

1 AN ACT concerning State government.

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

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

7 (5 ILCS 315/7.6 new)

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

10 (a) Notwithstanding any other provision of this Act,
11 employers shall not be required to bargain over matters
12 affected by the changes, the impact of the changes, and the
13 implementation of the changes to Article 14, 15, 16, or 17 of
14 the Illinois Pension Code made by the addition of Section
15 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
16 Pension Code, which are deemed to be prohibited subjects of
17 bargaining. Notwithstanding any provision of this Act, the
18 changes, impact of the changes, or implementation of the
19 changes to Article 14, 15, 16, or 17 of the Illinois Pension
20 Code made by the addition of Section 14-106.5, 15-132.9,
21 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
22 subject to interest arbitration or any award issued pursuant to
23 interest arbitration. The provisions of this Section shall not

1 apply to an employment contract or collective bargaining
2 agreement that is in effect on the effective date of this
3 amendatory Act of the 100th General Assembly. However, any such
4 contract or agreement that is modified, amended, renewed, or
5 superseded after the effective date of this amendatory Act of
6 the 100th General Assembly shall be subject to the provisions
7 of this Section. Each employer with active employees
8 participating in a retirement system or pension fund
9 established under Article 14, 15, 16, or 17 of the Illinois
10 Pension Code shall comply with and be subject to the provisions
11 of this amendatory Act of the 100th General Assembly. The
12 provisions of this Section shall not apply to the ability of
13 any employer and employee representative to bargain
14 collectively with regard to the pick up of employee
15 contributions pursuant to Section 14-133.1, 15-157.1,
16 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

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

1 the matters set forth in subsection (a) of this Section that
2 are deemed prohibited subjects of bargaining, nothing in this
3 Section shall be construed as otherwise limiting any of the
4 rights of employees or employee representatives under the
5 provisions of this Act.

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

9 (5 ILCS 315/10) (from Ch. 48, par. 1610)

10 Sec. 10. Unfair labor practices.

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

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

21 (2) to discriminate in regard to hire or tenure of
22 employment or any term or condition of employment in order
23 to encourage or discourage membership in or other support
24 for any labor organization. Nothing in this Act or any
25 other law precludes a public employer from making an

1 agreement with a labor organization to require as a
2 condition of employment the payment of a fair share under
3 paragraph (e) of Section 6;

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

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

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

22 (6) to expend or cause the expenditure of public funds
23 to any external agent, individual, firm, agency,
24 partnership or association in any attempt to influence the
25 outcome of representational elections held pursuant to
26 Section 9 of this Act; provided, that nothing in this

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

20 (7) to refuse to reduce a collective bargaining
21 agreement to writing or to refuse to sign such agreement.

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

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

26 (i) that this paragraph shall not impair the right of a

1 labor organization to prescribe its own rules with respect
2 to the acquisition or retention of membership therein or
3 the determination of fair share payments and (ii) that a
4 labor organization or its agents shall commit an unfair
5 labor practice under this paragraph in duty of fair
6 representation cases only by intentional misconduct in
7 representing employees under this Act;

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

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

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

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

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

25 (7) to picket or cause to be picketed, or threaten to
26 picket or cause to be picketed, any public employer where

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

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

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

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

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

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

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

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

19 (5 ILCS 315/15) (from Ch. 48, par. 1615)

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

22 Sec. 15. Act Takes Precedence.

23 (a) In case of any conflict between the provisions of this
24 Act and any other law (other than Section 5 of the State
25 Employees Group Insurance Act of 1971 and other than the

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

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

26 (c) It is the public policy of this State, pursuant to

1 paragraphs (h) and (i) of Section 6 of Article VII of the
2 Illinois Constitution, that the provisions of this Act are the
3 exclusive exercise by the State of powers and functions which
4 might otherwise be exercised by home rule units. Such powers
5 and functions may not be exercised concurrently, either
6 directly or indirectly, by any unit of local government,
7 including any home rule unit, except as otherwise authorized by
8 this Act.

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

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

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

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

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

1 Act.

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

7 (b) "Annuitant" means (1) an employee who retires, or has
8 retired, on or after January 1, 1966 on an immediate annuity
9 under the provisions of Articles 2, 14 (including an employee
10 who has elected to receive an alternative retirement
11 cancellation payment under Section 14-108.5 of the Illinois
12 Pension Code in lieu of an annuity or who meets the criteria
13 for retirement, but in lieu of receiving an annuity under that
14 Article has elected to receive an accelerated pension benefit
15 payment under Section 14-147.5 of that Article), 15 (including
16 an employee who has retired under the optional retirement
17 program established under Section 15-158.2 or who meets the
18 criteria for retirement but in lieu of receiving an annuity
19 under that Article has elected to receive an accelerated
20 pension benefit payment under Section 15-185.5 of the Article),
21 paragraphs (2), (3), or (5) of Section 16-106 (including an
22 employee who meets the criteria for retirement, but in lieu of
23 receiving an annuity under that Article has elected to receive
24 an accelerated pension benefit payment under Section 16-190.5
25 of the Illinois Pension Code), or Article 18 of the Illinois
26 Pension Code; (2) any person who was receiving group insurance

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

23 (b-5) (Blank).

24 (b-6) (Blank).

25 (b-7) (Blank).

26 (c) "Carrier" means (1) an insurance company, a corporation

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

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

1 (e) "Commission" means the State Employees Group Insurance
2 Advisory Commission authorized by this Act. Commencing July 1,
3 1984, "Commission" as used in this Act means the Commission on
4 Government Forecasting and Accountability as established by
5 the Legislative Commission Reorganization Act of 1984.

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

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

26 (h) "Dependent", when the term is used in the context of

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

21 (i) "Director" means the Director of the Illinois
22 Department of Central Management Services.

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

26 (k) "Employee" means and includes each officer or employee

1 in the service of a department who (1) receives his
2 compensation for service rendered to the department on a
3 warrant issued pursuant to a payroll certified by a department
4 or on a warrant or check issued and drawn by a department upon
5 a trust, federal or other fund or on a warrant issued pursuant
6 to a payroll certified by an elected or duly appointed officer
7 of the State or who receives payment of the performance of
8 personal services on a warrant issued pursuant to a payroll
9 certified by a Department and drawn by the Comptroller upon the
10 State Treasurer against appropriations made by the General
11 Assembly from any fund or against trust funds held by the State
12 Treasurer, and (2) is employed full-time or part-time in a
13 position normally requiring actual performance of duty during
14 not less than 1/2 of a normal work period, as established by
15 the Director in cooperation with each department, except that
16 persons elected by popular vote will be considered employees
17 during the entire term for which they are elected regardless of
18 hours devoted to the service of the State, and (3) except that
19 "employee" does not include any person who is not eligible by
20 reason of such person's employment to participate in one of the
21 State retirement systems under Articles 2, 14, 15 (either the
22 regular Article 15 system or the optional retirement program
23 established under Section 15-158.2) or 18, or under paragraph
24 (2), (3), or (5) of Section 16-106, of the Illinois Pension
25 Code, but such term does include persons who are employed
26 during the 6 month qualifying period under Article 14 of the

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

1 the service of the sanitary district, (ii) each employee in the
2 service of a qualified rehabilitation facility, (iii) each
3 full-time employee in the service of a qualified domestic
4 violence shelter or service, and (iv) each full-time employee
5 in the service of a qualified child advocacy center, as
6 determined according to rules promulgated by the Director.

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

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

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

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

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

12 (q) "Survivor" means a person receiving an annuity as a
13 survivor of an employee or of an annuitant. "Survivor" also
14 includes: (1) the surviving dependent of a person who satisfies
15 the definition of "employee" except that such person is made
16 ineligible to participate in the State Universities Retirement
17 System by clause (4) of subsection (a) of Section 15-107 of the
18 Illinois Pension Code; (2) the surviving dependent of any
19 person formerly employed by the University of Illinois in the
20 Cooperative Extension Service who would be an annuitant except
21 for the fact that such person was made ineligible to
22 participate in the State Universities Retirement System by
23 clause (4) of subsection (a) of Section 15-107 of the Illinois
24 Pension Code; and (3) the surviving dependent of a person who
25 was an annuitant under this Act by virtue of receiving an
26 alternative retirement cancellation payment under Section

1 14-108.5 of the Illinois Pension Code.

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

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

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

10 (q-5) (Blank).

11 (q-6) (Blank).

12 (q-7) (Blank).

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

16 (s) "Unit of local government" means any county,
17 municipality, township, school district (including a
18 combination of school districts under the Intergovernmental
19 Cooperation Act), special district or other unit, designated as
20 a unit of local government by law, which exercises limited
21 governmental powers or powers in respect to limited
22 governmental subjects, any not-for-profit association with a
23 membership that primarily includes townships and township
24 officials, that has duties that include provision of research
25 service, dissemination of information, and other acts for the
26 purpose of improving township government, and that is funded

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

17 (t) "Qualified rehabilitation facility" means any
18 not-for-profit organization that is accredited by the
19 Commission on Accreditation of Rehabilitation Facilities or
20 certified by the Department of Human Services (as successor to
21 the Department of Mental Health and Developmental
22 Disabilities) to provide services to persons with disabilities
23 and which receives funds from the State of Illinois for
24 providing those services, approved by the Director and
25 participating in a program created under subsection (j) of
26 Section 10 of this Act.

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

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

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

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

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

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

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

25 (2) is a TRS benefit recipient's: (A) spouse, (B)
26 dependent parent who is receiving at least half of his or

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

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

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

22 (y) (Blank).

23 (z) "Community college benefit recipient" means a person
24 who:

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

26 (2) is receiving a monthly survivor's annuity or

1 retirement annuity under Article 15 of the Illinois Pension
2 Code; and

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

16 (aa) "Community college dependent beneficiary" means a
17 person who:

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

20 (2) is a community college benefit recipient's: (A)
21 spouse, (B) dependent parent who is receiving at least half
22 of his or her support from the community college benefit
23 recipient, or (C) natural, step, adjudicated, or adopted
24 child who is (i) under age 26, or (ii) age 19 or over and
25 has a mental or physical disability from a cause
26 originating prior to the age of 19 (age 26 if enrolled as

1 an adult child).

