25 participating employee employed in the fire department of
26 the University of Illinois's Champaign-Urbana campus

1 immediately prior to the elimination of that fire
2 department and who immediately after the elimination of
3 that fire department transferred to another job with the
4 University of Illinois, service performed as an employee of
5 the University of Illinois in a position other than police
6 officer or firefighter, from the date of that transfer
7 until the employee's next termination of service with the
8 University of Illinois.

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

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

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

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

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

5 (c) The maximum retirement annuity provided under Rules 1,
6 2, 4, and 5 shall be the lesser of (1) the annual limit of
7 benefits as specified in Section 415 of the Internal Revenue
8 Code of 1986, as such Section may be amended from time to time
9 and as such benefit limits shall be adjusted by the
10 Commissioner of Internal Revenue, and (2) 80% of final rate of
11 earnings.

12 (d) Subject to the provisions of subsection (d-1), a Tier
13 1 member whose status as an employee terminates after August
14 14, 1969 shall receive automatic increases in his or her
15 retirement annuity as follows:

16 Effective January 1 immediately following the date the
17 retirement annuity begins, the annuitant shall receive an
18 increase in his or her monthly retirement annuity of 0.125% of
19 the monthly retirement annuity provided under Rule 1, Rule 2,
20 Rule 3, or Rule 4 contained in this Section, multiplied by the
21 number of full months which elapsed from the date the
22 retirement annuity payments began to January 1, 1972, plus
23 0.1667% of such annuity, multiplied by the number of full
24 months which elapsed from January 1, 1972, or the date the
25 retirement annuity payments began, whichever is later, to
26 January 1, 1978, plus 0.25% of such annuity multiplied by the

1 number of full months which elapsed from January 1, 1978, or
2 the date the retirement annuity payments began, whichever is
3 later, to the effective date of the increase.

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

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

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

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

23 (1) The initial increase in retirement annuity under
24 this Section shall occur on the January 1 occurring either
25 on or after the attainment of age 67 or the fifth
26 anniversary of the annuity start date, whichever is

1 earlier.

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

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

24 (d-5) A retirement annuity of a Tier 2 member shall receive
25 annual increases on the January 1 occurring either on or after
26 the attainment of age 67 or the first anniversary of the

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

11 (e) If, on January 1, 1987, or the date the retirement
12 annuity payment period begins, whichever is later, the sum of
13 the retirement annuity provided under Rule 1 or Rule 2 of this
14 Section and the automatic annual increases provided under the
15 preceding subsection or Section 15-136.1, amounts to less than
16 the retirement annuity which would be provided by Rule 3, the
17 retirement annuity shall be increased as of January 1, 1987, or
18 the date the retirement annuity payment period begins,
19 whichever is later, to the amount which would be provided by
20 Rule 3 of this Section. Such increased amount shall be
21 considered as the retirement annuity in determining benefits
22 provided under other Sections of this Article. This paragraph
23 applies without regard to whether status as an employee
24 terminated before the effective date of this amendatory Act of
25 1987, provided that the annuitant was employed at least
26 one-half time during the period on which the final rate of

1 earnings was based.

2 (f) A participant is entitled to such additional annuity as
3 may be provided on an actuarially equivalent basis, by any
4 accumulated additional contributions to his or her credit.
5 However, the additional contributions made by the participant
6 toward the automatic increases in annuity provided under this
7 Section shall not be taken into account in determining the
8 amount of such additional annuity.

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

24 (h) On January 1, 1981, an annuitant who was receiving a
25 retirement annuity on or before January 1, 1971 shall have his
26 or her retirement annuity then being paid increased \$1 per

1 month for each year of creditable service. On January 1, 1982,
2 an annuitant whose retirement annuity began on or before
3 January 1, 1977, shall have his or her retirement annuity then
4 being paid increased \$1 per month for each year of creditable
5 service.

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

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

13 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

14 Sec. 15-155. Employer contributions.

15 (a) The State of Illinois shall make contributions by
16 appropriations of amounts which, together with the other
17 employer contributions from trust, federal, and other funds,
18 employee contributions, income from investments, and other
19 income of this System, will be sufficient to meet the cost of
20 maintaining and administering the System on a 90% funded basis
21 in accordance with actuarial recommendations.

22 The Board shall determine the amount of State contributions
23 required for each fiscal year on the basis of the actuarial
24 tables and other assumptions adopted by the Board and the
25 recommendations of the actuary, using the formula in subsection

1 (a-1).

2 (a-1) For State fiscal years 2018 through 2045 (except as
3 otherwise provided for fiscal year 2019), 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 total payroll, including payroll that is
11 not deemed pensionable, but excluding payroll attributable to
12 participants in the defined contribution plan under Section
13 15-200.1, over the years remaining to and including fiscal year
14 2045 and shall be determined under the projected unit credit
15 actuarial cost method.

16 For State fiscal year 2019:

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

19 (2) For purposes of the recertification due on or
20 before May 1, 2018, the recalculation of the required State
21 contribution for fiscal year 2019 shall take into account
22 the effect on the System's liabilities of the elections
23 made under Section 15-132.9.

24 (3) For purposes of the recertification due on or
25 before October 1, 2018, the total required State
26 contribution for fiscal year 2019 shall be reduced by the

1 amount of the consideration payments made to Tier 1
2 employees who made the election under paragraph (1) of
3 subsection (a) of Section 15-132.9.

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

14 For State fiscal years 2012 through 2017 ~~2045~~, 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 payroll over the years remaining to and
22 including fiscal year 2045 and shall be determined under the
23 projected unit credit actuarial cost method.

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$166,641,900.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$252,064,100.

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

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2010 is
17 \$702,514,000 and shall be made from the State Pensions Fund and
18 proceeds of bonds sold in fiscal year 2010 pursuant to Section
19 7.2 of the General Obligation Bond Act, less (i) the pro rata
20 share of bond sale expenses determined by the System's share of
21 total bond proceeds, (ii) any amounts received from the General
22 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
23 proceeds due to the issuance of discounted bonds, if
24 applicable.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2011 is

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

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

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter, as calculated
3 under this Section and certified under Section 15-165, shall
4 not exceed an amount equal to (i) the amount of the required
5 State contribution that would have been calculated under this
6 Section for that fiscal year if the System had not received any
7 payments under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act, minus (ii) the portion of the State's
9 total debt service payments for that fiscal year on the bonds
10 issued in fiscal year 2003 for the purposes of that Section
11 7.2, as determined and certified by the Comptroller, that is
12 the same as the System's portion of the total moneys
13 distributed under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act. In determining this maximum for State
15 fiscal years 2008 through 2010, however, the amount referred to
16 in item (i) shall be increased, as a percentage of the
17 applicable employee payroll, in equal increments calculated
18 from the sum of the required State contribution for State
19 fiscal year 2007 plus the applicable portion of the State's
20 total debt service payments for fiscal year 2007 on the bonds
21 issued in fiscal year 2003 for the purposes of Section 7.2 of
22 the General Obligation Bond Act, so that, by State fiscal year
23 2011, the State is contributing at the rate otherwise required
24 under this Section.

25 (b) If an employee is paid from trust or federal funds, the
26 employer shall pay to the Board contributions from those funds

1 which are sufficient to cover the accruing normal costs on
2 behalf of the employee. However, universities having employees
3 who are compensated out of local auxiliary funds, income funds,
4 or service enterprise funds are not required to pay such
5 contributions on behalf of those employees. The local auxiliary
6 funds, income funds, and service enterprise funds of
7 universities shall not be considered trust funds for the
8 purpose of this Article, but funds of alumni associations,
9 foundations, and athletic associations which are affiliated
10 with the universities included as employers under this Article
11 and other employers which do not receive State appropriations
12 are considered to be trust funds for the purpose of this
13 Article.

14 (b-1) The City of Urbana and the City of Champaign shall
15 each make employer contributions to this System for their
16 respective firefighter employees who participate in this
17 System pursuant to subsection (h) of Section 15-107. The rate
18 of contributions to be made by those municipalities shall be
19 determined annually by the Board on the basis of the actuarial
20 assumptions adopted by the Board and the recommendations of the
21 actuary, and shall be expressed as a percentage of salary for
22 each such employee. The Board shall certify the rate to the
23 affected municipalities as soon as may be practical. The
24 employer contributions required under this subsection shall be
25 remitted by the municipality to the System at the same time and
26 in the same manner as employee contributions.

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

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

17 (e) The State Comptroller shall draw warrants payable to
18 the System upon proper certification by the System or by the
19 employer in accordance with the appropriation laws and this
20 Code.

21 (f) Normal costs under this Section means liability for
22 pensions and other benefits which accrues to the System because
23 of the credits earned for service rendered by the participants
24 during the fiscal year and expenses of administering the
25 System, but shall not include the principal of or any
26 redemption premium or interest on any bonds issued by the Board

1 or any expenses incurred or deposits required in connection
2 therewith.

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

20 Whenever it determines that a payment is or may be required
21 under this subsection (g), the System shall calculate the
22 amount of the payment and bill the employer for that amount.
23 The bill shall specify the calculations used to determine the
24 amount due. If the employer disputes the amount of the bill, it
25 may, within 30 days after receipt of the bill, apply to the
26 System in writing for a recalculation. The application must

1 specify in detail the grounds of the dispute and, if the
2 employer asserts that the calculation is subject to subsection
3 (h) or (i) of this Section, must include an affidavit setting
4 forth and attesting to all facts within the employer's
5 knowledge that are pertinent to the applicability of subsection
6 (h) or (i). Upon receiving a timely application for
7 recalculation, the System shall review the application and, if
8 appropriate, recalculate the amount due.

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

18 When assessing payment for any amount due under this
19 subsection (g), the System shall include earnings, to the
20 extent not established by a participant under Section 15-113.11
21 or 15-113.12, that would have been paid to the participant had
22 the participant not taken (i) periods of voluntary or
23 involuntary furlough occurring on or after July 1, 2015 and on
24 or before June 30, 2017 or (ii) periods of voluntary pay
25 reduction in lieu of furlough occurring on or after July 1,
26 2015 and on or before June 30, 2017. Determining earnings that

1 would have been paid to a participant had the participant not
2 taken periods of voluntary or involuntary furlough or periods
3 of voluntary pay reduction shall be the responsibility of the
4 employer, and shall be reported in a manner prescribed by the
5 System.

6 (g-1) For academic years beginning on or after July 1,
7 2018, if the amount of a participant's earnings for any
8 academic year used to determine the final rate of earnings,
9 determined on a full-time equivalent basis, exceeds the amount
10 of his or her earnings with the same employer for the previous
11 academic year, determined on a full-time equivalent basis, by
12 more than the unadjusted percentage increase in the consumer
13 price index-u for the calendar year ending on the December 31
14 immediately preceding the beginning of the academic year, then
15 the participant's employer shall pay to the System, in addition
16 to all other payments required under this Section and in
17 accordance with guidelines established by the System, the
18 present value of the increase in benefits resulting from the
19 portion of the increase in earnings that is in excess of the
20 unadjusted percentage increase in the consumer price index-u
21 for the applicable calendar year. This present value shall be
22 computed by the System on the basis of the actuarial
23 assumptions and tables used in the most recent actuarial
24 valuation of the System that is available at the time of the
25 computation. The System may require the employer to provide any
26 pertinent information or documentation.

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

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

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

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

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

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

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude earnings increases resulting from
24 overload work, including a contract for summer teaching, or
25 overtime when the employer has certified to the System, and the
26 System has approved the certification, that: (i) in the case of

1 overloads (A) the overload work is for the sole purpose of
2 academic instruction in excess of the standard number of
3 instruction hours for a full-time employee occurring during the
4 academic year that the overload is paid and (B) the earnings
5 increases are equal to or less than the rate of pay for
6 academic instruction computed using the participant's current
7 salary rate and work schedule; and (ii) in the case of
8 overtime, the overtime was necessary for the educational
9 mission.

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

24 (i) When assessing payment for any amount due under
25 subsection (g), the System shall exclude any salary increase
26 described in subsection (h) of this Section given on or after

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

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

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

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

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

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

26 (4) The increase in the required State contribution

1 resulting from the changes made to this Section by Public
2 Act 94-1057.

3 (j-5) For academic years beginning on or after July 1,
4 2018, if the amount of a participant's earnings for any
5 academic year, determined on a full-time equivalent basis,
6 exceeds the amount of the salary set for the Governor, the
7 participant's employer shall pay to the System, in addition to
8 all other payments required under this Section and in
9 accordance with guidelines established by the System, the
10 amount of the earnings that exceed the salary set for the
11 Governor multiplied by the level percentage of payroll used in
12 that fiscal year, as determined by the System, to be sufficient
13 to bring the total assets of the System up to 90% of the total
14 actuarial liabilities of the System by the end of State fiscal
15 year 2045. This amount shall be computed by the System on the
16 basis of the actuarial assumptions and tables used in the most
17 recent actuarial valuation of the System that is available at
18 the time of the computation. The System may require the
19 employer to provide any pertinent information or
20 documentation.

21 Whenever it determines that a payment is or may be required
22 under this subsection, the System shall calculate the amount of
23 the payment and bill the employer for that amount. The bill
24 shall specify the calculations used to determine the amount
25 due. If the employer disputes the amount of the bill, it may,
26 within 30 days after receipt of the bill, apply to the System

1 in writing for a recalculation. The application must specify in
2 detail the grounds of the dispute. Upon receiving a timely
3 application for recalculation, the System shall review the
4 application and, if appropriate, recalculate the amount due.

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

14 (k) The Illinois Community College Board shall adopt rules
15 for recommending lists of promotional positions submitted to
16 the Board by community colleges and for reviewing the
17 promotional lists on an annual basis. When recommending
18 promotional lists, the Board shall consider the similarity of
19 the positions submitted to those positions recognized for State
20 universities by the State Universities Civil Service System.
21 The Illinois Community College Board shall file a copy of its
22 findings with the System. The System shall consider the
23 findings of the Illinois Community College Board when making
24 determinations under this Section. The System shall not exclude
25 any earnings increases resulting from a promotion when the
26 promotion was not submitted by a community college. Nothing in

1 this subsection (k) shall require any community college to
2 submit any information to the Community College Board.