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

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

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

18 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

20 (a) The State shall pay the cost of basic non-contributory
21 group life insurance and, subject to member paid contributions
22 set by the Department or required by this Section and except as
23 provided in this Section, the basic program of group health
24 benefits on each eligible member, except a member, not
25 otherwise covered by this Act, who has retired as a

1 participating member under Article 2 of the Illinois Pension
2 Code but is ineligible for the retirement annuity under Section
3 2-119 of the Illinois Pension Code, and part of each eligible
4 member's and retired member's premiums for health insurance
5 coverage for enrolled dependents as provided by Section 9. The
6 State shall pay the cost of the basic program of group health
7 benefits only after benefits are reduced by the amount of
8 benefits covered by Medicare for all members and dependents who
9 are eligible for benefits under Social Security or the Railroad
10 Retirement system or who had sufficient Medicare-covered
11 government employment, except that such reduction in benefits
12 shall apply only to those members and dependents who (1) first
13 become eligible for such Medicare coverage on or after July 1,
14 1992; or (2) are Medicare-eligible members or dependents of a
15 local government unit which began participation in the program
16 on or after July 1, 1992; or (3) remain eligible for, but no
17 longer receive Medicare coverage which they had been receiving
18 on or after July 1, 1992. The Department may determine the
19 aggregate level of the State's contribution on the basis of
20 actual cost of medical services adjusted for age, sex or
21 geographic or other demographic characteristics which affect
22 the costs of such programs.

23 The cost of participation in the basic program of group
24 health benefits for the dependent or survivor of a living or
25 deceased retired employee who was formerly employed by the
26 University of Illinois in the Cooperative Extension Service and

1 would be an annuitant but for the fact that he or she was made
2 ineligible to participate in the State Universities Retirement
3 System by clause (4) of subsection (a) of Section 15-107 of the
4 Illinois Pension Code shall not be greater than the cost of
5 participation that would otherwise apply to that dependent or
6 survivor if he or she were the dependent or survivor of an
7 annuitant under the State Universities Retirement System.

8 (a-1) (Blank).

9 (a-2) (Blank).

10 (a-3) (Blank).

11 (a-4) (Blank).

12 (a-5) (Blank).

13 (a-6) (Blank).

14 (a-7) (Blank).

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

24 (a-8.5) Beginning on the effective date of this amendatory
25 Act of the 97th General Assembly, the Director of Central
26 Management Services shall, on an annual basis, determine the

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

22 Contributions required of annuitants, survivors, and
23 retired employees shall be the same for all retirement systems
24 and shall also be based on whether an individual has made an
25 election under Section 15-135.1 of the Illinois Pension Code.
26 Contributions may be based on annuitants', survivors', or

1 retired employees' Medicare eligibility, but may not be based
2 on Social Security eligibility.

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

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

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

17 The Department of Central Management Services, or any
18 successor agency designated to procure healthcare contracts
19 pursuant to this Act, is authorized to establish funds,
20 separate accounts provided by any bank or banks as defined by
21 the Illinois Banking Act, or separate accounts provided by any
22 savings and loan association or associations as defined by the
23 Illinois Savings and Loan Act of 1985 to be held by the
24 Director, outside the State treasury, for the purpose of
25 receiving the transfer of moneys from the Local Government
26 Health Insurance Reserve Fund. The Department may promulgate

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

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

20 (b) State employees who become eligible for this program on
21 or after January 1, 1980 in positions normally requiring actual
22 performance of duty not less than 1/2 of a normal work period
23 but not equal to that of a normal work period, shall be given
24 the option of participating in the available program. If the
25 employee elects coverage, the State shall contribute on behalf
26 of such employee to the cost of the employee's benefit and any

1 applicable dependent supplement, that sum which bears the same
2 percentage as that percentage of time the employee regularly
3 works when compared to normal work period.

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

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

22 (e) Where the person is in non-pay status for a period in
23 excess of 30 days or on leave of absence, other than by reason
24 of disability, educational or sabbatical leave, or military
25 leave, such person may continue coverage only by making
26 personal payment equal to the amount normally contributed by

1 the State on such person's behalf. Such payments and coverage
2 may be continued: (1) until such time as the person returns to
3 a status eligible for coverage at State expense, but not to
4 exceed 24 months or (2) until such person's employment or
5 annuitant status with the State is terminated (exclusive of any
6 additional service imposed pursuant to law).

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

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

21 (h) Those persons occupying positions with any department
22 as a result of emergency appointments pursuant to Section 8b.8
23 of the Personnel Code who are not considered employees under
24 this Act shall be given the option of participating in the
25 programs of group life insurance, health benefits and other
26 employee benefits. Such persons electing coverage may

1 participate only by making payment equal to the amount normally
2 contributed by the State for similarly situated employees. Such
3 amounts shall be determined by the Director. Such payments and
4 coverage may be continued until such time as the person becomes
5 an employee pursuant to this Act or such person's appointment
6 is terminated.

7 (i) Any unit of local government within the State of
8 Illinois may apply to the Director to have its employees,
9 annuitants, and their dependents provided group health
10 coverage under this Act on a non-insured basis. To participate,
11 a unit of local government must agree to enroll all of its
12 employees, who may select coverage under either the State group
13 health benefits plan or a health maintenance organization that
14 has contracted with the State to be available as a health care
15 provider for employees as defined in this Act. A unit of local
16 government must remit the entire cost of providing coverage
17 under the State group health benefits plan or, for coverage
18 under a health maintenance organization, an amount determined
19 by the Director based on an analysis of the sex, age,
20 geographic location, or other relevant demographic variables
21 for its employees, except that the unit of local government
22 shall not be required to enroll those of its employees who are
23 covered spouses or dependents under this plan or another group
24 policy or plan providing health benefits as long as (1) an
25 appropriate official from the unit of local government attests
26 that each employee not enrolled is a covered spouse or

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

17 Employees of a participating unit of local government who
18 are not enrolled due to coverage under another group health
19 policy or plan may enroll in the event of a qualifying change
20 in status, special enrollment, special circumstance as defined
21 by the Director, or during the annual Benefit Choice Period. A
22 participating unit of local government may also elect to cover
23 its annuitants. Dependent coverage shall be offered on an
24 optional basis, with the costs paid by the unit of local
25 government, its employees, or some combination of the two as
26 determined by the unit of local government. The unit of local

1 government shall be responsible for timely collection and
2 transmission of dependent premiums.

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

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

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

20 In the case of coverage of local government employees under
21 a health maintenance organization, the Director shall annually
22 determine for each participating unit of local government the
23 maximum monthly amount the unit may contribute toward that
24 coverage, based on an analysis of (i) the age, sex, geographic
25 location, and other relevant demographic variables of the
26 unit's employees and (ii) the cost to cover those employees

1 under the State group health benefits plan. The Director may
2 similarly determine the maximum monthly amount each unit of
3 local government may contribute toward coverage of its
4 employees' dependents under a health maintenance organization.

5 Monthly payments by the unit of local government or its
6 employees for group health benefits plan or health maintenance
7 organization coverage shall be deposited in the Local
8 Government Health Insurance Reserve Fund.

9 The Local Government Health Insurance Reserve Fund is
10 hereby created as a nonappropriated trust fund to be held
11 outside the State Treasury, with the State Treasurer as
12 custodian. The Local Government Health Insurance Reserve Fund
13 shall be a continuing fund not subject to fiscal year
14 limitations. The Local Government Health Insurance Reserve
15 Fund is not subject to administrative charges or charge-backs,
16 including but not limited to those authorized under Section 8h
17 of the State Finance Act. All revenues arising from the
18 administration of the health benefits program established
19 under this Section shall be deposited into the Local Government
20 Health Insurance Reserve Fund. Any interest earned on moneys in
21 the Local Government Health Insurance Reserve Fund shall be
22 deposited into the Fund. All expenditures from this Fund shall
23 be used for payments for health care benefits for local
24 government and rehabilitation facility employees, annuitants,
25 and dependents, and to reimburse the Department or its
26 administrative service organization for all expenses incurred

1 in the administration of benefits. No other State funds may be
2 used for these purposes.

3 A local government employer's participation or desire to
4 participate in a program created under this subsection shall
5 not limit that employer's duty to bargain with the
6 representative of any collective bargaining unit of its
7 employees.

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

1 special circumstance as defined by the Director, or during the
2 annual Benefit Choice Period. A participating rehabilitation
3 facility may also elect to cover its annuitants. Dependent
4 coverage shall be offered on an optional basis, with the costs
5 paid by the rehabilitation facility, its employees, or some
6 combination of the 2 as determined by the rehabilitation
7 facility. The rehabilitation facility shall be responsible for
8 timely collection and transmission of dependent premiums.

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

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

25 Monthly payments by the rehabilitation facility or its
26 employees for group health benefits shall be deposited in the

1 Local Government Health Insurance Reserve Fund.

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

1 shelter or service shall be responsible for timely collection
2 and transmission of dependent premiums.

3 The Director shall annually determine rates of payment,
4 subject to the following constraints:

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

16 (2) In subsequent years, a further adjustment shall be
17 made to reflect the actual prior years' claims experience
18 of the employees of the domestic violence shelter or
19 service.

20 Monthly payments by the domestic violence shelter or
21 service or its employees for group health insurance shall be
22 deposited in the Local Government Health Insurance Reserve
23 Fund.

24 (1) A public community college or entity organized pursuant
25 to the Public Community College Act may apply to the Director
26 initially to have only annuitants not covered prior to July 1,

1 1992 by the district's health plan provided health coverage
2 under this Act on a non-insured basis. The community college
3 must execute a 2-year contract to participate in the Local
4 Government Health Plan. Any annuitant may enroll in the event
5 of a qualifying change in status, special enrollment, special
6 circumstance as defined by the Director, or during the annual
7 Benefit Choice Period.

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

16 (l-5) The provisions of subsection (l) become inoperative
17 on July 1, 1999.

18 (m) The Director shall adopt any rules deemed necessary for
19 implementation of this amendatory Act of 1989 (Public Act
20 86-978).

21 (n) Any child advocacy center within the State of Illinois
22 may apply to the Director to have its employees, annuitants,
23 and their dependents provided group health coverage under this
24 Act on a non-insured basis. To participate, a child advocacy
25 center must agree to enroll all of its employees and pay the
26 entire cost of providing coverage for its employees. The child

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

21 The Director shall annually determine rates of payment,
22 subject to the following constraints:

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

1 employees, adjusted for differences between State
2 employees and employees of the child advocacy center in
3 age, sex, geographic location, or other relevant
4 demographic variables, plus an amount sufficient to pay for
5 the additional administrative costs of providing coverage
6 to employees of the child advocacy center and their
7 dependents.

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

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

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

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

17 (20 ILCS 5/5-647 new)

18 Sec. 5-647. Future increases in income. A Department must
19 not pay, offer, or agree to pay any future increase in income,
20 as that term is defined in Section 14-103.42, 15-112.1, or
21 16-121.1 of the Illinois Pension Code, to any person in a
22 manner that violates Section 14-106.5, 15-132.9, or 16-122.9 of
23 the Illinois Pension Code.

1 Section 20. The Attorney General Act is amended by adding
2 Section 5 as follows:

3 (15 ILCS 205/5 new)

4 Sec. 5. Future increases in income. The Office of the
5 Attorney General must not pay, offer, or agree to pay any
6 future increase in income, as that term is defined in Section
7 14-103.42 of the Illinois Pension Code, to any person in a
8 manner that violates Section 14-106.5 of the Illinois Pension
9 Code.

10 Section 25. The Secretary of State Merit Employment Code is
11 amended by adding Section 13a as follows:

12 (15 ILCS 310/13a new)

13 Sec. 13a. Future increases in income. The Office of the
14 Secretary of State must not pay, offer, or agree to pay any
15 future increase in income, as that term is defined in Section
16 14-103.42 of the Illinois Pension Code, to any person in a
17 manner that violates Section 14-106.5 of the Illinois Pension
18 Code.

19 Section 30. The Comptroller Merit Employment Code is
20 amended by adding Section 13a as follows:

21 (15 ILCS 410/13a new)

1 Sec. 13a. Future increases in income. The Office of the
2 Comptroller must not pay, offer, or agree to pay any future
3 increase in income, as that term is defined in Section
4 14-103.42 of the Illinois Pension Code, to any person in a
5 manner that violates Section 14-106.5 of the Illinois Pension
6 Code.

7 Section 35. The State Treasurer Employment Code is amended
8 by adding Section 12a as follows:

9 (15 ILCS 510/12a new)

10 Sec. 12a. Future increases in income. The Office of the
11 State Treasurer must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section
13 14-103.42 of the Illinois Pension Code, to any person in a
14 manner that violates Section 14-106.5 of the Illinois Pension
15 Code.

16 Section 40. The Budget Stabilization Act is amended by
17 changing Section 20 as follows:

18 (30 ILCS 122/20)

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

21 Sec. 20. Pension Stabilization Fund.

22 (a) The Pension Stabilization Fund is hereby created as a

1 special fund in the State treasury. Moneys in the fund shall be
2 used for the sole purpose of making payments to the designated
3 retirement systems as provided in Section 25.

4 (b) For each fiscal year through State fiscal year 2020,
5 when the General Assembly's appropriations and transfers or
6 diversions as required by law from general funds do not exceed
7 99% of the estimated general funds revenues pursuant to
8 subsection (a) of Section 10, the Comptroller shall transfer
9 from the General Revenue Fund as provided by this Section a
10 total amount equal to 0.5% of the estimated general funds
11 revenues to the Pension Stabilization Fund.

12 (c) For each fiscal year through State fiscal year 2020,
13 when the General Assembly's appropriations and transfers or
14 diversions as required by law from general funds do not exceed
15 98% of the estimated general funds revenues pursuant to
16 subsection (b) of Section 10, the Comptroller shall transfer
17 from the General Revenue Fund as provided by this Section a
18 total amount equal to 1.0% of the estimated general funds
19 revenues to the Pension Stabilization Fund.

20 (c-5) In addition to any other amounts required to be
21 transferred under this Section, in State fiscal year 2021 and
22 each fiscal year thereafter through State fiscal year 2045, or
23 when each of the designated retirement systems, as defined in
24 Section 25, has achieved 100% funding, whichever occurs first,
25 the State Comptroller shall order transferred and the State
26 Treasurer shall transfer from the General Revenue Fund to the

1 Pension Stabilization Fund an amount equal to (1) the sum of
2 the amounts certified by the designated retirement systems
3 under subsection (a-10) of Section 14-135.08, subsection
4 (a-10) of Section 15-165, and subsection (a-10) of Section
5 16-158 of this Code for that fiscal year minus (2) the sum of
6 the required State contributions certified by the retirement
7 systems under subsection (a-5) of Section 14-135.08,
8 subsection (a-5) of Section 15-165, and subsection (a-5) of
9 Section 16-158 of this Code for that fiscal year. The
10 transferred amount is intended to represent the annual savings
11 to the State resulting from the enactment of Section 1-161 and
12 Section 14-155.2, the enactment of subsection (a-2) of Section
13 15-155 and subsection (b-4) of Section 16-158, and the changes
14 made to Section 1-160 by this amendatory Act of the 100th
15 General Assembly.

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

23 Until State fiscal year 2021, before ~~Before~~ the final
24 transfer for a fiscal year is made, the Comptroller shall
25 reconcile the estimated general funds revenues used in
26 calculating the other transfers under this Section for that

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

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

11 Section 45. The Illinois Pension Code is amended by
12 changing Sections 1-160, 2-101, 2-105, 2-107, 2-108, 2-119.1,
13 2-124, 2-126, 2-134, 2-162, 14-103.10, 14-114, 14-131, 14-133,
14 14-135.08, 14-152.1, 15-108.1, 15-108.2, 15-111, 15-136,
15 15-155, 15-157, 15-165, 15-198, 16-121, 16-133.1, 16-136.1,
16 16-152, 16-158, 16-203, 17-116, 17-119.2, 17-129, 17-130,
17 18-131, 18-140, 20-121, 20-123, 20-124, and 20-125 and by
18 adding Sections 1-161, 1-162, 2-105.3, 2-107.9, 2-107.10,
19 2-110.3, 2-165.1, 2-166.1, 14-103.41, 14-103.42, 14-103.43,
20 14-106.5, 14-147.5, 14-155.1, 14-155.2, 14-156.1, 15-112.1,
21 15-112.2, 15-132.9, 15-185.5, 15-200.1, 15-201.1, 16-107.1,
22 16-121.1, 16-121.2, 16-122.9, 16-190.5, 16-205.1, 16-206.1,
23 17-106.05, 17-113.4, 17-113.5, 17-113.6, and 17-115.5 as
24 follows:

1 (40 ILCS 5/1-160)

2 (Text of Section WITHOUT the changes made by P.A. 98-641,
3 which has been held unconstitutional)

4 Sec. 1-160. Provisions applicable to new hires.

5 (a) The provisions of this Section apply to a person who,
6 on or after January 1, 2011, first becomes a member or a
7 participant under any reciprocal retirement system or pension
8 fund established under this Code, other than a retirement
9 system or pension fund established under Article 2, 3, 4, 5, 6,
10 15 or 18 of this Code, notwithstanding any other provision of
11 this Code to the contrary, but do not apply to any self-managed
12 plan established under this Code, to any person with respect to
13 service as a sheriff's law enforcement employee under Article
14 7, or to any participant of the retirement plan established
15 under Section 22-101. Notwithstanding anything to the contrary
16 in this Section, for purposes of this Section, a person who
17 participated in a retirement system under Article 15 prior to
18 January 1, 2011 shall be deemed a person who first became a
19 member or participant prior to January 1, 2011 under any
20 retirement system or pension fund subject to this Section. The
21 changes made to this Section by Public Act 98-596 ~~this~~
22 ~~amendatory Act of the 98th General Assembly~~ are a clarification
23 of existing law and are intended to be retroactive to January
24 1, 2011 (the effective date of Public Act 96-889),
25 notwithstanding the provisions of Section 1-103.1 of this Code.

26 This Section does not apply to a person who, on or after 6

1 months after the effective date of this amendatory Act of the
2 100th General Assembly, first becomes a member or participant
3 under Article 14 or 16, unless that person (i) is a covered
4 employee under Article 14 who has not elected to participate in
5 the defined contribution plan under Section 14-155.2 or (ii)
6 elects under subsection (b) of Section 1-161 to receive the
7 benefits provided under this Section and the applicable
8 provisions of the Article under which he or she is a member or
9 participant. This Section also does not apply to a person who
10 first becomes a member or participant of an affected pension
11 fund on or after 6 months after the resolution or ordinance
12 date, as defined in Section 1-162, unless that person elects
13 under subsection (c) of Section 1-162 to receive the benefits
14 provided under this Section and the applicable provisions of
15 the Article under which he or she is a member or participant.

16 (b) "Final average salary" means the average monthly (or
17 annual) salary obtained by dividing the total salary or
18 earnings calculated under the Article applicable to the member
19 or participant during the 96 consecutive months (or 8
20 consecutive years) of service within the last 120 months (or 10
21 years) of service in which the total salary or earnings
22 calculated under the applicable Article was the highest by the
23 number of months (or years) of service in that period. For the
24 purposes of a person who first becomes a member or participant
25 of any retirement system or pension fund to which this Section
26 applies on or after January 1, 2011, in this Code, "final

1 average salary" shall be substituted for the following:

2 (1) In Article 7 (except for service as sheriff's law
3 enforcement employees), "final rate of earnings".

4 (2) In Articles 8, 9, 10, 11, and 12, "highest average
5 annual salary for any 4 consecutive years within the last
6 10 years of service immediately preceding the date of
7 withdrawal".

8 (3) In Article 13, "average final salary".

9 (4) In Article 14, "final average compensation".

10 (5) In Article 17, "average salary".

11 (6) In Section 22-207, "wages or salary received by him
12 at the date of retirement or discharge".