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

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

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

18 (n) If Section 15-132.9 is determined to be
19 unconstitutional or otherwise invalid by a final unappealable
20 decision of an Illinois court or a court of competent
21 jurisdiction, then the changes made to this Section by this
22 amendatory Act of the 100th General Assembly shall not take
23 effect and are repealed by operation of law.

24 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
25 99-897, eff. 1-1-17.)

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

2 Sec. 15-157. Employee Contributions.

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

13 Each participant who is a police officer or firefighter
14 shall make normal contributions of 8% of each payment of
15 earnings applicable to employment as a police officer or
16 firefighter under this system on or after September 1, 1981,
17 unless he or she files with the board within 60 days after the
18 effective date of this amendatory Act of 1991 or 60 days after
19 the board receives notice that he or she is employed as a
20 police officer or firefighter, whichever is later, a written
21 notice waiving the retirement formula provided by Rule 4 of
22 Section 15-136. This waiver shall be irrevocable. If a
23 participant had met the conditions set forth in Section
24 15-132.1 prior to the effective date of this amendatory Act of
25 1991 but failed to make the additional normal contributions
26 required by this paragraph, he or she may elect to pay the

1 additional contributions plus compound interest at the
2 effective rate. If such payment is received by the board, the
3 service shall be considered as police officer service in
4 calculating the retirement annuity under Rule 4 of Section
5 15-136. While performing service described in clause (i) or
6 (ii) of Rule 4 of Section 15-136, a participating employee
7 shall be deemed to be employed as a firefighter for the purpose
8 of determining the rate of employee contributions under this
9 Section.

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

23 (c) Except as provided in subsection (c-5), in ~~In~~ addition
24 to the amounts described in subsections (a) and (b) of this
25 Section, each participating employee shall make contributions
26 of 1% of earnings applicable under this system on and after

1 August 1, 1959. The contributions made under this subsection
2 (c) shall be considered as survivor's insurance contributions
3 for purposes of this Article if the employee is covered under
4 the traditional benefit package, and such contributions shall
5 be considered as additional contributions for purposes of this
6 Article if the employee is participating in the self-managed
7 plan or has elected to participate in the portable benefit
8 package and has completed the applicable one-year waiting
9 period. Contributions in excess of \$80 during any fiscal year
10 beginning before August 31, 1969 and in excess of \$120 during
11 any fiscal year thereafter until September 1, 1971 shall be
12 considered as additional contributions for purposes of this
13 Article.

14 (c-5) Beginning July 1, 2018 or the effective date of the
15 Tier 1 employee's election under paragraph (1) of subsection
16 (a) of Section 15-132.9, whichever is later, in lieu of the
17 contributions otherwise required under subsection (c), each
18 Tier 1 employee who made the election under paragraph (1) of
19 subsection (a) of Section 15-132.9 shall make contributions of
20 0.7% of earnings applicable under this System and each Tier 1
21 employee who is a police officer or firefighter who makes
22 normal contributions of 8% of each payment of earnings
23 applicable to employment as a police officer or firefighter
24 under this System and who made the election under paragraph (1)
25 of subsection (a) of Section 15-132.9 shall make contributions
26 of 0.55% of earnings applicable under this System. The

1 contributions made under this subsection (c-5) shall be
2 considered as survivor's insurance contributions for purposes
3 of this Article and such contributions shall be considered as
4 additional contributions for purposes of this Article if the
5 employee has elected to participate in the portable benefit
6 package and has completed the applicable one-year waiting
7 period.

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

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

23 (f) Notwithstanding the foregoing, a participating
24 employee shall not be required to make contributions under this
25 Section after the date upon which continuance of such
26 contributions would otherwise cause his or her retirement

1 annuity to exceed the maximum retirement annuity as specified
2 in clause (1) of subsection (c) of Section 15-136.

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

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

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

11 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

14 Sec. 15-165. To certify amounts and 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
17 appropriation required from State funds for the purposes of
18 this System for the following fiscal year. The certification
19 under this subsection (a) shall include a copy of the actuarial
20 recommendations upon which it is based and shall specifically
21 identify the System's projected State normal cost for that
22 fiscal year and the projected State cost for the self-managed
23 plan for that fiscal year.

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

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

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

10 On or before April 1, 2011, 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 2011, applying
13 the changes made by Public Act 96-889 to the System's assets
14 and liabilities as of June 30, 2009 as though Public Act 96-889
15 was approved on that date.

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

1 certification of the required State contributions. On or before
2 January 15, 2013 and each January 15 thereafter, the Board
3 shall certify to the Governor and the General Assembly the
4 amount of the required State contribution for the next fiscal
5 year. The Board's certification must note, in a written
6 response to the State Actuary, any deviations from the State
7 Actuary's recommended changes, the reason or reasons for not
8 following the State Actuary's recommended changes, and the
9 fiscal impact of not following the State Actuary's recommended
10 changes on the required State contribution.

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

18 (a-15) On or before May 1, 2018, the Board shall
19 recalculate and recertify to the Governor and the General
20 Assembly the amount of the required State contribution to the
21 System for State fiscal year 2019, taking into account the
22 effect on the System's liabilities of the elections made under
23 Section 15-132.9.

24 On or before October 1, 2018, the Board shall recalculate
25 and recertify to the Governor and the General Assembly the
26 amount of the required State contribution to the System for

1 State fiscal year 2019, taking into account the reduction
2 specified under item (3) of subsection (a-1) of Section 15-155.

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

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

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

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

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

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

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

1 Sec. 15-185.5. Accelerated pension benefit payment.

2 (a) As used in this Section:

3 "Eligible person" means a person who:

4 (1) has terminated service;

5 (2) has accrued sufficient service credit to be
6 eligible to receive a retirement annuity under this
7 Article;

8 (3) has not received any retirement annuity under this
9 Article;

10 (4) does not have a QILDRO in effect against him or her
11 under this Article; and

12 (5) is not a participant in the self-managed plan under
13 Section 15-158.2.

14 "Pension benefit" means the benefits under this Article, or
15 Article 1 as it relates to those benefits, including any
16 anticipated annual increases, that an eligible person is
17 entitled to upon attainment of the applicable retirement age.

18 "Pension benefit" also includes applicable survivor's or
19 disability benefits.

20 (b) Before January 1, 2018, and annually thereafter, the
21 System shall calculate, using actuarial tables and other
22 assumptions adopted by the Board, the net present value of
23 pension benefits for each eligible person and shall offer each
24 eligible person the opportunity to irrevocably elect to receive
25 an amount determined by the System to be equal to 70% of the
26 net present value of his or her pension benefits in lieu of

1 receiving any pension benefit. The offer shall specify the
2 dollar amount that the eligible person will receive if he or
3 she so elects and shall expire when a subsequent offer is made
4 to an eligible person or when the System determines that 10% of
5 eligible persons in that year have made the election under this
6 subsection, whichever occurs first. The System shall make a
7 good faith effort to contact every eligible person to notify
8 him or her of the election and of the amount of the accelerated
9 pension benefit payment.

10 Until the System determines that 10% of eligible persons in
11 that year have made the election under this subsection, an
12 eligible person may irrevocably elect to receive an accelerated
13 pension benefit payment in the amount that the System offers
14 under this subsection in lieu of receiving any pension benefit.
15 A person who elects to receive an accelerated pension benefit
16 payment under this Section may not elect to proceed under the
17 Retirement Systems Reciprocal Act with respect to service under
18 this Article.

19 (c) A person's credits and creditable service under this
20 Article shall be terminated upon the person's receipt of an
21 accelerated pension benefit payment under this Section, and no
22 other benefit shall be paid under this Article based on those
23 terminated credits and creditable service, including any
24 retirement, survivor, or other benefit; except that to the
25 extent that participation, benefits, or premiums under the
26 State Employees Group Insurance Act of 1971 are based on the

1 amount of service credit, the terminated service credit shall
2 be used for that purpose.

3 (d) If a person who has received an accelerated pension
4 benefit payment under this Section returns to active service
5 under this Article, then:

6 (1) Any benefits under the System earned as a result of
7 that return to active service shall be based solely on the
8 person's credits and creditable service arising from the
9 return to active service.

10 (2) The accelerated pension benefit payment may not be
11 repaid to the System, and the terminated credits and
12 creditable service may not under any circumstances be
13 reinstated.

14 (e) As a condition of receiving an accelerated pension
15 benefit payment, an eligible person must have another
16 retirement plan or account qualified under the Internal Revenue
17 Code of 1986, as amended, for the accelerated pension benefit
18 payment to be rolled into. The accelerated pension benefit
19 payment under this Section may be subject to withholding or
20 payment of applicable taxes, but to the extent permitted by
21 federal law, a person who receives an accelerated pension
22 benefit payment under this Section must direct the System to
23 pay all of that payment as a rollover into another retirement
24 plan or account qualified under the Internal Revenue Code of
25 1986, as amended.

26 (f) Before January 1, 2019 and every January 1 thereafter,

1 the Board shall certify to the Illinois Finance Authority and
2 the General Assembly the amount by which the total amount of
3 accelerated pension benefit payments made under this Section
4 exceed the amount appropriated to the System for the purpose of
5 making those payments.

6 (g) The Board shall adopt any rules necessary to implement
7 this Section.

8 (h) No provision of this Section shall be interpreted in a
9 way that would cause the applicable System to cease to be a
10 qualified plan under the Internal Revenue Code of 1986.

11 (i) Notwithstanding any other provision of this Section, in
12 no case shall the total amount of accelerated pension benefit
13 payments paid under this Section, Section 14-147.5, and Section
14 16-190.5 cause the Illinois Finance Authority to issue more
15 than the \$250,000,000 of State Pension Obligation Acceleration
16 Bonds authorized in subsection (c-5) of Section 801-40 of the
17 Illinois Finance Authority Act.

18 (40 ILCS 5/15-198)

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

21 Sec. 15-198. Application and expiration of new benefit
22 increases.

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

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

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

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

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

23 A new benefit increase created by a Public Act that does not
24 include the additional funding required under this subsection
25 is null and void. If the Public Pension Division determines
26 that the additional funding provided for a new benefit increase

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

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

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

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

23 (40 ILCS 5/15-200.1 new)

24 Sec. 15-200.1. Defined contribution plan.

25 (a) By July 1, 2018, the System shall prepare and implement

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

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

14 (1) Under the defined contribution plan, an active Tier
15 1 employee of this System could elect to cease accruing
16 benefits in the defined benefit plan under this Article and
17 begin accruing benefits for future service in the defined
18 contribution plan. Service credit under the defined
19 contribution plan may be used for determining retirement
20 eligibility under the defined benefit plan. An active Tier
21 1 employee who elects to cease accruing benefits in his or
22 her defined benefit plan shall be prohibited from
23 purchasing service credit on or after the date of his or
24 her election. A Tier 1 employee making the irrevocable
25 election provided under this Section shall not receive
26 interest accruals to his or her Rule 2 benefit on or after

1 the date of his or her election.

2 (2) Participants in the defined contribution plan
3 shall pay employee contributions at the same rate as other
4 participants under this Article as determined by the
5 System.

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

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

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

1 (6) The defined contribution plan shall provide a
2 variety of options for investments. These options shall
3 include investments handled by the System as well as
4 private sector investment options.

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

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

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

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

25 (c) An eligible Tier 1 employee may irrevocably elect to
26 participate in the defined contribution plan by filing with the

1 System a written application to participate that is received by
2 the System prior to its determination that 5% of eligible
3 persons have elected to participate in the defined contribution
4 plan.

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

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

18 Upon request for further information describing the
19 option, the System shall provide employees with information
20 from the System before exercising the option to join the plan,
21 including information on the impact to their vested benefits or
22 non-vested service. The individual consultation shall include
23 projections of the member's defined benefits at retirement or
24 earlier termination of service and the value of the member's
25 account at retirement or earlier termination of service. The
26 System shall not provide advice or counseling with respect to

1 whether the employee should exercise the option. The System
2 shall inform Tier 1 employees who are eligible to participate
3 in the defined contribution plan that they may also wish to
4 obtain information and counsel relating to their option from
5 any other available source, including but not limited to labor
6 organizations, private counsel, and financial advisors.

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

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

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

24 (h) If an active Tier 1 employee has not made an election
25 under Section 15-134.5 of this Code, then the plan prescribed
26 under this Section shall not apply to that Tier 1 employee and

1 that Tier 1 employee shall remain eligible to make the election
2 prescribed under Section 15-134.5.

3 (i) The intent of this amendatory Act of the 100th General
4 Assembly is to ensure that the State's normal cost of
5 participation in the defined contribution plan is similar, and
6 if possible equal, to the State's normal cost of participation
7 in the defined benefit plan, unless a lower State's normal cost
8 is necessary to ensure cost neutrality.

9 (j) If Section 15-132.9 is determined to be
10 unconstitutional or otherwise invalid by a final unappealable
11 decision of an Illinois court or a court of competent
12 jurisdiction, then this Section shall not take effect and is
13 repealed by operation of law.

14 (40 ILCS 5/15-201.1 new)

15 Sec. 15-201.1. Defined contribution plan; termination. If
16 the defined contribution plan is terminated or becomes
17 inoperative pursuant to law, then each participant in the plan
18 shall automatically be deemed to have been a contributing Tier
19 1 employee participating in the System's defined benefit plan
20 during the time in which he or she participated in the defined
21 contribution plan, and for that purpose the System shall be
22 entitled to recover the amounts in the participant's defined
23 contribution accounts.

24 (40 ILCS 5/16-107.1 new)

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

15 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

18 Sec. 16-121. Salary. "Salary": The actual compensation
19 received by a teacher during any school year and recognized by
20 the system in accordance with rules of the board. For purposes
21 of this Section, "school year" includes the regular school term
22 plus any additional period for which a teacher is compensated
23 and such compensation is recognized by the rules of the board.