13 (b-5) Beginning on January 1, 2011, for all purposes under
14 this Code (including without limitation the calculation of
15 benefits and employee contributions), the annual earnings,
16 salary, or wages (based on the plan year) of a member or
17 participant to whom this Section applies shall not exceed
18 \$106,800; however, that amount shall annually thereafter be
19 increased by the lesser of (i) 3% of that amount, including all
20 previous adjustments, or (ii) one-half the annual unadjusted
21 percentage increase (but not less than zero) in the consumer
22 price index-u for the 12 months ending with the September
23 preceding each November 1, including all previous adjustments.

24 For the purposes of this Section, "consumer price index-u"
25 means the index published by the Bureau of Labor Statistics of
26 the United States Department of Labor that measures the average

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

7 (c) A member or participant is entitled to a retirement
8 annuity upon written application if he or she has attained age
9 67 (beginning January 1, 2015, age 65 with respect to service
10 under Article 12 of this Code that is subject to this Section)
11 and has at least 10 years of service credit and is otherwise
12 eligible under the requirements of the applicable Article.

13 A member or participant who has attained age 62 (beginning
14 January 1, 2015, age 60 with respect to service under Article
15 12 of this Code that is subject to this Section) and has at
16 least 10 years of service credit and is otherwise eligible
17 under the requirements of the applicable Article may elect to
18 receive the lower retirement annuity provided in subsection (d)
19 of this Section.

20 (d) The retirement annuity of a member or participant who
21 is retiring after attaining age 62 (beginning January 1, 2015,
22 age 60 with respect to service under Article 12 of this Code
23 that is subject to this Section) with at least 10 years of
24 service credit shall be reduced by one-half of 1% for each full
25 month that the member's age is under age 67 (beginning January
26 1, 2015, age 65 with respect to service under Article 12 of

1 this Code that is subject to this Section).

2 (e) Any retirement annuity or supplemental annuity shall be
3 subject to annual increases on the January 1 occurring either
4 on or after the attainment of age 67 (beginning January 1,
5 2015, age 65 with respect to service under Article 12 of this
6 Code that is subject to this Section) or the first anniversary
7 of the annuity start date, whichever is later. Each annual
8 increase shall be calculated at 3% or one-half the annual
9 unadjusted percentage increase (but not less than zero) in the
10 consumer price index-u for the 12 months ending with the
11 September preceding each November 1, whichever is less, of the
12 originally granted retirement annuity. If the annual
13 unadjusted percentage change in the consumer price index-u for
14 the 12 months ending with the September preceding each November
15 1 is zero or there is a decrease, then the annuity shall not be
16 increased.

17 (f) The initial survivor's or widow's annuity of an
18 otherwise eligible survivor or widow of a retired member or
19 participant who first became a member or participant on or
20 after January 1, 2011 shall be in the amount of 66 2/3% of the
21 retired member's or participant's retirement annuity at the
22 date of death. In the case of the death of a member or
23 participant who has not retired and who first became a member
24 or participant on or after January 1, 2011, eligibility for a
25 survivor's or widow's annuity shall be determined by the
26 applicable Article of this Code. The initial benefit shall be

1 66 2/3% of the earned annuity without a reduction due to age. A
2 child's annuity of an otherwise eligible child shall be in the
3 amount prescribed under each Article if applicable. Any
4 survivor's or widow's annuity shall be increased (1) on each
5 January 1 occurring on or after the commencement of the annuity
6 if the deceased member died while receiving a retirement
7 annuity or (2) in other cases, on each January 1 occurring
8 after the first anniversary of the commencement of the annuity.
9 Each annual increase shall be calculated at 3% or one-half the
10 annual unadjusted percentage increase (but not less than zero)
11 in the consumer price index-u for the 12 months ending with the
12 September preceding each November 1, whichever is less, of the
13 originally granted survivor's annuity. If the annual
14 unadjusted percentage change in the consumer price index-u for
15 the 12 months ending with the September preceding each November
16 1 is zero or there is a decrease, then the annuity shall not be
17 increased.

18 (g) The benefits in Section 14-110 apply only if the person
19 is a State policeman, a fire fighter in the fire protection
20 service of a department, or a security employee of the
21 Department of Corrections or the Department of Juvenile
22 Justice, as those terms are defined in subsection (b) of
23 Section 14-110. A person who meets the requirements of this
24 Section is entitled to an annuity calculated under the
25 provisions of Section 14-110, in lieu of the regular or minimum
26 retirement annuity, only if the person has withdrawn from

1 service with not less than 20 years of eligible creditable
2 service and has attained age 60, regardless of whether the
3 attainment of age 60 occurs while the person is still in
4 service.

5 (h) If a person who first becomes a member or a participant
6 of a retirement system or pension fund subject to this Section
7 on or after January 1, 2011 is receiving a retirement annuity
8 or retirement pension under that system or fund and becomes a
9 member or participant under any other system or fund created by
10 this Code and is employed on a full-time basis, except for
11 those members or participants exempted from the provisions of
12 this Section under subsection (a) of this Section, then the
13 person's retirement annuity or retirement pension under that
14 system or fund shall be suspended during that employment. Upon
15 termination of that employment, the person's retirement
16 annuity or retirement pension payments shall resume and be
17 recalculated if recalculation is provided for under the
18 applicable Article of this Code.

19 If a person who first becomes a member of a retirement
20 system or pension fund subject to this Section on or after
21 January 1, 2012 and is receiving a retirement annuity or
22 retirement pension under that system or fund and accepts on a
23 contractual basis a position to provide services to a
24 governmental entity from which he or she has retired, then that
25 person's annuity or retirement pension earned as an active
26 employee of the employer shall be suspended during that

1 contractual service. A person receiving an annuity or
2 retirement pension under this Code shall notify the pension
3 fund or retirement system from which he or she is receiving an
4 annuity or retirement pension, as well as his or her
5 contractual employer, of his or her retirement status before
6 accepting contractual employment. A person who fails to submit
7 such notification shall be guilty of a Class A misdemeanor and
8 required to pay a fine of \$1,000. Upon termination of that
9 contractual employment, the person's retirement annuity or
10 retirement pension payments shall resume and, if appropriate,
11 be recalculated under the applicable provisions of this Code.

12 (i) (Blank).

13 (j) Except for Sections 1-161 and 1-162, in ~~the~~ the case of
14 a conflict between the provisions of this Section and any other
15 provision of this Code, the provisions of this Section shall
16 control.

17 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,
18 eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)

19 (40 ILCS 5/1-161 new)

20 Sec. 1-161. Optional benefits for certain Tier 2 members
21 under Articles 14, 15, and 16.

22 (a) Notwithstanding any other provision of this Code to the
23 contrary, the provisions of this Section apply to a person who,
24 on or after 6 months after the effective date of this
25 amendatory Act of the 100th General Assembly, first becomes a

1 member or a participant under Article 14, 15, or 16 and who
2 does not make the election under subsection (b) or (c),
3 whichever is applicable. The provisions of this Section do not
4 apply to any participant in a self-managed plan or to a covered
5 employee under Article 14.

6 (b) In lieu of the benefits provided under this Section, a
7 member or participant, except for a participant under Article
8 15, may irrevocably elect the benefits under Section 1-160 and
9 the benefits otherwise applicable to that member or
10 participant. The election must be made within 30 days after
11 becoming a member or participant. Each retirement system shall
12 establish procedures for making this election.

13 (c) A participant under Article 15 may irrevocably elect
14 the benefits otherwise provided to a Tier 2 participant under
15 Article 15. The election must be made within 30 days after
16 becoming a participant. The retirement system under Article 15
17 shall establish procedures for making this election.

18 (d) "Final average salary" means the average monthly (or
19 annual) salary obtained by dividing the total salary or
20 earnings calculated under the Article applicable to the member
21 or participant during the last 120 months (or 10 years) of
22 service in which the total salary or earnings calculated under
23 the applicable Article was the highest by the number of months
24 (or years) of service in that period. For the purposes of a
25 person who first becomes a member or participant of any
26 retirement system to which this Section applies on or after 6

1 months after the effective date of this amendatory Act of the
2 100th General Assembly, in this Code, "final average salary"
3 shall be substituted for "final average compensation" in
4 Article 14.

5 (e) Beginning 6 months after the effective date of this
6 amendatory Act of the 100th General Assembly, for all purposes
7 under this Code (including without limitation the calculation
8 of benefits and employee contributions), the annual earnings,
9 salary, or wages (based on the plan year) of a member or
10 participant to whom this Section applies shall not at any time
11 exceed the federal Social Security Wage Base then in effect.

12 (f) A member or participant is entitled to a retirement
13 annuity upon written application if he or she has attained the
14 normal retirement age determined by the Social Security
15 Administration for that member or participant's year of birth,
16 but no earlier than 67 years of age, and has at least 10 years
17 of service credit and is otherwise eligible under the
18 requirements of the applicable Article.

19 (g) The amount of the retirement annuity to which a member
20 or participant is entitled shall be computed by multiplying
21 1.25% for each year of service credit by his or her final
22 average salary.

23 (h) Any retirement annuity or supplemental annuity shall be
24 subject to annual increases on the first anniversary of the
25 annuity start date. Each annual increase shall be one-half the
26 annual unadjusted percentage increase (but not less than zero)

1 in the consumer price index-w for the 12 months ending with the
2 September preceding each November 1 of the originally granted
3 retirement annuity. If the annual unadjusted percentage change
4 in the consumer price index-w for the 12 months ending with the
5 September preceding each November 1 is zero or there is a
6 decrease, then the annuity shall not be increased.

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

17 (i) The initial survivor's or widow's annuity of an
18 otherwise eligible survivor or widow of a retired member or
19 participant who first became a member or participant on or
20 after 6 months after the effective date of this amendatory Act
21 of the 100th General Assembly shall be in the amount of 66 2/3%
22 of the retired member's or participant's retirement annuity at
23 the date of death. In the case of the death of a member or
24 participant who has not retired and who first became a member
25 or participant on or after 6 months after the effective date of
26 this amendatory Act of the 100th General Assembly, eligibility

1 for a survivor's or widow's annuity shall be determined by the
2 applicable Article of this Code. The benefit shall be 66 2/3%
3 of the earned annuity without a reduction due to age. A child's
4 annuity of an otherwise eligible child shall be in the amount
5 prescribed under each Article if applicable.