24 Notwithstanding any other provision of this Section,
25 "salary" does not include any future increase in income that is

1 offered by an employer for service as a Tier 1 employee under
2 this Article pursuant to the condition set forth in subsection
3 (c) of Section 16-122.9 and accepted under that condition by a
4 Tier 1 employee who has made the election under paragraph (2)
5 of subsection (a) of Section 16-122.9.

6 Notwithstanding any other provision of this Section,
7 "salary" does not include any consideration payment made to a
8 Tier 1 employee.

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

10 (40 ILCS 5/16-121.1 new)

11 Sec. 16-121.1. Future increase in income. "Future increase
12 in income" means an increase in income in any form offered by
13 an employer to a Tier 1 employee for service under this Article
14 after June 30, 2018 that qualifies as "salary", as defined in
15 Section 16-121, or would qualify as "salary" but for the fact
16 that it was offered to and accepted by a Tier 1 employee under
17 the condition set forth in subsection (c) of Section 16-122.9.
18 The term "future increase in income" does not include an
19 increase in income in any form that is paid to a Tier 1
20 employee under an employment contract or a collective
21 bargaining agreement that is in effect on the effective date of
22 this Section, but does include an increase in income in any
23 form pursuant to an extension, amendment, or renewal of any
24 such employment contract or collective bargaining agreement on
25 or after the effective date of this Section.

1 (40 ILCS 5/16-122.9 new)

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

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

5 (1) to agree to delay his or her eligibility for
6 automatic annual increases in retirement annuity as
7 provided in subsection (a-1) of Section 16-133.1 or
8 subsection (b-1) of Section 16-136.1, whichever is
9 applicable, and to have the amount of the automatic annual
10 increases in his or her retirement annuity and survivor
11 benefit that are otherwise provided for in this Article
12 calculated, instead, as provided in subsection (a-1) of
13 Section 16-133.1 or subsection (b-1) of Section 16-136.1,
14 whichever is applicable; or

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

16 The election required under this subsection (a) shall be
17 made by each active Tier 1 employee no earlier than January 1,
18 2018 and no later than March 31, 2018, except that:

19 (i) a person who becomes a Tier 1 employee under this
20 Article on or after February 1, 2018 must make the election
21 under this subsection (a) within 60 days after becoming a
22 Tier 1 employee; and

23 (ii) a person who returns to active service as a Tier 1
24 employee under this Article on or after February 1, 2018
25 and has not yet made an election under this Section must

1 make the election under this subsection (a) within 60 days
2 after returning to active service as a Tier 1 employee.

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

7 (a-5) If this Section is enjoined or stayed by an Illinois
8 court or a court of competent jurisdiction pending the entry of
9 a final and unappealable decision, and this Section is
10 determined to be constitutional or otherwise valid by a final
11 unappealable decision of an Illinois court or a court of
12 competent jurisdiction, then the election procedure set forth
13 in subsection (a) of this Section shall commence on the 180th
14 calendar day after the date of the issuance of the final
15 unappealable decision and shall conclude at the end of the
16 270th calendar day after that date.

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

23 (b) As adequate and legal consideration provided under this
24 amendatory Act of the 100th General Assembly for making an
25 election under paragraph (1) of subsection (a) of this Section,
26 an employer shall be expressly and irrevocably prohibited from

1 offering any future increases in income to a Tier 1 employee
2 who has made an election under paragraph (1) of subsection (a)
3 of this Section on the condition of not constituting salary
4 under Section 16-121.

5 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 each Tier 1 employee who has made an election under paragraph
9 (1) of subsection (a) of this Section shall receive a
10 consideration payment equal to 10% of the contributions made by
11 or on behalf of the employee under paragraphs (1), (2), and (3)
12 of subsection (a) of Section 16-152 before the effective date
13 of that election. The State Comptroller shall pay the
14 consideration payment to the Tier 1 employee out of funds
15 appropriated for that purpose under Section 1.9 of the State
16 Pension Funds Continuing Appropriation Act. The System shall
17 calculate the amount of each consideration payment and shall
18 certify to the State Comptroller the amount of the
19 consideration payment, together with the name, address, and any
20 other available payment information of the Tier 1 employee as
21 found in the records of the System.

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, each future increase 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 16-121
4 and that the Tier 1 employee's acceptance of the offered future
5 increase in income shall constitute his or her agreement to
6 that condition.

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

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

1 advice or counseling with respect to which election a Tier 1
2 employee should make or specific to the legal or tax
3 circumstances of or consequences to the Tier 1 employee.

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

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

18 (e) Notwithstanding any other provision of law, an employer
19 under this Article is required to offer each future increase in
20 income expressly and irrevocably on the condition of not
21 constituting "salary" under Section 16-121 to any Tier 1
22 employee who has made an election under paragraph (2) of
23 subsection (a) of this Section. The offer shall also provide
24 that the Tier 1 employee's acceptance of the offered future
25 increase in income shall constitute his or her agreement to the
26 condition set forth in this 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.

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

19 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

23 (a) Each member with creditable service and retiring on or
24 after August 26, 1969 is entitled to the automatic annual
25 increases in annuity provided under this Section while

1 receiving a retirement annuity or disability retirement
2 annuity from the system.

3 Except as otherwise provided in subsection (a-1), an An
4 annuitant shall first be entitled to an initial increase under
5 this Section on the January 1 next following the first
6 anniversary of retirement, or January 1 of the year next
7 following attainment of age 61, whichever is later. At such
8 time, the system shall pay an initial increase determined as
9 follows:

10 (1) 1.5% of the originally granted retirement annuity
11 or disability retirement annuity multiplied by the number
12 of years elapsed, if any, from the date of retirement until
13 January 1, 1972, plus

14 (2) 2% of the originally granted annuity multiplied by
15 the number of years elapsed, if any, from the date of
16 retirement or January 1, 1972, whichever is later, until
17 January 1, 1978, plus

18 (3) 3% of the originally granted annuity multiplied by
19 the number of years elapsed from the date of retirement or
20 January 1, 1978, whichever is later, until the effective
21 date of the initial increase.

22 However, the initial annual increase calculated under this
23 Section for the recipient of a disability retirement annuity
24 granted under Section 16-149.2 shall be reduced by an amount
25 equal to the total of all increases in that annuity received
26 under Section 16-149.5 (but not exceeding 100% of the amount of

1 the initial increase otherwise provided under this Section).

2 Except as otherwise provided in subsection (a-1),
3 following ~~Following~~ the initial increase, automatic annual
4 increases in annuity shall be payable on each January 1
5 thereafter during the lifetime of the annuitant, determined as
6 a percentage of the originally granted retirement annuity or
7 disability retirement annuity for increases granted prior to
8 January 1, 1990, and calculated as a percentage of the total
9 amount of annuity, including previous increases under this
10 Section, for increases granted on or after January 1, 1990, as
11 follows: 1.5% for periods prior to January 1, 1972, 2% for
12 periods after December 31, 1971 and prior to January 1, 1978,
13 and 3% for periods after December 31, 1977.

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

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

22 (2) The amount of each automatic annual increase in
23 retirement annuity and survivor benefit occurring on or
24 after the effective date of that election shall be
25 calculated as a percentage of the originally granted
26 retirement annuity or survivor benefit, 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) The automatic annual increases in annuity provided
19 under this Section shall not be applicable unless a member has
20 made contributions toward such increases for a period
21 equivalent to one full year of creditable service. If a member
22 contributes for service performed after August 26, 1969 but the
23 member becomes an annuitant before such contributions amount to
24 one full year's contributions based on the salary at the date
25 of retirement, he or she may pay the necessary balance of the
26 contributions to the system and be eligible for the automatic

1 annual increases in annuity provided under this Section.

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

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

11 (e) In addition to the automatic annual increases in
12 annuity provided under this Section, an annuitant who meets the
13 service requirements of this Section and whose retirement
14 annuity or disability retirement annuity began on or before
15 January 1, 1971 shall receive, on January 1, 1981, an increase
16 in the annuity then being paid of one dollar per month for each
17 year of creditable service. On January 1, 1982, an annuitant
18 whose retirement annuity or disability retirement annuity
19 began on or before January 1, 1977 shall receive an increase in
20 the annuity then being paid of one dollar per month for each
21 year of creditable service.

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

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

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

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

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

6 (a) Any annuitant receiving a retirement annuity on June
7 30, 1969 and any member retiring after June 30, 1969 shall be
8 eligible for the annual increases provided under this Section
9 provided the annuitant is ineligible for the automatic annual
10 increase in annuity provided under Section 16-133.1, and
11 provided further that (1) retirement occurred at age 55 or over
12 and was based on 5 or more years of creditable service or (2)
13 if retirement occurred prior to age 55, the retirement annuity
14 was based on 20 or more years of creditable service.

15 (b) Except as otherwise provided in subsection (b-1), an An
16 annuitant entitled to increases under this Section shall be
17 entitled to the initial increase as of the later of: (1)
18 January 1 following attainment of age 65, (2) January 1
19 following the first anniversary of retirement, or (3) the first
20 day of the month following receipt of the required qualifying
21 contribution from the annuitant. The initial monthly increase
22 shall be computed on the basis of the period elapsed between
23 the later of the date of last retirement or attainment of age
24 50 and the date of qualification for the initial increase, at
25 the rate of 1 1/2% of the original monthly retirement annuity

1 per year for periods prior to September 1, 1971, and at the
2 rate of 2% per year for periods between September 1, 1971 and
3 September 1, 1978, and at the rate of 3% per year for periods
4 thereafter.

5 Except as otherwise provided in subsection (b-1), if
6 applicable, an ~~An~~ annuitant who has received an initial
7 increase under this Section, shall be entitled, on each January
8 1 following the granting of the initial increase, to an
9 increase of 3% of the original monthly retirement annuity for
10 increases granted prior to January 1, 1990, and equal to 3% of
11 the total annuity, including previous increases under this
12 Section, for increases granted on or after January 1, 1990. The
13 original monthly retirement annuity for computations under
14 this subsection (b) shall be considered to be \$83.34 for any
15 annuitant entitled to benefits under Section 16-134. The
16 minimum original disability retirement annuity for
17 computations under this subsection (b) shall be considered to
18 be \$33.34 per month for any annuitant retired on account of
19 disability.

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

23 (1) The initial increase in retirement annuity under
24 this Section shall occur on the January 1 occurring either
25 on or after the attainment of age 67 or the fifth
26 anniversary of the annuity start date, whichever is

1 earlier.

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

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

24 (c) An annuitant who otherwise qualifies for annual
25 increases under this Section must make a one-time payment of 1%
26 of the monthly final average salary for each full year of the

1 creditable service forming the basis of the retirement annuity
2 or, if the retirement annuity was not computed using final
3 average salary, 1% of the original monthly retirement annuity
4 for each full year of service forming the basis of the
5 retirement annuity.

6 (d) In addition to other increases which may be provided by
7 this Section, regardless of creditable service, annuitants not
8 meeting the service requirements of Section 16-133.1 and whose
9 retirement annuity began on or before January 1, 1971 shall
10 receive, on January 1, 1981, an increase in the retirement
11 annuity then being paid of one dollar per month for each year
12 of creditable service forming the basis of the retirement
13 allowance. On January 1, 1982, annuitants whose retirement
14 annuity began on or before January 1, 1977, shall receive an
15 increase in the retirement annuity then being paid of one
16 dollar per month for each year of creditable service.

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

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

23 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

1 Sec. 16-152. Contributions by members.

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

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

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

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

16 (4) Effective July 1, 2005, contributions of 0.40% of
17 salary toward the cost of the early retirement without
18 discount option provided under Section 16-133.2. This
19 contribution shall cease upon termination of the early
20 retirement without discount option as provided in Section
21 16-133.2.

22 (a-5) Beginning July 1, 2018 or the effective date of the
23 Tier 1 employee's election under paragraph (1) of subsection
24 (a) of Section 16-122.9, whichever is later, in lieu of the
25 contributions otherwise required under subsection (a), each
26 Tier 1 employee who made the election under paragraph (1) of

1 subsection (a) of Section 16-122.9 shall make contributions as
2 follows:

3 (1) Contributions of 7.50% of salary towards the cost
4 of the retirement annuity. Such contributions shall be
5 deemed "normal contributions".

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

10 (3) Contributions of 0.40% of salary toward the cost of
11 the early retirement without discount option provided
12 under Section 16-133.2. This contribution shall cease upon
13 termination of the early retirement without discount
14 option as provided in Section 16-133.2.

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

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

20 (d) A person who (i) was a member before July 1, 1998, (ii)
21 retires with more than 34 years of creditable service, and
22 (iii) does not elect to qualify for the augmented rate under
23 Section 16-129.1 shall be entitled, at the time of retirement,
24 to receive a partial refund of contributions made under this
25 Section for service occurring after the later of June 30, 1998
26 or attainment of 34 years of creditable service, in an amount

1 equal to 1.00% of the salary upon which those contributions
2 were based.

3 (e) A member's contributions toward the cost of early
4 retirement without discount made under item (a)(4) of this
5 Section shall not be refunded if the member has elected early
6 retirement without discount under Section 16-133.2 and has
7 begun to receive a retirement annuity under this Article
8 calculated in accordance with that election. Otherwise, a
9 member's contributions toward the cost of early retirement
10 without discount made under item (a)(4) of this Section shall
11 be refunded according to whichever one of the following
12 circumstances occurs first:

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

17 (2) The contributions shall be included, without
18 interest, in any refund claimed by the member under Section
19 16-151.

20 (3) The contributions shall be refunded to the member's
21 designated beneficiary (or if there is no beneficiary, to
22 the member's estate), without interest, if the member dies
23 without having begun to receive a retirement annuity under
24 this Article.