6 (j) In lieu of any other employee contributions, except for
7 the contribution to the defined contribution plan under
8 subsection (k) of this Section, each employee shall contribute
9 6.2% of his her or salary to the retirement system. However,
10 the employee contribution under this subsection shall not
11 exceed the amount of the normal cost of the benefits under this
12 Section (except for the defined contribution plan under
13 subsection (k) of this Section), expressed as a percentage of
14 payroll and determined on or before November 1 of each year by
15 the board of trustees of the retirement system. If the board of
16 trustees of the retirement system determines that the 6.2%
17 employee contribution rate exceeds the normal cost of the
18 benefits under this Section (except for the defined
19 contribution plan under subsection (k) of this Section), then
20 on or before December 1 of that year, the board of trustees
21 shall certify the amount of the normal cost of the benefits
22 under this Section (except for the defined contribution plan
23 under subsection (k) of this Section), expressed as a
24 percentage of payroll, to the State Actuary and the Commission
25 on Government Forecasting and Accountability, and the employee
26 contribution under this subsection shall be reduced to that

1 amount beginning January 1 of the following year. Thereafter,
2 if the normal cost of the benefits under this Section (except
3 for the defined contribution plan under subsection (k) of this
4 Section), expressed as a percentage of payroll and determined
5 on or before November 1 of each year by the board of trustees
6 of the retirement system, exceeds 6.2% of salary, then on or
7 before December 1 of that year, the board of trustees shall
8 certify the normal cost to the State Actuary and the Commission
9 on Government Forecasting and Accountability, and the employee
10 contributions shall revert back to 6.2% of salary beginning
11 January 1 of the following year.

12 (k) No later than 5 months after the effective date of this
13 amendatory Act of the 100th General Assembly, each retirement
14 system under Article 14, 15, or 16 shall prepare and implement
15 a defined contribution plan for members or participants who are
16 subject to this Section. The defined contribution plan
17 developed under this subsection shall be a plan that aggregates
18 employer and employee contributions in individual participant
19 accounts which, after meeting any other requirements, are used
20 for payouts after retirement in accordance with this subsection
21 and any other applicable laws.

22 (1) Each member or participant shall contribute a
23 minimum of 4% of his or her salary to the defined
24 contribution plan.

25 (2) For each participant in the defined contribution
26 plan who has been employed with the same employer for at

1 least one year, employer contributions shall be paid into
2 that participant's accounts at a rate expressed as a
3 percentage of salary. This rate may be set for individual
4 employees, but shall be no higher than 6% of salary and
5 shall be no lower than 2% of salary.

6 (3) Employer contributions shall vest when those
7 contributions are paid into a member's or participant's
8 account.

9 (4) The defined contribution plan shall provide a
10 variety of options for investments. These options shall
11 include investments handled by the Illinois State Board of
12 Investment as well as private sector investment options.

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

16 (6) To the extent authorized under federal law and as
17 authorized by the retirement system, the defined
18 contribution plan shall allow former participants in the
19 plan to transfer or roll over employee and employer
20 contributions, and the earnings thereon, into other
21 qualified retirement plans.

22 (7) Each retirement system shall reduce the employee
23 contributions credited to the member's defined
24 contribution plan account by an amount determined by that
25 retirement system to cover the cost of offering the
26 benefits under this subsection and any applicable

1 administrative fees.

2 (8) No person shall begin participating in the defined
3 contribution plan until it has attained qualified plan
4 status and received all necessary approvals from the U.S.
5 Internal Revenue Service.

6 (l) By accepting the benefits under this Section, a member
7 or participant acknowledges and consents that benefits once
8 earned may not be diminished, but that future benefits may be
9 modified, including, but not limited to, changes in the
10 retirement age at which a member or participant becomes
11 eligible to receive future benefits, changes in the amount of
12 the automatic annual increase for those future benefits, or the
13 amount of the retirement annuity. Any increase in benefits
14 under this Section applicable to persons under Article 15 or 16
15 does not apply unless it is approved by resolution or ordinance
16 of the governing body of the unit of local government with
17 regard to the members or participants under that unit of local
18 government.

19 (m) In the case of a conflict between the provisions of
20 this Section and any other provision of this Code, the
21 provisions of this Section shall control.

22 (40 ILCS 5/1-162 new)

23 Sec. 1-162. Optional benefits for certain Tier 2 members of
24 pension funds under Articles 8, 9, 10, 11, 12, and 17.

25 (a) As used in this Section:

1 "Affected pension fund" means a pension fund established
2 under Article 8, 9, 10, 11, 12, or 17 that the governing body
3 of the unit of local government has designated as an affected
4 pension fund by adoption of a resolution or ordinance.

5 "Resolution or ordinance date" means the date on which the
6 governing body of the unit of local government designates a
7 pension fund under Article 8, 9, 10, 11, 12, or 17 as an
8 affected pension fund by adoption of a resolution or ordinance.

9 (b) Notwithstanding any other provision of this Code to the
10 contrary, the provisions of this Section apply to a person who
11 first becomes a member or a participant in an affected pension
12 fund on or after 6 months after the resolution or ordinance
13 date and who does not make the election under subsection (c).

14 (c) In lieu of the benefits provided under this Section, a
15 member or participant may irrevocably elect the benefits under
16 Section 1-160 and the benefits otherwise applicable to that
17 member or participant. The election must be made within 30 days
18 after becoming a member or participant. Each affected pension
19 fund shall establish procedures for making this election.

20 (d) "Final average salary" means the average monthly (or
21 annual) salary obtained by dividing the total salary or
22 earnings calculated under the Article applicable to the member
23 or participant during the last 120 months (or 10 years) of
24 service in which the total salary or earnings calculated under
25 the applicable Article was the highest by the number of months
26 (or years) of service in that period. For the purposes of a

1 person who first becomes a member or participant of an affected
2 pension fund on or after 6 months after the ordinance or
3 resolution date, in this Code, "final average salary" shall be
4 substituted for the following:

5 (1) In Articles 8, 9, 10, 11, and 12, "highest average
6 annual salary for any 4 consecutive years within the last
7 10 years of service immediately preceding the date of
8 withdrawal".

9 (2) In Article 17, "average salary".

10 (e) Beginning 6 months after the resolution or ordinance
11 date, for all purposes under this Code (including without
12 limitation the calculation of benefits and employee
13 contributions), the annual earnings, salary, or wages (based on
14 the plan year) of a member or participant to whom this Section
15 applies shall not at any time exceed the federal Social
16 Security Wage Base then in effect.

17 (f) A member or participant is entitled to a retirement
18 annuity upon written application if he or she has attained the
19 normal retirement age determined by the Social Security
20 Administration for that member or participant's year of birth,
21 but no earlier than 67 years of age, and has at least 10 years
22 of service credit and is otherwise eligible under the
23 requirements of the applicable Article.

24 (g) The amount of the retirement annuity to which a member
25 or participant is entitled shall be computed by multiplying
26 1.25% for each year of service credit by his or her final

1 average salary.

2 (h) Any retirement annuity or supplemental annuity shall be
3 subject to annual increases on the first anniversary of the
4 annuity start date. Each annual increase shall be one-half the
5 annual unadjusted percentage increase (but not less than zero)
6 in the consumer price index-w for the 12 months ending with the
7 September preceding each November 1 of the originally granted
8 retirement annuity. If the annual unadjusted percentage change
9 in the consumer price index-w for the 12 months ending with the
10 September preceding each November 1 is zero or there is a
11 decrease, then the annuity shall not be increased.

12 For the purposes of this Section, "consumer price index-w"
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 Urban Wage
16 Earners and Clerical Workers, United States city average, all
17 items, 1982-84 = 100. The new amount resulting from each annual
18 adjustment shall be determined by the Public Pension Division
19 of the Department of Insurance and made available to the boards
20 of the retirement systems and pension funds by November 1 of
21 each year.

22 (i) The initial survivor's or widow's annuity of an
23 otherwise eligible survivor or widow of a retired member or
24 participant who first became a member or participant on or
25 after 6 months after the resolution or ordinance date shall be
26 in the amount of 66 2/3% of the retired member's or

1 participant's retirement annuity at the date of death. In the
2 case of the death of a member or participant who has not
3 retired and who first became a member or participant on or
4 after 6 months after the resolution or ordinance date,
5 eligibility for a survivor's or widow's annuity shall be
6 determined by the applicable Article of this Code. The benefit
7 shall be 66 2/3% of the earned annuity without a reduction due
8 to age. A child's annuity of an otherwise eligible child shall
9 be in the amount prescribed under each Article if applicable.

10 (j) In lieu of any other employee contributions, except for
11 the contribution to the defined contribution plan under
12 subsection (k) of this Section, each employee shall contribute
13 6.2% of his her or salary to the affected pension fund.
14 However, the employee contribution under this subsection shall
15 not exceed the amount of the normal cost of the benefits under
16 this Section (except for the defined contribution plan under
17 subsection (k) of this Section), expressed as a percentage of
18 payroll and determined on or before November 1 of each year by
19 the board of trustees of the affected pension fund. If the
20 board of trustees of the affected pension fund determines that
21 the 6.2% employee contribution rate exceeds the normal cost of
22 the benefits under this Section (except for the defined
23 contribution plan under subsection (k) of this Section), then
24 on or before December 1 of that year, the board of trustees
25 shall certify the amount of the normal cost of the benefits
26 under this Section (except for the defined contribution plan

1 under subsection (k) of this Section), expressed as a
2 percentage of payroll, to the State Actuary and the Commission
3 on Government Forecasting and Accountability, and the employee
4 contribution under this subsection shall be reduced to that
5 amount beginning January 1 of the following year. Thereafter,
6 if the normal cost of the benefits under this Section (except
7 for the defined contribution plan under subsection (k) of this
8 Section), expressed as a percentage of payroll and determined
9 on or before November 1 of each year by the board of trustees
10 of the affected pension fund, exceeds 6.2% of salary, then on
11 or before December 1 of that year, the board of trustees shall
12 certify the normal cost to the State Actuary and the Commission
13 on Government Forecasting and Accountability, and the employee
14 contributions shall revert back to 6.2% of salary beginning
15 January 1 of the following year.