25 (4) The contributions shall be refunded to the member,
26 without interest, if the early retirement without discount

1 option provided under subsection (d) of Section 16-133.2 is
2 terminated. In that event, the System shall provide to the
3 member, within 120 days after the option is terminated, an
4 application for a refund of those contributions.

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

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

10 Sec. 16-158. Contributions by State and other employing
11 units.

12 (a) The State shall make contributions to the System by
13 means of appropriations from the Common School Fund and other
14 State funds of amounts which, together with other employer
15 contributions, employee contributions, investment income, and
16 other income, will be sufficient to meet the cost of
17 maintaining and administering the System on a 90% funded basis
18 in accordance with actuarial recommendations.

19 The Board shall determine the amount of State contributions
20 required for each fiscal year on the basis of the actuarial
21 tables and other assumptions adopted by the Board and the
22 recommendations of the actuary, using the formula in subsection
23 (b-3).

24 (a-1) Annually, on or before November 15 until November 15,
25 2011, the Board shall certify to the Governor the amount of the

1 required State contribution for the coming fiscal year. The
2 certification under this subsection (a-1) shall include a copy
3 of the actuarial recommendations upon which it is based and
4 shall specifically identify the System's projected State
5 normal cost for that fiscal year.

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

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

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

23 (a-5) On or before November 1 of each year, beginning
24 November 1, 2012, the Board shall submit to the State Actuary,
25 the Governor, and the General Assembly a proposed certification
26 of the amount of the required State contribution to the System

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

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

24 (a-15) On or before May 1, 2018, the Board shall
25 recalculate and recertify to the Governor and the General
26 Assembly the amount of the required State contribution to the

1 System for State fiscal year 2019, taking into account the
2 effect on the System's liabilities of the elections made under
3 Section 16-122.9.

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

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

12 (b-1) Beginning in State fiscal year 1996, on the 15th day
13 of each month, or as soon thereafter as may be practicable, the
14 Board shall submit vouchers for payment of State contributions
15 to the System, in a total monthly amount of one-twelfth of the
16 required annual State contribution certified under subsection
17 (a-1). From the effective date of this amendatory Act of the
18 93rd General Assembly through June 30, 2004, the Board shall
19 not submit vouchers for the remainder of fiscal year 2004 in
20 excess 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 (a) 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 subsection, the
6 difference shall be paid from the Common School Fund under the
7 continuing appropriation authority provided in Section 1.1 of
8 the State Pension Funds Continuing Appropriation Act.

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

12 (b-3) For State fiscal years 2018 through 2045 (except as
13 otherwise provided for fiscal year 2019), the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of total payroll, including payroll that is
21 not deemed pensionable, but excluding payroll attributable to
22 participants in the defined contribution plan under Section
23 16-205.1, over the years remaining to and including fiscal year
24 2045 and shall be determined under the projected unit credit
25 actuarial cost method.

26 For State fiscal year 2019:

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

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

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

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

24 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
25 contribution to the System to be made by the State for each
26 fiscal year shall be an amount determined by the System to be

1 sufficient to bring the total assets of the System up to 90% of
2 the total actuarial liabilities of the System by the end of
3 State fiscal year 2045. In making these determinations, the
4 required State contribution shall be calculated each year as a
5 level percentage of payroll 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 years 1996 through 2005, the State
9 contribution to the System, as a percentage of the applicable
10 employee payroll, shall be increased in equal annual increments
11 so that by State fiscal year 2011, the State is contributing at
12 the rate required under this Section; except that in the
13 following specified State fiscal years, the State contribution
14 to the System shall not be less than the following indicated
15 percentages of the applicable employee payroll, even if the
16 indicated percentage will produce a State contribution in
17 excess of the amount otherwise required under this subsection
18 and subsection (a), and notwithstanding any contrary
19 certification made under subsection (a-1) before the effective
20 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
21 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
22 2003; and 13.56% in FY 2004.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$534,627,700.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$738,014,500.

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

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2010 is
11 \$2,089,268,000 and shall be made from the proceeds of bonds
12 sold in fiscal year 2010 pursuant to Section 7.2 of the General
13 Obligation Bond Act, less (i) the pro rata share of bond sale
14 expenses determined by the System's share of total bond
15 proceeds, (ii) any amounts received from the Common School Fund
16 in fiscal year 2010, and (iii) any reduction in bond proceeds
17 due to the issuance of discounted bonds, if applicable.

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

1 reduction in bond proceeds due to the issuance of discounted
2 bonds, if applicable. This amount shall include, in addition to
3 the amount certified by the System, an amount necessary to meet
4 employer contributions required by the State as an employer
5 under paragraph (e) of this Section, which may also be used by
6 the System for contributions required by paragraph (a) of
7 Section 16-127.

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

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter, as calculated

1 under this Section and certified under subsection (a-1), shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section for that fiscal year if the System had not received any
5 payments under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act, minus (ii) the portion of the State's
7 total debt service payments for that fiscal year on the bonds
8 issued in fiscal year 2003 for the purposes of that Section
9 7.2, as determined and certified by the Comptroller, that is
10 the same as the System's portion of the total moneys
11 distributed under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act. In determining this maximum for State
13 fiscal years 2008 through 2010, however, the amount referred to
14 in item (i) shall be increased, as a percentage of the
15 applicable employee payroll, in equal increments calculated
16 from the sum of the required State contribution for State
17 fiscal year 2007 plus the applicable portion of the State's
18 total debt service payments for fiscal year 2007 on the bonds
19 issued in fiscal year 2003 for the purposes of Section 7.2 of
20 the General Obligation Bond Act, so that, by State fiscal year
21 2011, the State is contributing at the rate otherwise required
22 under this Section.

23 (c) Payment of the required State contributions and of all
24 pensions, retirement annuities, death benefits, refunds, and
25 other benefits granted under or assumed by this System, and all
26 expenses in connection with the administration and operation

1 thereof, are obligations of the State.

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

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

1 System.

2 However, with respect to benefits granted under Section
3 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
4 of Section 16-106, the employer's contribution shall be 12%
5 (rather than 20%) of the member's highest annual salary rate
6 for each year of creditable service granted, and the employer
7 shall also pay the required employee contribution on behalf of
8 the teacher. For the purposes of Sections 16-133.4 and
9 16-133.5, a teacher as defined in paragraph (8) of Section
10 16-106 who is serving in that capacity while on leave of
11 absence from another employer under this Article shall not be
12 considered an employee of the employer from which the teacher
13 is on leave.

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

17 (1) Beginning July 1, 1998 through June 30, 1999, the
18 employer contribution shall be equal to 0.3% of each
19 teacher's salary.

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

23 The school district or other employing unit may pay these
24 employer contributions out of any source of funding available
25 for that purpose and shall forward the contributions to the
26 System on the schedule established for the payment of member

1 contributions.

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

5 Each employer of teachers is entitled to a credit against
6 the contributions required under this subsection (e) with
7 respect to salaries paid to teachers for the period January 1,
8 2002 through June 30, 2003, equal to the amount paid by that
9 employer under subsection (a-5) of Section 6.6 of the State
10 Employees Group Insurance Act of 1971 with respect to salaries
11 paid to teachers for that period.

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

17 If an employer is required by a contract in effect on May
18 1, 1998 between the employer and an employee organization to
19 pay, on behalf of all its full-time employees covered by this
20 Article, all mandatory employee contributions required under
21 this Article, then the employer shall be excused from paying
22 the employer contribution required under this subsection (e)
23 for the balance of the term of that contract. The employer and
24 the employee organization shall jointly certify to the System
25 the existence of the contractual requirement, in such form as
26 the System may prescribe. This exclusion shall cease upon the

1 termination, extension, or renewal of the contract at any time
2 after May 1, 1998.

3 (f) For school years beginning on or after June 1, 2005 and
4 before July 1, 2018, if ~~If~~ the amount of a teacher's salary for
5 any school year used to determine final average salary exceeds
6 the member's annual full-time salary rate with the same
7 employer for the previous school year by more than 6%, the
8 teacher's employer shall pay to the System, in addition to all
9 other payments required under this Section and in accordance
10 with guidelines established by the System, the present value of
11 the increase in benefits resulting from the portion of the
12 increase in salary that is in excess of 6%. This present value
13 shall be computed by the System on the basis of the actuarial
14 assumptions and tables used in the most recent actuarial
15 valuation of the System that is available at the time of the
16 computation. If a teacher's salary for the 2005-2006 school
17 year is used to determine final average salary under this
18 subsection (f), then the changes made to this subsection (f) by
19 Public Act 94-1057 shall apply in calculating whether the
20 increase in his or her salary is in excess of 6%. For the
21 purposes of this Section, change in employment under Section
22 10-21.12 of the School Code on or after June 1, 2005 shall
23 constitute a change in employer. The System may require the
24 employer to provide any pertinent information or
25 documentation. The changes made to this subsection (f) by this
26 amendatory Act of the 94th General Assembly apply without

1 regard to whether the teacher was in service on or after its
2 effective date.

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

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

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

20 Whenever it determines that a payment is or may be required
21 under this subsection (f-1), the System shall calculate the
22 amount of the payment and bill the employer for that amount.
23 The bill shall specify the calculations used to determine the
24 amount due. If the employer disputes the amount of the bill, it
25 may, within 30 days after receipt of the bill, apply to the
26 System in writing for a recalculation. The application must

1 specify in detail the grounds of the dispute and, if the
2 employer asserts that the calculation is subject to subsection
3 (h-1) of this Section, must include an affidavit setting forth
4 and attesting to all facts within the employer's knowledge that
5 are pertinent to the applicability of subsection (h-1). Upon
6 receiving a timely application for recalculation, the System
7 shall review the application and, if appropriate, recalculate
8 the amount due.

9 The employer contributions required under this subsection
10 (f-1) may be paid in the form of a lump sum within 90 days after
11 receipt of the bill. If the employer contributions are not paid
12 within 90 days after receipt of the bill, then interest shall
13 be charged at a rate equal to the System's annual actuarially
14 assumed rate of return on investment compounded annually from
15 the 91st day after receipt of the bill. Payments must be
16 concluded within 3 years after the employer's receipt of the
17 bill.

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

1 (g) This subsection (g) applies only to payments made or
2 salary increases given on or after June 1, 2005 but before July
3 1, 2011. The changes made by Public Act 94-1057 shall not
4 require the System to refund any payments received before July
5 31, 2006 (the effective date of Public Act 94-1057).

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

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

14 When assessing payment for any amount due under subsection
15 (f), the System shall exclude salary increases resulting from
16 overload work, including summer school, when the school
17 district has certified to the System, and the System has
18 approved the certification, that (i) the overload work is for
19 the sole purpose of classroom instruction in excess of the
20 standard number of classes for a full-time teacher in a school
21 district during a school year and (ii) the salary increases are
22 equal to or less than the rate of pay for classroom instruction
23 computed on the teacher's current salary and work schedule.

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude a salary increase resulting from
26 a promotion (i) for which the employee is required to hold a

1 certificate or supervisory endorsement issued by the State
2 Teacher Certification Board that is a different certification
3 or supervisory endorsement than is required for the teacher's
4 previous position and (ii) to a position that has existed and
5 been filled by a member for no less than one complete academic
6 year and the salary increase from the promotion is an increase
7 that results in an amount no greater than the lesser of the
8 average salary paid for other similar positions in the district
9 requiring the same certification or the amount stipulated in
10 the collective bargaining agreement for a similar position
11 requiring the same certification.

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude any payment to the teacher from
14 the State of Illinois or the State Board of Education over
15 which the employer does not have discretion, notwithstanding
16 that the payment is included in the computation of final
17 average salary.

18 (h) When assessing payment for any amount due under
19 subsection (f), the System shall exclude any salary increase
20 described in subsection (g) of this Section given on or after
21 July 1, 2011 but before July 1, 2014 under a contract or
22 collective bargaining agreement entered into, amended, or
23 renewed on or after June 1, 2005 but before July 1, 2011.
24 Notwithstanding any other provision of this Section, any
25 payments made or salary increases given after June 30, 2014
26 shall be used in assessing payment for any amount due under

1 subsection (f) of this Section.

2 (h-1) When assessing payment for any amount due under
3 subsection (f-1), the System shall exclude earnings increases
4 paid to participants under contracts or collective bargaining
5 agreements entered into, amended, or renewed before the
6 effective date of this amendatory Act of the 100th General
7 Assembly.

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

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

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

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

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

23 (i-5) For school years beginning on or after July 1, 2018,
24 if the amount of a participant's salary for any school year,
25 determined on a full-time equivalent basis, exceeds the amount
26 of the salary set for the Governor, the participant's employer

1 shall pay to the System, in addition to all other payments
2 required under this Section and in accordance with guidelines
3 established by the System, the amount of earnings that exceed
4 the salary set for the Governor multiplied by the level
5 percentage of payroll used in that fiscal year as determined by
6 the System to be sufficient to bring the total assets of the
7 System up to 90% of the total actuarial liabilities of the
8 System by the end of State fiscal year 2045. This amount shall
9 be computed by the System on the basis of the actuarial
10 assumptions and tables used in the most recent actuarial
11 valuation of the System that is available at the time of the
12 computation. The System may require the employer to provide any
13 pertinent information or documentation.

14 Whenever it determines that a payment is or may be required
15 under this subsection, the System shall calculate the amount of
16 the payment and bill the employer for that amount. The bill
17 shall specify the calculations used to determine the amount
18 due. If the employer disputes the amount of the bill, it may,
19 within 30 days after receipt of the bill, apply to the System
20 in writing for a recalculation. The application must specify in
21 detail the grounds of the dispute. Upon receiving a timely
22 application for recalculation, the System shall review the
23 application and, if appropriate, recalculate the amount due.

24 The employer contributions required under this subsection
25 may be paid in the form of a lump sum within 90 days after
26 receipt of the bill. If the employer contributions are not paid

1 within 90 days after receipt of the bill, then interest will be
2 charged at a rate equal to the System's annual actuarially
3 assumed rate of return on investment compounded annually from
4 the 91st day after receipt of the bill. Payments must be
5 concluded within 3 years after the employer's receipt of the
6 bill.