16 (k) No later than 5 months after the resolution or
17 ordinance date, an affected pension fund shall prepare and
18 implement a defined contribution plan for members or
19 participants who are subject to this Section. The defined
20 contribution plan developed under this subsection shall be a
21 plan that aggregates employer and employee contributions in
22 individual participant accounts which, after meeting any other
23 requirements, are used for payouts after retirement in
24 accordance with this subsection and any other applicable laws.

25 (1) Each member or participant shall contribute a
26 minimum of 4% of his or her salary to the defined

1 contribution plan.

2 (2) For each participant in the defined contribution
3 plan who has been employed with the same employer for at
4 least one year, employer contributions shall be paid into
5 that participant's accounts at a rate expressed as a
6 percentage of salary. This rate may be set for individual
7 employees, but shall be no higher than 6% of salary and
8 shall be no lower than 2% of salary.

9 (3) Employer contributions shall vest when those
10 contributions are paid into a member's or participant's
11 account.

12 (4) 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 (5) The defined contribution plan shall provide a
17 variety of options for payouts to retirees and their
18 survivors.

19 (6) To the extent authorized under federal law and as
20 authorized by the affected pension fund, the defined
21 contribution plan shall allow former participants in the
22 plan to transfer or roll over employee and employer
23 contributions, and the earnings thereon, into other
24 qualified retirement plans.

25 (7) Each affected pension fund shall reduce the
26 employee contributions credited to the member's defined

1 contribution plan account by an amount determined by that
2 affected pension fund to cover the cost of offering the
3 benefits under this subsection and any applicable
4 administrative fees.

5 (8) No person shall begin participating in the defined
6 contribution plan until it has attained qualified plan
7 status and received all necessary approvals from the U.S.
8 Internal Revenue Service.

9 (1) By accepting the benefits under this Section, a member
10 or participant acknowledges and consents that benefits once
11 earned may not be diminished, but that future benefits may be
12 modified, including, but not limited to, changes in the
13 retirement age at which a member or participant becomes
14 eligible to receive future benefits, changes in the amount of
15 the automatic annual increase for those future benefits, or the
16 amount of the retirement annuity. Any increase in benefits
17 under this Section does not apply unless it is approved by
18 resolution or ordinance of the governing body of the unit of
19 local government with regard to the members or participants
20 under that unit of local government.

21 (m) In the case of a conflict between the provisions of
22 this Section and any other provision of this Code, the
23 provisions of this Section shall control.

24 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

25 Sec. 2-101. Creation of system. A retirement system is

1 created to provide retirement annuities, survivor's annuities
2 and other benefits for certain members of the General Assembly,
3 certain elected state officials, and their beneficiaries.

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

8 Participation in the retirement system created under this
9 Article is restricted to persons who became participants before
10 the effective date of this amendatory Act of the 100th General
11 Assembly. Beginning on that date, the System shall not accept
12 any new participants.

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

14 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

15 Sec. 2-105. Member. "Member": Members of the General
16 Assembly of this State, including persons who enter military
17 service while a member of the General Assembly, and any person
18 serving as Governor, Lieutenant Governor, Secretary of State,
19 Treasurer, Comptroller, or Attorney General for the period of
20 service in such office.

21 Any person who has served for 10 or more years as Clerk or
22 Assistant Clerk of the House of Representatives, Secretary or
23 Assistant Secretary of the Senate, or any combination thereof,
24 may elect to become a member of this system while thenceforth
25 engaged in such service by filing a written election with the

1 board. Any person so electing shall be deemed an active member
2 of the General Assembly for the purpose of validating and
3 transferring any service credits earned under any of the funds
4 and systems established under Articles 3 through 18 of this
5 Code.

6 However, notwithstanding any other provision of this
7 Article, a person shall not be deemed a member for the purposes
8 of this Article unless he or she became a participant of the
9 System before the effective date of this amendatory Act of the
10 100th General Assembly.

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

12 (40 ILCS 5/2-105.3 new)

13 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
14 participant who first became a participant before January 1,
15 2011.

16 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

17 Sec. 2-107. Participant. "Participant": Any member who
18 elects to participate; and any former member who elects to
19 continue participation under Section 2-117.1, for the duration
20 of such continued participation. However, notwithstanding any
21 other provision of this Article, a person shall not be deemed a
22 participant for the purposes of this Article unless he or she
23 became a participant of the System before the effective date of
24 this amendatory Act of the 100th General Assembly.

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

2 (40 ILCS 5/2-107.9 new)

3 Sec. 2-107.9. Future increase in income. "Future increase
4 in income" means an increase to a Tier 1 employee's base pay
5 that is offered to the Tier 1 employee for service under this
6 Article after June 30, 2018 that qualifies as "salary", as
7 defined in Section 2-108, or would qualify as "salary" but for
8 the fact that it was offered to and accepted by the Tier 1
9 employee under the condition set forth in subsection (c) of
10 Section 2-110.3.

11 (40 ILCS 5/2-107.10 new)

12 Sec. 2-107.10. Base pay. As used in Section 2-107.9 of
13 this Code, "base pay" means the Tier 1 employee's annualized
14 rate of salary as of June 30, 2018. For a person returning to
15 active service as a Tier 1 employee after June 30, 2018,
16 however, "base pay" means the employee's annualized rate of
17 salary as of the employee's last date of service prior to July
18 1, 2018. The System shall calculate the base pay of each Tier 1
19 employee pursuant to this Section.

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

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

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

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

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

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

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

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

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

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

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

7 (40 ILCS 5/2-110.3 new)

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

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

11 (1) to agree to delay his or her eligibility for
12 automatic annual increases in retirement annuity as
13 provided in subsection (a-1) of Section 2-119.1 and to have
14 the amount of the automatic annual increases in his or her
15 retirement annuity and survivor's annuity that are
16 otherwise provided for in this Article calculated,
17 instead, as provided in subsection (a-1) of Section
18 2-119.1; or

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

20 The election required under this subsection (a) shall be
21 made by each active Tier 1 employee no earlier than January 1,
22 2018 and no later than March 31, 2018, except that a person who
23 returns to active service as a Tier 1 employee under this
24 Article on or after January 1, 2018 and has not yet made an
25 election under this Section must make the election under this

1 subsection (a) within 60 days after returning to active service
2 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 the State of Illinois shall be expressly and irrevocably

1 prohibited from offering any future increases in income to a
2 Tier 1 employee who has made an election under paragraph (1) of
3 subsection (a) of this Section on the condition of not
4 constituting salary under Section 2-108.

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 Section 2-126 before the
12 effective date of that election. The State Comptroller shall
13 pay the consideration payment to the Tier 1 employee out of
14 funds appropriated for that purpose under Section 1.9 of the
15 State Pension Funds Continuing Appropriation Act. The System
16 shall calculate the amount of each consideration payment and,
17 by July 1, 2018, shall certify to the State Comptroller the
18 amount of the consideration payment, together with the name,
19 address, and any other available payment information of the
20 Tier 1 employee as found in the records of the System. The
21 System shall make additional calculations and certifications
22 of consideration payments to the State Comptroller as the
23 System deems necessary.

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

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

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

19 Tier 1 employees who are subject to this Section shall be
20 provided with an election packet containing information
21 regarding their options, as well as the forms necessary to make
22 the required election. Upon request, the System shall offer
23 Tier 1 employees an opportunity to receive information from the
24 System before making the required election. The information may
25 be provided through video materials, group presentations,
26 individual consultation with a member or authorized

1 representative of the System in person or by telephone or other
2 electronic means, or any combination of those methods. The
3 System shall not provide advice or counseling with respect to
4 which election a Tier 1 employee should make or specific to the
5 legal or tax circumstances of or consequences to the Tier 1
6 employee.

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

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

21 (e) Notwithstanding any other provision of law, each future
22 increase in income offered by the State of Illinois for service
23 as a member must be offered expressly and irrevocably on the
24 condition of not constituting "salary" under Section 2-108 to
25 any Tier 1 employee who has made an election under paragraph
26 (2) of subsection (a) of this Section. The offer shall also

1 provide that the Tier 1 employee's acceptance of the offered
2 future increase in income shall constitute his or her agreement
3 to the condition set forth in this subsection.

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

8 (f) A member's election under this Section is not a
9 prohibited election under subdivision (j)(1) of Section 1-119
10 of this Code.

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

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

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

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

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

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

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

26 (2) The amount of each automatic annual increase in

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

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

22 (b) Beginning January 1, 1990, for eligible participants
23 who remain in service after attaining 20 years of creditable
24 service, the 3% increases provided under subsection (a) shall
25 begin to accrue on the January 1 next following the date upon
26 which the participant (1) attains age 55, or (2) attains 20

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

10 This subsection (b) does not apply to any person who first
11 becomes a member of the System after August 8, 2003 (the
12 effective date of Public Act 93-494) ~~this amendatory Act of the~~
13 ~~93rd General Assembly.~~

14 (b-5) Notwithstanding any other provision of this Article,
15 a participant who first becomes a participant on or after
16 January 1, 2011 (the effective date of Public Act 96-889)
17 shall, in January or July next following the first anniversary
18 of retirement, whichever occurs first, and in the same month of
19 each year thereafter, but in no event prior to age 67, have the
20 amount of the retirement annuity then being paid increased by
21 3% or the annual unadjusted percentage increase in the Consumer
22 Price Index for All Urban Consumers as determined by the Public
23 Pension Division of the Department of Insurance under
24 subsection (a) of Section 2-108.1, whichever is less.

25 (c) The foregoing provisions relating to automatic
26 increases are not applicable to a participant who retires

1 before having made contributions (at the rate prescribed in
2 Section 2-126) for automatic increases for less than the
3 equivalent of one full year. However, in order to be eligible
4 for the automatic increases, such a participant may make
5 arrangements to pay to the system the amount required to bring
6 the total contributions for the automatic increase to the
7 equivalent of one year's contributions based upon his or her
8 last salary.

9 (d) A participant who terminated service prior to July 1,
10 1967, with at least 14 years of service is entitled to an
11 increase in retirement annuity beginning January, 1976, and to
12 additional increases in January of each year thereafter.