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

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

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

22 (l) If Section 16-122.9 is determined to be
23 unconstitutional or otherwise invalid by a final unappealable
24 decision of an Illinois court or a court of competent
25 jurisdiction, then the changes made to this Section by this
26 amendatory Act of the 100th General Assembly shall not take

1 effect and are repealed by operation of law.

2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
4 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

5 (40 ILCS 5/16-190.5 new)

6 Sec. 16-190.5. Accelerated pension benefit payment.

7 (a) As used in this Section:

8 "Eligible person" means a person who:

9 (1) has terminated service;

10 (2) has accrued sufficient service credit to be
11 eligible to receive a retirement annuity under this
12 Article;

13 (3) has not received any retirement annuity under this
14 Article; and

15 (4) does not have a QILDRO in effect against him or her
16 under this Article.

17 "Pension benefit" means the benefits under this Article, or
18 Article 1 as it relates to those benefits, including any
19 anticipated annual increases, that an eligible person is
20 entitled to upon attainment of the applicable retirement age.

21 "Pension benefit" also includes applicable survivor's or
22 disability benefits.

23 (b) Before January 1, 2018, and annually thereafter, the
24 System shall calculate, using actuarial tables and other
25 assumptions adopted by the Board, the net present value of

1 pension benefits for each eligible person and shall offer each
2 eligible person the opportunity to irrevocably elect to receive
3 an amount determined by the System to be equal to 70% of the
4 net present value of his or her pension benefits in lieu of
5 receiving any pension benefit. The offer shall specify the
6 dollar amount that the eligible person will receive if he or
7 she so elects and shall expire when a subsequent offer is made
8 to an eligible person or when the System determines that 10% of
9 eligible persons in that year have made the election under this
10 subsection, whichever occurs first. The System shall make a
11 good faith effort to contact every eligible person to notify
12 him or her of the election and of the amount of the accelerated
13 pension benefit payment.

14 Until the System determines that 10% of eligible persons in
15 that year have made the election under this subsection, an
16 eligible person may irrevocably elect to receive an accelerated
17 pension benefit payment in the amount that the System offers
18 under this subsection in lieu of receiving any pension benefit.
19 A person who elects to receive an accelerated pension benefit
20 payment under this Section may not elect to proceed under the
21 Retirement Systems Reciprocal Act with respect to service under
22 this Article.

23 (c) A person's credits and creditable service under this
24 Article shall be terminated upon the person's receipt of an
25 accelerated pension benefit payment under this Section, and no
26 other benefit shall be paid under this Article based on those

1 terminated credits and creditable service, including any
2 retirement, survivor, or other benefit; except that to the
3 extent that participation, benefits, or premiums under the
4 State Employees Group Insurance Act of 1971 are based on the
5 amount of service credit, the terminated service credit shall
6 be used for that purpose.

7 (d) If a person who has received an accelerated pension
8 benefit payment under this Section returns to active service
9 under this Article, then:

10 (1) Any benefits under the System earned as a result of
11 that return to active service shall be based solely on the
12 person's credits and creditable service arising from the
13 return to active service.

14 (2) The accelerated pension benefit payment may not be
15 repaid to the System, and the terminated credits and
16 creditable service may not under any circumstances be
17 reinstated.

18 (e) As a condition of receiving an accelerated pension
19 benefit payment, an eligible person must have another
20 retirement plan or account qualified under the Internal Revenue
21 Code of 1986, as amended, for the accelerated pension benefit
22 payment to be rolled into. The accelerated pension benefit
23 payment under this Section may be subject to withholding or
24 payment of applicable taxes, but to the extent permitted by
25 federal law, a person who receives an accelerated pension
26 benefit payment under this Section must direct the System to

1 pay all of that payment as a rollover into another retirement
2 plan or account qualified under the Internal Revenue Code of
3 1986, as amended.

4 (f) Before January 1, 2019 and every January 1 thereafter,
5 the Board shall certify to the Illinois Finance Authority and
6 the General Assembly the amount by which the total amount of
7 accelerated pension benefit payments made under this Section
8 exceed the amount appropriated to the System for the purpose of
9 making those payments.

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

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

15 (i) Notwithstanding any other provision of this Section, in
16 no case shall the total amount of accelerated pension benefit
17 payments paid under this Section, Section 14-147.5, and Section
18 15-185.5, and Section 16-190.5 cause the Illinois Finance
19 Authority to issue more than the \$250,000,000 of State Pension
20 Obligation Acceleration Bonds authorized in subsection (c-5)
21 of Section 801-40 of the Illinois Finance Authority Act.

22 (40 ILCS 5/16-203)

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

25 Sec. 16-203. Application and expiration of new benefit

1 increases.

2 (a) As used in this Section, "new benefit increase" means
3 an increase in the amount of any benefit provided under this
4 Article, or an expansion of the conditions of eligibility for
5 any benefit under this Article, that results from an amendment
6 to this Code that takes effect after June 1, 2005 (the
7 effective date of Public Act 94-4). "New benefit increase",
8 however, does not include any benefit increase resulting from
9 the changes made to this Article by Public Act 95-910 or this
10 amendatory Act of the 100th ~~95th~~ General Assembly.

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

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

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

1 A new benefit increase created by a Public Act that does not
2 include the additional funding required under this subsection
3 is null and void. If the Public Pension Division determines
4 that the additional funding provided for a new benefit increase
5 under this subsection is or has become inadequate, it may so
6 certify to the Governor and the State Comptroller and, in the
7 absence of corrective action by the General Assembly, the new
8 benefit increase shall expire at the end of the fiscal year in
9 which the certification is made.

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

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

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

1 (40 ILCS 5/16-205.1 new)

2 Sec. 16-205.1. Defined contribution plan.

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

13 As used in this Section, "defined benefit plan" means the
14 retirement plan available under this Article to Tier 1
15 employees who have not made the election authorized under this
16 Section.

17 (1) Under the defined contribution plan, an active Tier
18 1 employee of this System could elect to cease accruing
19 benefits in the defined benefit plan under this Article and
20 begin accruing benefits for future service in the defined
21 contribution plan. Service credit under the defined
22 contribution plan may be used for determining retirement
23 eligibility under the defined benefit plan. An active Tier
24 1 employee who elects to cease accruing benefits in his or
25 her defined benefit plan shall be prohibited from

1 purchasing service credit on or after the date of his or
2 her election. A Tier 1 employee making the irrevocable
3 election provided under this Section shall not receive
4 interest accruals to his or her benefit under paragraph (A)
5 of subsection (a) of Section 16-133 on or after the date of
6 his or her election.

7 (2) Participants in the defined contribution plan
8 shall pay employee contributions at the same rate as Tier 1
9 employees in this System who do not participate in the
10 defined contribution plan.

11 (3) State contributions shall be paid into the accounts
12 of all participants in the defined contribution plan at a
13 uniform rate, expressed as a percentage of salary and
14 determined for each year. This rate shall be no higher than
15 the employer's normal cost for Tier 1 employees in the
16 defined benefit plan for that year, as determined by the
17 System and expressed as a percentage of salary, and shall
18 be no lower than 0% of salary. The State shall adjust this
19 rate annually.

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

25 (5) The defined contribution plan may provide for
26 participants in the plan to be eligible for the defined

1 disability benefits available to other participants under
2 this Article. If it does, the System shall reduce the
3 employee contributions credited to the member's defined
4 contribution plan account by an amount determined by the
5 System to cover the cost of offering such benefits.

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

11 (7) The defined contribution plan shall provide a
12 variety of options for payouts to retirees and their
13 survivors.

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

19 (9) The System shall reduce the employee contributions
20 credited to the member's defined contribution plan account
21 by an amount determined by the System to cover the cost of
22 offering these benefits and any applicable administrative
23 fees.

24 (b) Only persons who are active Tier 1 employees of the
25 System on the effective date of this Section are eligible to
26 participate in the defined contribution plan. Participation in

1 the defined contribution plan shall be limited to the first 5%
2 of eligible persons who elect to participate. The election to
3 participate in the defined contribution plan is voluntary and
4 irrevocable.

5 (c) An eligible Tier 1 employee may irrevocably elect to
6 participate in the defined contribution plan by filing with the
7 System a written application to participate that is received by
8 the System prior to its determination that 5% of eligible
9 persons have elected to participate in the defined contribution
10 plan.

11 When the System first determines that 5% of eligible
12 persons have elected to participate in the defined contribution
13 plan, the System shall provide notice to previously eligible
14 employees that the plan is no longer available and shall cease
15 accepting applications to participate.

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

24 Upon request for further information describing the
25 option, the System shall provide employees with information
26 from the System before exercising the option to join the plan,

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

13 (e) In no event shall the System, its staff, its authorized
14 representatives, or the Board be liable for any information
15 given to an employee under this Section. The System may
16 coordinate with the Illinois Department of Central Management
17 Services and other retirement systems administering a defined
18 contribution plan in accordance with this amendatory Act of the
19 100th General Assembly to provide information concerning the
20 impact of the option set forth in this Section.

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

25 (g) The System shall report on its progress under this
26 Section, including the available details of the defined

1 contribution plan and the System's plans for informing eligible
2 Tier 1 employees about the plan, to the Governor and the
3 General Assembly on or before January 15, 2018.

4 (h) The intent of this amendatory Act of the 100th General
5 Assembly is to ensure that the State's normal cost of
6 participation in the defined contribution plan is similar, and
7 if possible equal, to the State's normal cost of participation
8 in the defined benefit plan, unless a lower State's normal cost
9 is necessary to ensure cost neutrality.

10 (i) If Section 16-122.9 is determined to be
11 unconstitutional or otherwise invalid by a final unappealable
12 decision of an Illinois court or a court of competent
13 jurisdiction, then this Section shall not take effect and is
14 repealed by operation of law.

15 (40 ILCS 5/16-206.1 new)

16 Sec. 16-206.1. Defined contribution plan; termination. If
17 the defined contribution plan is terminated or becomes
18 inoperative pursuant to law, then each participant in the plan
19 shall automatically be deemed to have been a contributing Tier
20 1 employee in the System's defined benefit plan during the time
21 in which he or she participated in the defined contribution
22 plan, and for that purpose the System shall be entitled to
23 recover the amounts in the participant's defined contribution
24 accounts.

1 (40 ILCS 5/17-106.05 new)

2 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
3 teacher under this Article who first became a member or
4 participant before January 1, 2011 under any reciprocal
5 retirement system or pension fund established under this Code
6 other than a retirement system or pension fund established
7 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
8 the purposes of the election under Section 17-115.5, "Tier 1
9 employee" does not include a teacher under this Article who
10 would qualify as a Tier 1 employee but who has made an
11 irrevocable election on or before June 1, 2017 to retire from
12 service pursuant to the terms of a collective bargaining
13 agreement in effect on June 1, 2017, excluding any extension,
14 amendment, or renewal of that agreement on or after that date,
15 and has notified the Fund of that election.

16 (40 ILCS 5/17-113.4 new)

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

22 Notwithstanding any other provision of this Section,
23 "salary" does not include any future increase in income that is
24 offered by an employer for service as a Tier 1 employee under
25 this Article pursuant to the condition set forth in subsection

1 (c) of Section 17-115.5 and accepted under that condition by a
2 Tier 1 employee who has made the election under paragraph (2)
3 of subsection (a) of Section 17-115.5.

4 (40 ILCS 5/17-113.5 new)

5 Sec. 17-113.5. Future increase in income. "Future increase
6 in income" means an increase in income in any form offered by
7 an employer to a Tier 1 employee for service under this Article
8 after June 30, 2018 that qualifies as "salary", as defined in
9 Section 17-113.4, or would qualify as "salary" but for the fact
10 that it was offered to and accepted by a Tier 1 employee under
11 the condition set forth in subsection (c) of Section 17-115.5.
12 The term "future increase in income" does not include an
13 increase in income in any form that is paid to a Tier 1
14 employee under an employment contract or a collective
15 bargaining agreement that is in effect on the effective date of
16 this Section, but does include an increase in income in any
17 form pursuant to an extension, amendment, or renewal of any
18 such employment contract or collective bargaining agreement on
19 or after the effective date of this Section.

20 (40 ILCS 5/17-115.5 new)

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

22 (a) Each active Tier 1 employee shall make an irrevocable
23 election either:

24 (1) to agree to delay his or her eligibility for

1 automatic annual increases in service retirement pension
2 as provided in Section 17-119.2 and to have the amount of
3 the automatic annual increases in his or her service
4 retirement pension and survivor's pension that are
5 otherwise provided for in this Article calculated,
6 instead, as provided in Section 17-119.2; or

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

8 The election required under this subsection (a) shall be
9 made by each active Tier 1 employee no earlier than January 1,
10 2018 and no later than March 31, 2018, except that:

11 (i) a person who becomes a Tier 1 employee under this
12 Article on or after January 1, 2018 must make the election
13 under this subsection (a) within 60 days after becoming a
14 Tier 1 employee; and

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

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

24 (a-5) If this Section is enjoined or stayed by an Illinois
25 court or a court of competent jurisdiction pending the entry of
26 a final and unappealable decision, and this Section is

1 determined to be constitutional or otherwise valid by a final
2 unappealable decision of an Illinois court or a court of
3 competent jurisdiction, then the election procedure set forth
4 in subsection (a) of this Section shall commence on the 180th
5 calendar day after the date of the issuance of the final
6 unappealable decision and shall conclude at the end of the
7 270th calendar day after that date.

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

14 (b) As adequate and legal consideration provided under this
15 amendatory Act of the 100th General Assembly for making an
16 election under paragraph (1) of subsection (a) of this Section,
17 an employer shall be expressly and irrevocably prohibited from
18 offering any future increases in income to a Tier 1 employee
19 who has made an election under paragraph (1) of subsection (a)
20 of this Section on the condition of not constituting salary
21 under Section 17-113.4.

22 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 each Tier 1 employee who has made an election under paragraph
26 (1) of subsection (a) of this Section shall receive a

1 consideration payment equal to 10% of the contributions made by
2 or on behalf of the employee under Section 17-130 before the
3 effective date of that election. The Fund shall certify to the
4 State Comptroller the amount of the consideration payment to
5 the Tier 1 employee, and the State Comptroller shall make the
6 consideration payment to the Tier 1 employee.

7 (c) A Tier 1 employee who makes the election under
8 paragraph (2) of subsection (a) of this Section shall not be
9 subject to paragraph (1) of subsection (a) of this Section.
10 However, each future increase in income offered by an employer
11 under this Article to a Tier 1 employee who has made the
12 election under paragraph (2) of subsection (a) of this Section
13 shall be offered by the employer expressly and irrevocably on
14 the condition of not constituting salary under Section 17-113.4
15 and that the Tier 1 employee's acceptance of the offered future
16 increase in income shall constitute his or her agreement to
17 that condition.

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

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

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

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

1 election set forth in this Section.

2 (e) Notwithstanding any other provision of law, an employer
3 under this Article is required to offer each future increase in
4 income expressly and irrevocably on the condition of not
5 constituting "salary" under Section 17-113.4 to any Tier 1
6 employee who has made an election under paragraph (2) of
7 subsection (a) of this Section. The offer shall also provide
8 that the Tier 1 employee's acceptance of the offered future
9 increase in income shall constitute his or her agreement to the
10 condition set forth in this subsection.

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

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

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

21 (h) If an election created by this amendatory Act in any
22 other Article of this Code or any change deriving from that
23 election is determined to be unconstitutional or otherwise
24 invalid by a final unappealable decision of an Illinois court
25 or a court of competent jurisdiction, the invalidity of that
26 provision shall not in any way affect the validity of this

1 Section or the changes deriving from the election required
2 under this Section.

3 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

4 Sec. 17-116. Service retirement pension.

5 (a) Each teacher having 20 years of service upon attainment
6 of age 55, or who thereafter attains age 55 shall be entitled
7 to a service retirement pension upon or after attainment of age
8 55; and each teacher in service on or after July 1, 1971, with
9 5 or more but less than 20 years of service shall be entitled
10 to receive a service retirement pension upon or after
11 attainment of age 62.

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

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

22 (2) For creditable service earned on or after July 1,
23 1998 by a member who has at least 30 years of creditable
24 service on July 1, 1998 and who does not elect to augment
25 service under Section 17-119.1: 2.3% of average salary for

1 each year of creditable service earned on or after July 1,
2 1998.

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

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

7 1. Average salary shall consist of the average annual
8 rate of salary for the 4 consecutive years of validated
9 service within the last 10 years of service when such
10 average annual rate was highest. In the determination of
11 average salary for retirement allowance purposes, for
12 members who commenced employment after August 31, 1979,
13 that part of the salary for any year shall be excluded
14 which exceeds the annual full-time salary rate for the
15 preceding year by more than 20%. In the case of a member
16 who commenced employment before August 31, 1979 and who
17 receives salary during any year after September 1, 1983
18 which exceeds the annual full time salary rate for the
19 preceding year by more than 20%, an Employer and other
20 employers of eligible contributors as defined in Section
21 17-106 shall pay to the Fund an amount equal to the present
22 value of the additional service retirement pension
23 resulting from such excess salary. The present value of the
24 additional service retirement pension shall be computed by
25 the Board on the basis of actuarial tables adopted by the
26 Board. If a member elects to receive a pension from this

1 Fund provided by Section 20-121, his salary under the State
2 Universities Retirement System and the Teachers'
3 Retirement System of the State of Illinois shall be
4 considered in determining such average salary. Amounts
5 paid after the effective date of this amendatory Act of
6 1991 for unused vacation time earned after that effective
7 date shall not under any circumstances be included in the
8 calculation of average salary or the annual rate of salary
9 for the purposes of this Article.

10 2. Proportionate credit shall be given for validated
11 service of less than one year.

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

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

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

1 6. Service retirement pensions shall begin on the
2 effective date of resignation, retirement, the day
3 following the close of the payroll period for which service
4 credit was validated, or the time the person resigning or
5 retiring attains age 55, or on a date elected by the
6 teacher, whichever shall be latest; provided that, for a
7 person who first becomes a member after the effective date
8 of this amendatory Act of the 99th General Assembly, the
9 benefit shall not commence more than one year prior to the
10 date of the Fund's receipt of an application for the
11 benefit.

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

17 8. A member retiring after the effective date of this
18 amendatory Act of 1998 shall receive a pension equal to 75%
19 of average salary if the member is qualified to receive a
20 retirement pension equal to at least 74.6% of average
21 salary under this Article or as proportional annuities
22 under Article 20 of this Code.

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

1 of Section 17-115.5 and accepted under that condition by a Tier
2 1 employee who has made the election under paragraph (2) of
3 subsection (a) of Section 17-115.5.

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

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

8 (40 ILCS 5/17-119.2 new)

9 Sec. 17-119.2. Automatic annual increases in service
10 retirement pension and survivor's pension for certain Tier 1
11 employees. Notwithstanding any other provision of this
12 Article, for a Tier 1 employee who made the election under
13 paragraph (1) of subsection (a) of Section 17-115.5:

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

18 (2) The amount of each automatic annual increase in
19 service retirement pension or survivor's pension occurring
20 on or after the effective date of that election shall be
21 calculated as a percentage of the originally granted
22 service retirement pension or survivor's pension, equal to
23 3% or one-half the annual unadjusted percentage increase
24 (but not less than zero) in the consumer price index-u for
25 the 12 months ending with the September preceding each

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

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

15 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

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

17 (a) If in any fiscal year of the Board of Education ending
18 prior to 1997 the total amounts paid to the Fund from the Board
19 of Education (other than under this subsection, and other than
20 amounts used for making or "picking up" contributions on behalf
21 of teachers) and from the State do not equal the total
22 contributions made by or on behalf of the teachers for such
23 year, or if the total income of the Fund in any such fiscal
24 year of the Board of Education from all sources is less than
25 the total such expenditures by the Fund for such year, the

1 Board of Education shall, in the next succeeding year, in
2 addition to any other payment to the Fund set apart and
3 appropriate from moneys from its tax levy for educational
4 purposes, a sum sufficient to remove such deficiency or
5 deficiencies, and promptly pay such sum into the Fund in order
6 to restore any of the reserves of the Fund that may have been
7 so temporarily applied. Any amounts received by the Fund after
8 December 4, 1997 from State appropriations, including under
9 Section 17-127, shall be a credit against and shall fully
10 satisfy any obligation that may have arisen, or be claimed to
11 have arisen, under this subsection (a) as a result of any
12 deficiency or deficiencies in the fiscal year of the Board of
13 Education ending in calendar year 1997.

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

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

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

25 (iv) For fiscal years 2014 through 2059, the minimum
26 contribution to the Fund to be made by the Board of Education

1 in each fiscal year shall be an amount determined by the Fund
2 to be sufficient to bring the total assets of the Fund up to
3 90% of the total actuarial liabilities of the Fund by the end
4 of fiscal year 2059. In making these determinations, the
5 required Board of Education contribution shall be calculated
6 each year as a level percentage of the applicable employee
7 payrolls over the years remaining to and including fiscal year
8 2059 and shall be determined under the projected unit credit
9 actuarial cost method.

10 (v) Beginning in fiscal year 2060, the minimum Board of
11 Education contribution for each fiscal year shall be the amount
12 needed to maintain the total assets of the Fund at 90% of the
13 total actuarial liabilities of the Fund.

14 (vi) Notwithstanding any other provision of this
15 subsection (b), for any fiscal year, the contribution to the
16 Fund from the Board of Education shall not be required to be in
17 excess of the amount calculated as needed to maintain the
18 assets (or cause the assets to be) at the 90% level by the end
19 of the fiscal year.

20 (vii) Any contribution by the State to or for the benefit
21 of the Fund, including, without limitation, as referred to
22 under Section 17-127, shall be a credit against any
23 contribution required to be made by the Board of Education
24 under this subsection (b).

25 (c) The Board shall determine the amount of Board of
26 Education contributions required for each fiscal year on the

1 basis of the actuarial tables and other assumptions adopted by
2 the Board and the recommendations of the actuary, in order to
3 meet the minimum contribution requirements of subsections (a)
4 and (b). Annually, on or before February 28, the Board shall
5 certify to the Board of Education the amount of the required
6 Board of Education contribution for the coming fiscal year. The
7 certification shall include a copy of the actuarial
8 recommendations upon which it is based.

9 (d) On or before May 1, 2018, the Board shall recalculate
10 and recertify to the Board of Education the amount of the
11 required Board of Education contribution to the Fund for State
12 fiscal year 2019, taking into account the effect on the Fund's
13 liabilities of the elections made under Section 17-115.5.

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

15 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

16 Sec. 17-130. Participants' contributions by payroll
17 deductions.

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

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

25 (a-5) Beginning on July 1, 2018 or the effective date of

1 the Tier 1 employee's election under paragraph (1) of Section
2 17-115.5, whichever is later, in lieu of the contributions
3 otherwise required under subsection (a), each Tier 1 employee
4 who made the election under paragraph (1) of Section 17-115.5
5 shall make contributions of 7.50% of salary for service or
6 disability retirement pension and 0.6% of salary for survivors'
7 and children's pensions.

8 (b) An Employer and any employer of eligible contributors
9 as defined in Section 17-106 is authorized to make the
10 necessary deductions from the salaries of its teachers. Such
11 amounts shall be included as a part of the Fund. An Employer
12 and any employer of eligible contributors as defined in Section
13 17-106 shall formulate such rules and regulations as may be
14 necessary to give effect to the provisions of this Section.

15 (c) All persons employed as teachers shall, by such
16 employment, accept the provisions of this Article and of
17 Sections 34-83 to 34-85, inclusive, of "The School Code",
18 approved March 18, 1961, as amended, and thereupon become
19 contributors to the Fund in accordance with the terms thereof.
20 The provisions of this Article and of those Sections shall
21 become a part of the contract of employment.

22 (d) A person who (i) was a member before July 1, 1998, (ii)
23 retires with more than 34 years of creditable service, and
24 (iii) does not elect to qualify for the augmented rate under
25 Section 17-119.1 shall be entitled, at the time of retirement,
26 to receive a partial refund of contributions made under this

1 Section for service occurring after the later of June 30, 1998
2 or attainment of 34 years of creditable service, in an amount
3 equal to 1.00% of the salary upon which those contributions
4 were based.

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

6 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

8 (a) The State of Illinois shall make contributions to this
9 System by appropriations of the amounts which, together with
10 the contributions of participants, net earnings on
11 investments, and other income, will meet the costs of
12 maintaining and administering this System on a 90% funded basis
13 in accordance with actuarial recommendations.

14 (b) The Board shall determine the amount of State
15 contributions required for each fiscal year on the basis of the
16 actuarial tables and other assumptions adopted by the Board and
17 the prescribed rate of interest, using the formula in
18 subsection (c).

19 (c) For State fiscal years 2018 through 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

1 level percentage of total payroll, including payroll that is
2 not deemed pensionable, over the years remaining to and
3 including fiscal year 2045 and shall be determined under the
4 projected unit credit actuarial cost method.

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

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

21 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the

1 required State contribution shall be calculated each year as a
2 level percentage of payroll over the years remaining to and
3 including fiscal year 2045 and shall be determined under the
4 projected unit credit actuarial cost method.

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

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$29,189,400.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$35,236,800.

16 For each of State fiscal years 2008 through 2009, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 from the required State contribution for State fiscal year
20 2007, so that by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$78,832,000 and shall be made from the proceeds of bonds sold
25 in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the General Revenue
3 Fund in fiscal year 2010, and (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2011 is
8 the amount recertified by the System on or before April 1, 2011
9 pursuant to Section 18-140 and shall be made from the proceeds
10 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
11 the General Obligation Bond Act, less (i) the pro rata share of
12 bond sale expenses determined by the System's share of total
13 bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2011, and (iii) any reduction in
15 bond proceeds due to the issuance of discounted bonds, if
16 applicable.

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

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

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

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter, as calculated
10 under this Section and certified under Section 18-140, shall
11 not exceed an amount equal to (i) the amount of the required
12 State contribution that would have been calculated under this
13 Section for that fiscal year if the System had not received any
14 payments under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act, minus (ii) the portion of the State's
16 total debt service payments for that fiscal year on the bonds
17 issued in fiscal year 2003 for the purposes of that Section
18 7.2, as determined and certified by the Comptroller, that is
19 the same as the System's portion of the total moneys
20 distributed under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act. In determining this maximum for State
22 fiscal years 2008 through 2010, however, the amount referred to
23 in item (i) shall be increased, as a percentage of the
24 applicable employee payroll, in equal increments calculated
25 from the sum of the required State contribution for State
26 fiscal year 2007 plus the applicable portion of the State's

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

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

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

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

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
23 7-13-12.)

24 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

25 Sec. 18-140. To certify required State contributions and

1 submit vouchers.

2 (a) The Board shall certify to the Governor, on or before
3 November 15 of each year until November 15, 2011, the amount of
4 the required State contribution to the System for the following
5 fiscal year and shall specifically identify the System's
6 projected State normal cost for that fiscal year. The
7 certification shall include a copy of the actuarial
8 recommendations upon which it is based and shall specifically
9 identify the System's projected State normal cost for that
10 fiscal year.