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

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

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

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

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

4 Sec. 2-124. Contributions by State.

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

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

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

1 participants in the defined contribution plan under Section
2 2-165.1, over the years remaining to and including fiscal year
3 2045 and shall be determined under the projected unit credit
4 actuarial cost method.

5 For State fiscal year 2019:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 Sec. 2-126. Contributions by participants.

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

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

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

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

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

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

1 System.

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

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

18 (g) Notwithstanding subsection (f) of this Section,
19 beginning July 1, 2018 or the effective date of the Tier 1
20 employee's election under paragraph (1) of subsection (a) of
21 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 and has elected to cease
25 making contributions for survivor's annuity under subsection
26 (b) of this Section, shall contribute 8.55% of each payment of

1 salary toward the cost of his or her retirement annuity.

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

3 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

6 Sec. 2-134. To certify required State contributions and
7 submit vouchers.

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

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

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

12 On or before May 1, 2004, 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 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

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

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

3 As soon as practical after the effective date of this
4 amendatory Act of the 100th General Assembly, the Board shall
5 recalculate and recertify to the State Actuary, the Governor,
6 and the General Assembly the amount of the State contribution
7 to the System for State fiscal year 2018, taking into account
8 the changes in required State contributions made by this
9 amendatory Act of the 100th General Assembly. The State Actuary
10 shall review the assumptions and valuations underlying the
11 Board's revised certification and issue a preliminary report
12 concerning the proposed recertification and identifying, if
13 necessary, recommended changes in actuarial assumptions that
14 the Board must consider before finalizing its certification of
15 the required State contributions. The Board's final
16 certification must note any deviations from the State Actuary's
17 recommended changes, the reason or reasons for not following
18 the State Actuary's recommended changes, and the fiscal impact
19 of not following the State Actuary's recommended changes on the
20 required State contribution.

21 On or before May 1, 2018, the Board shall recalculate and
22 recertify to the Governor and the General Assembly the amount
23 of the required State contribution to the System for State
24 fiscal year 2019, taking into account the effect on the
25 System's liabilities of the elections made under Section
26 2-110.3.

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

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

1 appropriation authority provided in Section 1.1 of the State
2 Pension Funds Continuing Appropriation Act.

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

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

12 (40 ILCS 5/2-162)

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

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

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

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

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

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

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

26 (d) Every new benefit increase shall expire 5 years after

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

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

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

17 (40 ILCS 5/2-165.1 new)

18 Sec. 2-165.1. Defined contribution plan.

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

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

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

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

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

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

1 adjust this rate annually.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 impact of the option set forth in this Section.

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

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

11 (h) The Illinois State Board of Investments shall be the
12 plan sponsor for the defined contribution plan established
13 under this Section.

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

20 (40 ILCS 5/2-166.1 new)

21 Sec. 2-166.1. Defined contribution plan; termination. If
22 the defined contribution plan is terminated or becomes
23 inoperative pursuant to law, then each participant in the plan
24 shall automatically be deemed to have been a contributing Tier
25 1 employee in the System's defined benefit plan during the time

1 in which he or she participated in the defined contribution
2 plan, and for that purpose the System shall be entitled to
3 recover the amounts in the participant's defined contribution
4 accounts.

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

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

8 Sec. 14-103.10. Compensation.

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

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

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

1 January 1, 1981, but excluding lump sum salary payments:

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

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

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

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

- 26 (1) for vacation;

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

4 (f) Notwithstanding the other provisions of this Section,
5 for service on or after July 1, 2013, "compensation" does not
6 include any stipend payable to an employee for service on a
7 board or commission.

8 (g) Notwithstanding any other provision of this Section,
9 "compensation" does not include any future increase in income
10 that is offered for service by a department to a Tier 1
11 employee under this Article pursuant to the condition set forth
12 in subsection (c) of Section 14-106.5 and accepted under that
13 condition by a Tier 1 employee who has made the election under
14 paragraph (2) of subsection (a) of Section 14-106.5.

15 (h) Notwithstanding any other provision of this Section,
16 "compensation" does not include any consideration payment made
17 to a Tier 1 employee.

18 (Source: P.A. 98-449, eff. 8-16-13.)

19 (40 ILCS 5/14-103.41 new)

20 Sec. 14-103.41. Tier 1 employee. "Tier 1 employee": An
21 employee under this Article who first became a member or
22 participant before January 1, 2011 under any reciprocal
23 retirement system or pension fund established under this Code
24 other than a retirement system or pension fund established
25 under Article 2, 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/14-103.42 new)

2 Sec. 14-103.42. Future increase in income. "Future
3 increase in income" means an increase to a Tier 1 employee's
4 base pay that is offered by a department to the Tier 1 employee
5 for service under this Article after June 30, 2019 that
6 qualifies as "compensation", as defined in Section 14-103.10,
7 or would qualify as "compensation" but for the fact that it was
8 offered to and accepted by the Tier 1 employee under the
9 condition set forth in subsection (c) of Section 14-106.5. The
10 term "future increase in income" includes an increase to a Tier
11 1 employee's base pay that is paid to the Tier 1 employee
12 pursuant to an extension, amendment, or renewal of any
13 employment contract or collective bargaining agreement after
14 the effective date of this Section.

15 (40 ILCS 5/14-103.43 new)

16 Sec. 14-103.43. Base pay. As used in Section 14-103.42 of
17 this Code, "base pay" means the greater of either (i) the Tier
18 1 employee's annualized rate of compensation as of June 30,
19 2019, or (ii) the Tier 1 employee's annualized rate of
20 compensation immediately preceding the expiration, renewal, or
21 amendment of an employment contract or collective bargaining
22 agreement in effect on the effective date of this Section. For
23 a person returning to active service as a Tier 1 employee after
24 June 30, 2019, however, "base pay" means the employee's

1 annualized rate of compensation as of the employee's last date
2 of service prior to July 1, 2019. The System shall calculate
3 the base pay of each Tier 1 employee pursuant to this Section.

4 (40 ILCS 5/14-106.5 new)

5 Sec. 14-106.5. Election by Tier 1 employees.

6 (a) Each active Tier 1 employee shall make an irrevocable
7 election either:

8 (1) to agree to delay his or her eligibility for
9 automatic annual increases in retirement annuity as
10 provided in subsection (a-1) of Section 14-114 and to have
11 the amount of the automatic annual increases in his or her
12 retirement annuity and survivors or widow's annuity that
13 are otherwise provided for in this Article calculated,
14 instead, as provided in subsection (a-1) of Section 14-114;

15 or

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

17 The election required under this subsection (a) shall be
18 made by each active Tier 1 employee no earlier than January 1,
19 2019 and no later than March 31, 2019, except that:

20 (i) a person who becomes a Tier 1 employee under this
21 Article on or after January 1, 2019 must make the election
22 under this subsection (a) within 60 days after becoming a
23 Tier 1 employee; and

24 (ii) a person who returns to active service as a Tier 1
25 employee under this Article on or after January 1, 2019 and

1 has not yet made an election under this Section must make
2 the election under this subsection (a) within 60 days after
3 returning to active service as a Tier 1 employee.

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

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

18 (a-10) All elections under subsection (a) that are made or
19 deemed to be made before July 1, 2019 shall take effect on July
20 1, 2019. Elections that are made or deemed to be made on or
21 after July 1, 2019 shall take effect on the first day of the
22 month following the month in which the election is made or
23 deemed to be made.

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

1 the department shall be expressly and irrevocably prohibited
2 from offering any future increases in income to a Tier 1
3 employee who has made an election under paragraph (1) of
4 subsection (a) of this Section on the condition of not
5 constituting compensation under Section 14-103.10.

6 As adequate and legal consideration provided under this
7 amendatory Act of the 100th General Assembly for making an
8 election under paragraph (1) of subsection (a) of this Section,
9 each Tier 1 employee who has made an election under paragraph
10 (1) of subsection (a) of this Section shall receive a
11 consideration payment equal to 10% of the contributions made by
12 or on behalf of the employee before the effective date of that
13 election. The State Comptroller shall pay the consideration
14 payment to the Tier 1 employee out of funds appropriated for
15 that purpose under Section 1.9 of the State Pension Funds
16 Continuing Appropriation Act. The System shall calculate the
17 amount of each consideration payment and, by July 1, 2019,
18 shall 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. The System shall make
22 additional calculations and certifications of consideration
23 payments to the State Comptroller as it deems necessary.

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

1 However, each future increase in income offered by a department
2 under this Article to a Tier 1 employee who has made the
3 election under paragraph (2) of subsection (a) of this Section
4 shall be offered by the department expressly and irrevocably on
5 the condition of not constituting compensation under Section
6 14-103.10 and that the Tier 1 employee's acceptance of the
7 offered future increase in income shall constitute his or her
8 agreement to that condition.

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

19 Tier 1 employees who are subject to this Section shall be
20 provided with an election packet containing information
21 regarding their options, as well as the forms necessary to make
22 the required election. Upon request, the System shall offer
23 Tier 1 employees an opportunity to receive information from the
24 System before making the required election. The information may
25 consist of video materials, group presentations, individual
26 consultation with a member or authorized representative of the

1 System in person or by telephone or other electronic means, or
2 any combination of those methods. The System shall not provide
3 advice or counseling with respect to which election a Tier 1
4 employee should make or specific to the legal or tax
5 circumstances of or consequences to the Tier 1 employee.

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

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

20 (e) Notwithstanding any other provision of law, a
21 department under this Article is required to offer each future
22 increase in income expressly and irrevocably on the condition
23 of not constituting "compensation" under Section 14-103.10 to
24 any Tier 1 employee who has made an election under paragraph
25 (2) of subsection (a) of this Section. The offer shall also
26 provide that the Tier 1 employee's acceptance of the offered

1 future increase in income shall constitute his or her agreement
2 to the condition set forth in this subsection.

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

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

10 (g) No provision of this Section shall be interpreted in a
11 way that would cause the System to cease to be a qualified plan
12 under Section 401(a) of the Internal Revenue Code of 1986. The
13 provisions of this Section shall be subject to and implemented
14 in a manner that complies with Section 21 of Article V of the
15 Illinois Constitution.