11 On or before November 1 of each year, beginning November 1,
12 2012, the Board shall submit to the State Actuary, the
13 Governor, and the General Assembly a proposed certification of
14 the amount of the required State contribution to the System for
15 the next fiscal year, along with all of the actuarial
16 assumptions, calculations, and data upon which that proposed
17 certification is based. On or before January 1 of each year
18 beginning January 1, 2013, the State Actuary shall issue a
19 preliminary report concerning the proposed certification and
20 identifying, if necessary, recommended changes in actuarial
21 assumptions that the Board must consider before finalizing its
22 certification of the required State contributions. On or before
23 January 15, 2013 and every January 15 thereafter, the Board
24 shall certify to the Governor and the General Assembly the
25 amount of the required State contribution for the next fiscal
26 year. The Board's certification must note any deviations from

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

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

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

16 On or before April 1, 2011, 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 2011, applying
19 the changes made by Public Act 96-889 to the System's assets
20 and liabilities as of June 30, 2009 as though Public Act 96-889
21 was approved on that date.

22 As soon as practical after the effective date of this
23 amendatory Act of the 100th General Assembly, the State Actuary
24 and the Board shall recalculate and recertify to the Governor
25 and the General Assembly the amount of the State contribution
26 to the System for State fiscal year 2017, taking into account

1 the changes in required State contributions made by this
2 amendatory Act of the 100th General Assembly.

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

17 If in any month the amount remaining unexpended from all
18 other appropriations to the System for the applicable fiscal
19 year (including the appropriations to the System under Section
20 8.12 of the State Finance Act and Section 1 of the State
21 Pension Funds Continuing Appropriation Act) is less than the
22 amount lawfully vouchered under this Section, the difference
23 shall be paid from the General Revenue Fund under the
24 continuing appropriation authority provided in Section 1.1 of
25 the State Pension Funds Continuing Appropriation Act.

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;

1 97-694, eff. 6-18-12.)

2 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

5 Sec. 20-121. Calculation of proportional retirement
6 annuities.

7 (a) Upon retirement of the employee, a proportional
8 retirement annuity shall be computed by each participating
9 system in which pension credit has been established on the
10 basis of pension credits under each system. The computation
11 shall be in accordance with the formula or method prescribed by
12 each participating system which is in effect at the date of the
13 employee's latest withdrawal from service covered by any of the
14 systems in which he has pension credits which he elects to have
15 considered under this Article. However, the amount of any
16 retirement annuity payable under the self-managed plan
17 established under Section 15-158.2 of this Code or under the
18 defined contribution plan established under Article 2, 15, or
19 16 of this Code depends solely on the value of the
20 participant's vested account balances and is not subject to any
21 proportional adjustment under this Section.

22 (a-5) For persons who participate in a defined contribution
23 plan established under Article 2, 15, or 16 of this Code to
24 whom the provisions of this Article apply, the pension credits
25 established under the defined contribution plan may be

1 considered in determining eligibility for or the amount of the
2 defined benefit retirement annuity that is payable by any other
3 participating system.

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

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

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

23 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

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

21 For persons who participate in a defined contribution plan
22 established under Article 2, 15, or 16 of this Code to whom the
23 provisions of this Article apply, the pension credits
24 established under the defined contribution plan may be
25 considered in determining eligibility for or the amount of the
26 defined benefit survivor's annuity that is payable by any other

1 participating system, but pension credits established in any
2 other system shall not result in any right to or increase in
3 the value of a survivor's annuity under the defined
4 contribution plan, which depends solely on the options chosen
5 and the value of the participant's vested account balances and
6 is not subject to any proportional adjustment under this
7 Section.

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

9 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

12 Sec. 20-124. Maximum benefits.

13 (a) In no event shall the combined retirement or survivors
14 annuities exceed the highest annuity which would have been
15 payable by any participating system in which the employee has
16 pension credits, if all of his pension credits had been
17 validated in that system.

18 If the combined annuities should exceed the highest maximum
19 as determined in accordance with this Section, the respective
20 annuities shall be reduced proportionately according to the
21 ratio which the amount of each proportional annuity bears to
22 the aggregate of all such annuities.

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

1 (i) For purposes of calculating the combined
2 retirement annuity and the proportionate reduction, if
3 any, in a retirement annuity other than one payable under
4 the self-managed plan, the amount of the Article 15
5 retirement annuity shall be deemed to be the highest
6 annuity to which the annuitant would have been entitled if
7 he or she had participated in the traditional benefit
8 package as defined in Section 15-103.1 rather than the
9 self-managed plan.

10 (ii) For purposes of calculating the combined
11 survivor's annuity and the proportionate reduction, if
12 any, in a survivor's annuity other than one payable under
13 the self-managed plan, the amount of the Article 15
14 survivor's annuity shall be deemed to be the highest
15 survivor's annuity to which the survivor would have been
16 entitled if the deceased employee had participated in the
17 traditional benefit package as defined in Section 15-103.1
18 rather than the self-managed plan.

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

21 (c) In the case of a participant in a defined contribution
22 plan established under Article 2, 15, or 16 of this Code to
23 whom the provisions of this Article apply:

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

1 payable under the defined contribution plan shall not be
2 considered.

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

8 (iii) Benefits payable under a defined contribution
9 plan established under Article 2, 15, or 16 of this Code
10 are not subject to proportionate reduction under this
11 Section.

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

13 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

16 Sec. 20-125. Return to employment - suspension of benefits.
17 If a retired employee returns to employment which is covered by
18 a system from which he is receiving a proportional annuity
19 under this Article, his proportional annuity from all
20 participating systems shall be suspended during the period of
21 re-employment, except that this suspension does not apply to
22 any distributions payable under the self-managed plan
23 established under Section 15-158.2 or under a defined
24 contribution plan established under Article 2, 15, or 16 of
25 this Code.

1 The provisions of the Article under which such employment
2 would be covered shall govern the determination of whether the
3 employee has returned to employment, and if applicable the
4 exemption of temporary employment or employment not exceeding a
5 specified duration or frequency, for all participating systems
6 from which the retired employee is receiving a proportional
7 annuity under this Article, notwithstanding any contrary
8 provisions in the other Articles governing such systems.

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

10 (40 ILCS 5/2-165 rep.)

11 (40 ILCS 5/2-166 rep.)

12 (40 ILCS 5/15-200 rep.)

13 (40 ILCS 5/15-201 rep.)

14 (40 ILCS 5/16-205 rep.)

15 (40 ILCS 5/16-206 rep.)

16 Section 25. The Illinois Pension Code is amended by
17 repealing Sections 2-165, 2-166, 15-200, 15-201, 16-205, and
18 16-206.

19 Section 30. The State Pension Funds Continuing
20 Appropriation Act is amended by adding Section 1.9 as follows:

21 (40 ILCS 15/1.9 new)

22 Sec. 1.9. Appropriation for consideration payment. There
23 is hereby appropriated from the General Revenue Fund to the

1 State Comptroller, on a continuing basis, all amounts necessary
2 for the payment of consideration payments under subsection (b)
3 of Sections 2-110.3, 15-132.9, 16-122.9, and 17-115.5 of the
4 Illinois Pension Code, in the amounts certified to the State
5 Comptroller by the respective retirement system or pension
6 fund.

7 Section 35. The School Code is amended by changing Sections
8 24-1, 24-8, and 34-18.53 as follows:

9 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

10 Sec. 24-1. Appointment-Salaries-Payment-School
11 month-School term.) School boards shall appoint all teachers,
12 determine qualifications of employment and fix the amount of
13 their salaries subject to any limitation set forth in this Act
14 and subject to any applicable restrictions in Section 16-122.9
15 of the Illinois Pension Code. They shall pay the wages of
16 teachers monthly, subject, however, to the provisions of
17 Section 24-21. The school month shall be the same as the
18 calendar month but by resolution the school board may adopt for
19 its use a month of 20 days, including holidays. The school term
20 shall consist of at least the minimum number of pupil
21 attendance days required by Section 10-19, any additional legal
22 school holidays, days of teachers' institutes, or equivalent
23 professional educational experiences, and one or two days at
24 the beginning of the school term when used as a teachers'

1 workshop.

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

3 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

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

12 Based upon previous public school experience in this State
13 or any other State, territory, dependency or possession of the
14 United States, or in schools operated by or under the auspices
15 of the United States, teachers who serve on a full-time basis
16 shall have their salaries increased to at least the following
17 amounts above the starting salary for a teacher in such
18 district in the same classification: with less than a
19 bachelor's degree, \$750 after 5 years; with 120 semester hours
20 or more and a bachelor's degree, \$1,000 after 5 years and
21 \$1,600 after 8 years; with 150 semester hours or more and a
22 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
23 \$2,750 after 13 years. However, any salary increase is subject
24 to any applicable restrictions in Section 16-122.9 of the
25 Illinois Pension Code.

1 For the purpose of this Section a teacher's salary shall
2 include any amount paid by the school district on behalf of the
3 teacher, as teacher contributions, to the Teachers' Retirement
4 System of the State of Illinois.

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

11 For purposes of this Section, a teacher who submits a
12 certificate of completion to the school office prior to the
13 first day of the school term shall be considered to have the
14 degree stated in such certificate.

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

16 (105 ILCS 5/34-18.53 new)

17 Sec. 34-18.53. Future increase in income. The Board of
18 Education must not pay, offer, or agree to pay any future
19 increase in income, as that term is defined in Section 17-113.5
20 of the Illinois Pension Code, to any person in a manner that
21 violates Section 17-115.5 of the Illinois Pension Code.

22 Section 40. The State Universities Civil Service Act is
23 amended by changing Section 36d as follows:

1 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

2 Sec. 36d. Powers and duties of the Merit Board. The Merit
3 Board shall have the power and duty-

4 (1) To approve a classification plan prepared under its
5 direction, assigning to each class positions of
6 substantially similar duties. The Merit Board shall have
7 power to delegate to its Director the duty of assigning
8 each position in the classified service to the appropriate
9 class in the classification plan approved by the Merit
10 Board.

11 (2) To prescribe the duties of each class of positions
12 and the qualifications required by employment in that
13 class.

14 (3) To prescribe the range of compensation for each
15 class or to fix a single rate of compensation for employees
16 in a particular class; and to establish other conditions of
17 employment which an employer and employee representatives
18 have agreed upon as fair and equitable. The Merit Board
19 shall direct the payment of the "prevailing rate of wages"
20 in those classifications in which, on January 1, 1952, any
21 employer is paying such prevailing rate and in such other
22 classes as the Merit Board may thereafter determine.
23 "Prevailing rate of wages" as used herein shall be the
24 wages paid generally in the locality in which the work is
25 being performed to employees engaged in work of a similar
26 character. Subject to any applicable restrictions in

1 Section 15-132.9 or 16-122.9 of the Illinois Pension Code,
2 each ~~Each~~ employer covered by the University System shall
3 be authorized to negotiate with representatives of
4 employees to determine appropriate ranges or rates of
5 compensation or other conditions of employment and may
6 recommend to the Merit Board for establishment the rates or
7 ranges or other conditions of employment which the employer
8 and employee representatives have agreed upon as fair and
9 equitable, but excluding the changes, the impact of
10 changes, and the implementation of the changes set forth in
11 this amendatory Act of the 100th General Assembly. Any
12 rates or ranges established prior to January 1, 1952, and
13 hereafter, shall not be changed except in accordance with
14 the procedures herein provided.

15 (4) To recommend to the institutions and agencies
16 specified in Section 36e standards for hours of work,
17 holidays, sick leave, overtime compensation and vacation
18 for the purpose of improving conditions of employment
19 covered therein and for the purpose of insuring conformity
20 with the prevailing rate principal.

21 (5) To prescribe standards of examination for each
22 class, the examinations to be related to the duties of such
23 class. The Merit Board shall have power to delegate to the
24 Director and his staff the preparation, conduct and grading
25 of examinations. Examinations may be written, oral, by
26 statement of training and experience, in the form of tests

1 of knowledge, skill, capacity, intellect, aptitude; or, by
2 any other method, which in the judgment of the Merit Board
3 is reasonable and practical for any particular
4 classification. Different examining procedures may be
5 determined for the examinations in different
6 classifications but all examinations in the same
7 classification shall be uniform.

8 (6) To authorize the continuous recruitment of
9 personnel and to that end, to delegate to the Director and
10 his staff the power and the duty to conduct open and
11 continuous competitive examinations for all
12 classifications of employment.

13 (7) To cause to be established from the results of
14 examinations registers for each class of positions in the
15 classified service of the State Universities Civil Service
16 System, of the persons who shall attain the minimum mark
17 fixed by the Merit Board for the examination; and such
18 persons shall take rank upon the registers as candidates in
19 the order of their relative excellence as determined by
20 examination, without reference to priority of time of
21 examination.

22 (8) To provide by its rules for promotions in the
23 classified service. Vacancies shall be filled by promotion
24 whenever practicable. For the purpose of this paragraph, an
25 advancement in class shall constitute a promotion.

26 (9) To set a probationary period of employment of no

1 less than 6 months and no longer than 12 months for each
2 class of positions in the classification plan, the length
3 of the probationary period for each class to be determined
4 by the Director.

5 (10) To provide by its rules for employment at regular
6 rates of compensation of persons with physical
7 disabilities in positions in which the disability does not
8 prevent the individual from furnishing satisfactory
9 service.

10 (11) To make and publish rules, to carry out the
11 purpose of the State Universities Civil Service System and
12 for examination, appointments, transfers and removals and
13 for maintaining and keeping records of the efficiency of
14 officers and employees and groups of officers and employees
15 in accordance with the provisions of Sections 36b to 36q,
16 inclusive, and said Merit Board may from time to time make
17 changes in such rules.

18 (12) To appoint a Director and such assistants and
19 other clerical and technical help as may be necessary
20 efficiently to administer Sections 36b to 36q, inclusive.
21 To authorize the Director to appoint an assistant resident
22 at the place of employment of each employer specified in
23 Section 36e and this assistant may be authorized to give
24 examinations and to certify names from the regional
25 registers provided in Section 36k.

26 (13) To submit to the Governor of this state on or

1 before November 1 of each year prior to the regular session
2 of the General Assembly a report of the University System's
3 business and an estimate of the amount of appropriation
4 from state funds required for the purpose of administering
5 the University System.

6 (Source: P.A. 99-143, eff. 7-27-15.)

7 Section 45. The University of Illinois Act is amended by
8 adding Section 100 as follows:

9 (110 ILCS 305/100 new)

10 Sec. 100. Future increases in income. The University of
11 Illinois must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section 15-112.1
13 or 16-121.1 of the Illinois Pension Code, to any person in a
14 manner that violates Section 15-132.9 or 16-122.9 of the
15 Illinois Pension Code.

16 Section 50. The Southern Illinois University Management
17 Act is amended by adding Section 85 as follows:

18 (110 ILCS 520/85 new)

19 Sec. 85. Future increases in income. Southern Illinois
20 University must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section 15-112.1
22 or 16-121.1 of the Illinois Pension Code, to any person in a

1 manner that violates Section 15-132.9 or 16-122.9 of the
2 Illinois Pension Code.

3 Section 55. The Chicago State University Law is amended by
4 adding Section 5-195 as follows:

5 (110 ILCS 660/5-195 new)

6 Sec. 5-195. Future increases in income. Chicago State
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 15-112.1
9 or 16-121.1 of the Illinois Pension Code, to any person in a
10 manner that violates Section 15-132.9 or 16-122.9 of the
11 Illinois Pension Code.

12 Section 60. The Eastern Illinois University Law is amended
13 by adding Section 10-195 as follows:

14 (110 ILCS 665/10-195 new)

15 Sec. 10-195. Future increases in income. Eastern Illinois
16 University 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 65. The Governors State University Law is amended

1 by adding Section 15-195 as follows:

2 (110 ILCS 670/15-195 new)

3 Sec. 15-195. Future increases in income. Governors State
4 University must not pay, offer, or agree to pay any future
5 increase in income, as that term is defined in Section 15-112.1
6 or 16-121.1 of the Illinois Pension Code, to any person in a
7 manner that violates Section 15-132.9 or 16-122.9 of the
8 Illinois Pension Code.

9 Section 70. The Illinois State University Law is amended by
10 adding Section 20-200 as follows:

11 (110 ILCS 675/20-200 new)

12 Sec. 20-200. Future increases in income. Illinois State
13 University must not pay, offer, or agree to pay any future
14 increase in income, as that term is defined in Section 15-112.1
15 or 16-121.1 of the Illinois Pension Code, to any person in a
16 manner that violates Section 15-132.9 or 16-122.9 of the
17 Illinois Pension Code.

18 Section 75. The Northeastern Illinois University Law is
19 amended by adding Section 25-195 as follows:

20 (110 ILCS 680/25-195 new)

21 Sec. 25-195. Future increases in income. Northeastern

1 Illinois University must not pay, offer, or agree to pay any
2 future increase in income, as that term is defined in Section
3 15-112.1 or 16-121.1 of the Illinois Pension Code, to any
4 person in a manner that violates Section 15-132.9 or 16-122.9
5 of the Illinois Pension Code.

6 Section 80. The Northern Illinois University Law is amended
7 by adding Section 30-205 as follows:

8 (110 ILCS 685/30-205 new)

9 Sec. 30-205. Future increases in income. Northern Illinois
10 University must not pay, offer, or agree to pay any future
11 increase in income, as that term is defined in Section 15-112.1
12 or 16-121.1 of the Illinois Pension Code, to any person in a
13 manner that violates Section 15-132.9 or 16-122.9 of the
14 Illinois Pension Code.

15 Section 85. The Western Illinois University Law is amended
16 by adding Section 35-200 as follows:

17 (110 ILCS 690/35-200 new)

18 Sec. 35-200. Future increases in income. Western Illinois
19 University must not pay, offer, or agree to pay any future
20 increase in income, as that term is defined in Section 15-112.1
21 or 16-121.1 of the Illinois Pension Code, to any person in a
22 manner that violates Section 15-132.9 or 16-122.9 of the

1 Illinois Pension Code.

2 Section 90. The Public Community College Act is amended by
3 changing Sections 3-26 and 3-42 as follows:

4 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

5 Sec. 3-26. (a) To make appointments and fix the salaries of
6 a chief administrative officer, who shall be the executive
7 officer of the board, other administrative personnel, and all
8 teachers, but subject to any applicable restrictions in Section
9 15-132.9 or 16-122.9 of the Illinois Pension Code. In making
10 these appointments and fixing the salaries, the board may make
11 no discrimination on account of sex, race, creed, color or
12 national origin.

13 (b) Upon the written request of an employee, to withhold
14 from the compensation of that employee the membership dues of
15 such employee payable to any specified labor organization as
16 defined in the Illinois Educational Labor Relations Act. Under
17 such arrangement, an amount shall be withheld for each regular
18 payroll period which is equal to the prorata share of the
19 annual membership dues plus any payments or contributions and
20 the board shall pay such withholding to the specified labor
21 organization within 10 working days from the time of the
22 withholding.

23 (Source: P.A. 83-1014.)

1 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

2 Sec. 3-42. To employ such personnel as may be needed, to
3 establish policies governing their employment and dismissal,
4 and to fix the amount of their compensation, subject to any
5 applicable restrictions in Section 15-132.9 or 16-122.9 of the
6 Illinois Pension Code. In the employment, establishment of
7 policies and fixing of compensation the board may make no
8 discrimination on account of sex, race, creed, color or
9 national origin.

10 Residence within any community college district or outside
11 any community college district shall not be considered:

12 (a) in determining whether to retain or not retain any
13 employee of a community college employed prior to July 1,
14 1977 or prior to the adoption by the community college
15 board of a resolution making residency within the community
16 college district of some or all employees a condition of
17 employment, whichever is later;

18 (b) in assigning, promoting or transferring any
19 employee of a community college to an office or position
20 employed prior to July 1, 1977 or prior to the adoption by
21 the community college board of a resolution making
22 residency within the community college district of some or
23 all employees a condition of employment, whichever is
24 later; or

25 (c) in determining the salary or other compensation of
26 any employee of a community college.

1 (Source: P.A. 80-248.)

2 Section 95. The Illinois Educational Labor Relations Act is
3 amended by changing Sections 4, 14, and 17 and by adding
4 Section 10.6 as follows:

5 (115 ILCS 5/4) (from Ch. 48, par. 1704)

6 Sec. 4. Employer rights. Employers shall not be required to
7 bargain over matters of inherent managerial policy, which shall
8 include such areas of discretion or policy as the functions of
9 the employer, standards of services, its overall budget, the
10 organizational structure and selection of new employees and
11 direction of employees. Employers, however, shall be required
12 to bargain collectively with regard to policy matters directly
13 affecting wages (but subject to any applicable restrictions in
14 Section 15-132.9, 16-122.9, or 17-115.5 of the Illinois Pension
15 Code), hours and terms and conditions of employment as well as
16 the impact thereon upon request by employee representatives,
17 but excluding the changes, the impact of changes, and the
18 implementation of the changes set forth in this amendatory Act
19 of the 100th General Assembly. To preserve the rights of
20 employers and exclusive representatives which have established
21 collective bargaining relationships or negotiated collective
22 bargaining agreements prior to the effective date of this Act,
23 employers shall be required to bargain collectively with regard
24 to any matter concerning wages (but subject to any applicable

1 restrictions in Section 15-132.9, 16-122.9, or 17-115.5 of the
2 Illinois Pension Code), hours or conditions of employment about
3 which they have bargained for and agreed to in a collective
4 bargaining agreement prior to the effective date of this Act,
5 but excluding the changes, the impact of changes, and the
6 implementation of the changes set forth in this amendatory Act
7 of the 100th General Assembly.

8 (Source: P.A. 83-1014.)

9 (115 ILCS 5/10.6 new)

10 Sec. 10.6. No collective bargaining or interest
11 arbitration regarding certain changes to the Illinois Pension
12 Code.

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

1 bargaining agreement that is in effect on the effective date of
2 this amendatory Act of the 100th General Assembly. However, any
3 such contract or agreement that is modified, amended, renewed,
4 or superseded after the effective date of this amendatory Act
5 of the 100th General Assembly shall be subject to the
6 provisions of this Section. The provisions of this Section
7 shall not apply to the ability of any employer and employee
8 representative to bargain collectively with regard to the pick
9 up of employee contributions pursuant to Section 15-157.1,
10 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

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

25 (c) In case of any conflict between this Section and any
26 other provisions of this Act or any other law, the provisions

1 of this Section shall control.

2 (115 ILCS 5/14) (from Ch. 48, par. 1714)

3 Sec. 14. Unfair labor practices.

4 (a) Educational employers, their agents or representatives
5 are prohibited from:

6 (1) Interfering, restraining or coercing employees in
7 the exercise of the rights guaranteed under this Act.

8 (2) Dominating or interfering with the formation,
9 existence or administration of any employee organization.

10 (3) Discriminating in regard to hire or tenure of
11 employment or any term or condition of employment to
12 encourage or discourage membership in any employee
13 organization.

14 (4) Discharging or otherwise discriminating against an
15 employee because he or she has signed or filed an
16 affidavit, authorization card, petition or complaint or
17 given any information or testimony under this Act.

18 (5) Subject to and except as provided in Section 10.6,
19 refusing ~~Refusing~~ to bargain collectively in good faith
20 with an employee representative which is the exclusive
21 representative of employees in an appropriate unit,
22 including but not limited to the discussing of grievances
23 with the exclusive representative; provided, however, that
24 if an alleged unfair labor practice involves
25 interpretation or application of the terms of a collective

1 bargaining agreement and said agreement contains a
2 grievance and arbitration procedure, the Board may defer
3 the resolution of such dispute to the grievance and
4 arbitration procedure contained in said agreement.
5 However, no actions of the employer taken to implement or
6 otherwise comply with the provisions of subsection (a) of
7 Section 10.6 shall constitute or give rise to an unfair
8 labor practice under this Act.

9 (6) Refusing to reduce a collective bargaining
10 agreement to writing and signing such agreement.

11 (7) Violating any of the rules and regulations
12 promulgated by the Board regulating the conduct of
13 representation elections.

14 (8) Refusing to comply with the provisions of a binding
15 arbitration award.

16 (9) Expending or causing the expenditure of public
17 funds to any external agent, individual, firm, agency,
18 partnership or association in any attempt to influence the
19 outcome of representational elections held pursuant to
20 paragraph (c) of Section 7 of this Act; provided, that
21 nothing in this subsection shall be construed to limit an
22 employer's right to be represented on any matter pertaining
23 to unit determinations, unfair labor practice charges or
24 pre-election conferences in any formal or informal
25 proceeding before the Board, or to seek or obtain advice
26 from legal counsel. Nothing in this paragraph shall be

1 construed to prohibit an employer from expending or causing
2 the expenditure of public funds on, or seeking or obtaining
3 services or advice from, any organization, group or
4 association established by, and including educational or
5 public employers, whether or not covered by this Act, the
6 Illinois Public Labor Relations Act or the public
7 employment labor relations law of any other state or the
8 federal government, provided that such services or advice
9 are generally available to the membership of the
10 organization, group, or association, and are not offered
11 solely in an attempt to influence the outcome of a
12 particular representational election.

13 (b) Employee organizations, their agents or
14 representatives or educational employees are prohibited from:

15 (1) Restraining or coercing employees in the exercise
16 of the rights guaranteed under this Act, provided that a
17 labor organization or its agents shall commit an unfair
18 labor practice under this paragraph in duty of fair
19 representation cases only by intentional misconduct in
20 representing employees under this Act.

21 (2) Restraining or coercing an educational employer in
22 the selection of his representative for the purposes of
23 collective bargaining or the adjustment of grievances.

24 (3) Refusing to bargain collectively in good faith with
25 an educational employer, if they have been designated in
26 accordance with the provisions of this Act as the exclusive

1 representative of employees in an appropriate unit.

2 (4) Violating any of the rules and regulations
3 promulgated by the Board regulating the conduct of
4 representation elections.

5 (5) Refusing to reduce a collective bargaining
6 agreement to writing and signing such agreement.

7 (6) Refusing to comply with the provisions of a binding
8 arbitration award.

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

15 (d) The actions of a Financial Oversight Panel created
16 pursuant to Section 1A-8 of the School Code due to a district
17 violating a financial plan shall not constitute or be evidence
18 of an unfair labor practice under any of the provisions of this
19 Act. Such actions include, but are not limited to, reviewing,
20 approving, or rejecting a school district budget or a
21 collective bargaining agreement.

22 (Source: P.A. 89-572, eff. 7-30-96.)

23 (115 ILCS 5/17) (from Ch. 48, par. 1717)

24 Sec. 17. Effect on other laws. In case of any conflict
25 between the provisions of this Act and any other law (other

1 than Section 15-132.9, 16-122.9, or 17-115.5 of the Illinois
2 Pension Code), executive order or administrative regulation,
3 the provisions of this Act shall prevail and control. The
4 provisions of this Act are subject to any applicable
5 restrictions in Section 15-132.9, 16-122.9, or 17-115.5 of the
6 Illinois Pension Code, as well as the changes, impact of
7 changes, and implementation of changes set forth in this
8 amendatory Act of the 100th General Assembly. Nothing in this
9 Act shall be construed to replace or diminish the rights of
10 employees established by Section 36d of "An Act to create the
11 State Universities Civil Service System", approved May 11,
12 1905, as amended or modified.

13 (Source: P.A. 83-1014.)

14 Section 900. The State Mandates Act is amended by adding
15 Section 8.41 as follows:

16 (30 ILCS 805/8.41 new)

17 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
18 of this Act, no reimbursement by the State is required for the
19 implementation of any mandate created by this amendatory Act of
20 the 100th General Assembly.

21 Section 970. Severability. Except as otherwise provided in
22 this Act, the provisions of this Act are severable under
23 Section 1.31 of the Statute on Statutes.

1 Section 999. Effective date. This Act takes effect upon
2 becoming law, but this Act does not take effect at all unless
3 Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, and 13 of the
4 100th General Assembly become law."