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

24 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

1 which has been held unconstitutional)

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

3 (a) Subject to the provisions of subsections (a-1), any ~~Any~~
4 person receiving a retirement annuity under this Article who
5 retires having attained age 60, or who retires before age 60
6 having at least 35 years of creditable service, or who retires
7 on or after January 1, 2001 at an age which, when added to the
8 number of years of his or her creditable service, equals at
9 least 85, shall, on January 1 next following the first full
10 year of retirement, have the amount of the then fixed and
11 payable monthly retirement annuity increased 3%. Any person
12 receiving a retirement annuity under this Article who retires
13 before attainment of age 60 and with less than (i) 35 years of
14 creditable service if retirement is before January 1, 2001, or
15 (ii) the number of years of creditable service which, when
16 added to the member's age, would equal 85, if retirement is on
17 or after January 1, 2001, shall have the amount of the fixed
18 and payable retirement annuity increased by 3% on the January 1
19 occurring on or next following (1) attainment of age 60, or (2)
20 the first anniversary of retirement, whichever occurs later.
21 However, for persons who receive the alternative retirement
22 annuity under Section 14-110, references in this subsection (a)
23 to attainment of age 60 shall be deemed to refer to attainment
24 of age 55. For a person receiving early retirement incentives
25 under Section 14-108.3 whose retirement annuity began after
26 January 1, 1992 pursuant to an extension granted under

1 subsection (e) of that Section, the first anniversary of
2 retirement shall be deemed to be January 1, 1993. For a person
3 who retires on or after June 28, 2001 and on or before October
4 1, 2001, and whose retirement annuity is calculated, in whole
5 or in part, under Section 14-110 or subsection (g) or (h) of
6 Section 14-108, the first anniversary of retirement shall be
7 deemed to be January 1, 2002.

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

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

16 (a-1) Notwithstanding any other provision of this Article,
17 for a Tier 1 employee who made the election under paragraph (1)
18 of subsection (a) of Section 14-106.5:

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

24 (2) The amount of each automatic annual increase in
25 retirement annuity or survivors or widow's annuity
26 occurring on or after the effective date of that election

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

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

20 (b) The provisions of subsection (a) of this Section shall
21 be applicable to an employee only if the employee makes the
22 additional contributions required after December 31, 1969 for
23 the purpose of the automatic increases for not less than the
24 equivalent of one full year. If an employee becomes an
25 annuitant before his additional contributions equal one full
26 year's contributions based on his salary at the date of

1 retirement, the employee may pay the necessary balance of the
2 contributions to the system, without interest, and be eligible
3 for the increasing annuity authorized by this Section.

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

9 (d) In addition to other increases which may be provided by
10 this Section, on January 1, 1981 any annuitant who was
11 receiving a retirement annuity on or before January 1, 1971
12 shall have his retirement annuity then being paid increased \$1
13 per month for each year of creditable service. On January 1,
14 1982, any annuitant who began receiving a retirement annuity on
15 or before January 1, 1977, shall have his retirement annuity
16 then being paid increased \$1 per month for each year of
17 creditable service.

18 On January 1, 1987, any annuitant who began receiving a
19 retirement annuity on or before January 1, 1977, shall have the
20 monthly retirement annuity increased by an amount equal to 8¢
21 per year of creditable service times the number of years that
22 have elapsed since the annuity began.

23 (e) Every person who receives the alternative retirement
24 annuity under Section 14-110 and who is eligible to receive the
25 3% increase under subsection (a) on January 1, 1986, shall also
26 receive on that date a one-time increase in retirement annuity

1 equal to the difference between (1) his actual retirement
2 annuity on that date, including any increases received under
3 subsection (a), and (2) the amount of retirement annuity he
4 would have received on that date if the amendments to
5 subsection (a) made by Public Act 84-162 had been in effect
6 since the date of his retirement.

7 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
8 92-651, eff. 7-11-02.)

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 (except as
11 otherwise provided for fiscal year 2020), the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 90% of
15 the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of total payroll, including payroll that is
19 not deemed pensionable, over the years remaining to and
20 including fiscal year 2045 and shall be determined under the
21 projected unit credit actuarial cost method.

22 For State fiscal year 2020:

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

25 (2) For purposes of the recertification due on or
26 before May 1, 2019, the recalculation of the required State

1 contribution for fiscal year 2020 shall take into account
2 the effect on the System's liabilities of the elections
3 made under Section 14-106.5.

4 (3) For purposes of the recertification due on or
5 before October 1, 2019, the total required State
6 contribution for fiscal year 2020 shall be reduced by the
7 amount of the consideration payments made to Tier 1
8 employees who made the election under paragraph (1) of
9 subsection (a) of Section 14-106.5.

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

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

1 level percentage of payroll over the years remaining to and
2 including fiscal year 2045 and shall be determined under the
3 projected unit credit actuarial cost method.

4 For State fiscal years 1996 through 2005, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 so that by State fiscal year 2011, the State is contributing at
8 the rate required under this Section; except that (i) for State
9 fiscal year 1998, for all purposes of this Code and any other
10 law of this State, the certified percentage of the applicable
11 employee payroll shall be 5.052% for employees earning eligible
12 creditable service under Section 14-110 and 6.500% for all
13 other employees, notwithstanding any contrary certification
14 made under Section 14-135.08 before the effective date of this
15 amendatory Act of 1997, and (ii) in the following specified
16 State fiscal years, the State contribution to the System shall
17 not be less than the following indicated percentages of the
18 applicable employee payroll, even if the indicated percentage
19 will produce a State contribution in excess of the amount
20 otherwise required under this subsection and subsection (a):
21 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
22 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution to the System for State
2 fiscal year 2007 is \$344,164,400.

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 General Revenue Fund contribution for
11 State fiscal year 2010 is \$723,703,100 and shall be made from
12 the proceeds of bonds sold in fiscal year 2010 pursuant to
13 Section 7.2 of the General Obligation Bond Act, less (i) the
14 pro rata share of bond sale expenses determined by the System's
15 share of total bond proceeds, (ii) any amounts received from
16 the General Revenue Fund in fiscal year 2010, and (iii) any
17 reduction in bond proceeds due to the issuance of discounted
18 bonds, if applicable.

19 Notwithstanding any other provision of this Article, the
20 total required State General Revenue Fund contribution for
21 State fiscal year 2011 is the amount recertified by the System
22 on or before April 1, 2011 pursuant to Section 14-135.08 and
23 shall be made from the proceeds of bonds sold in fiscal year
24 2011 pursuant to Section 7.2 of the General Obligation Bond
25 Act, less (i) the pro rata share of bond sale expenses
26 determined by the System's share of total bond proceeds, (ii)

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

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

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter, as calculated
23 under this Section and certified under Section 14-135.08, shall
24 not exceed an amount equal to (i) the amount of the required
25 State contribution that would have been calculated under this
26 Section for that fiscal year if the System had not received any

1 payments under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act, minus (ii) the portion of the State's
3 total debt service payments for that fiscal year on the bonds
4 issued in fiscal year 2003 for the purposes of that Section
5 7.2, as determined and certified by the Comptroller, that is
6 the same as the System's portion of the total moneys
7 distributed under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act. In determining this maximum for State
9 fiscal years 2008 through 2010, however, the amount referred to
10 in item (i) shall be increased, as a percentage of the
11 applicable employee payroll, in equal increments calculated
12 from the sum of the required State contribution for State
13 fiscal year 2007 plus the applicable portion of the State's
14 total debt service payments for fiscal year 2007 on the bonds
15 issued in fiscal year 2003 for the purposes of Section 7.2 of
16 the General Obligation Bond Act, so that, by State fiscal year
17 2011, the State is contributing at the rate otherwise required
18 under this Section.

19 (f) After the submission of all payments for eligible
20 employees from personal services line items in fiscal year 2004
21 have been made, the Comptroller shall provide to the System a
22 certification of the sum of all fiscal year 2004 expenditures
23 for personal services that would have been covered by payments
24 to the System under this Section if the provisions of this
25 amendatory Act of the 93rd General Assembly had not been
26 enacted. Upon receipt of the certification, the System shall

1 determine the amount due to the System based on the full rate
2 certified by the Board under Section 14-135.08 for fiscal year
3 2004 in order to meet the State's obligation under this
4 Section. The System shall compare this amount due to the amount
5 received by the System in fiscal year 2004 through payments
6 under this Section and under Section 6z-61 of the State Finance
7 Act. If the amount due is more than the amount received, the
8 difference shall be termed the "Fiscal Year 2004 Shortfall" for
9 purposes of this Section, and the Fiscal Year 2004 Shortfall
10 shall be satisfied under Section 1.2 of the State Pension Funds
11 Continuing Appropriation Act. If the amount due is less than
12 the amount received, the difference shall be termed the "Fiscal
13 Year 2004 Overpayment" for purposes of this Section, and the
14 Fiscal Year 2004 Overpayment shall be repaid by the System to
15 the Pension Contribution Fund as soon as practicable after the
16 certification.

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

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

1 5-year period following that fiscal year.

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

6 (i) After the submission of all payments for eligible
7 employees from personal services line items paid from the
8 General Revenue Fund in fiscal year 2010 have been made, the
9 Comptroller shall provide to the System a certification of the
10 sum of all fiscal year 2010 expenditures for personal services
11 that would have been covered by payments to the System under
12 this Section if the provisions of this amendatory Act of the
13 96th General Assembly had not been enacted. Upon receipt of the
14 certification, the System shall determine the amount due to the
15 System based on the full rate certified by the Board under
16 Section 14-135.08 for fiscal year 2010 in order to meet the
17 State's obligation under this Section. The System shall compare
18 this amount due to the amount received by the System in fiscal
19 year 2010 through payments under this Section. If the amount
20 due is more than the amount received, the difference shall be
21 termed the "Fiscal Year 2010 Shortfall" for purposes of this
22 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
23 under Section 1.2 of the State Pension Funds Continuing
24 Appropriation Act. If the amount due is less than the amount
25 received, the difference shall be termed the "Fiscal Year 2010
26 Overpayment" for purposes of this Section, and the Fiscal Year

1 2010 Overpayment shall be repaid by the System to the General
2 Revenue Fund as soon as practicable after the certification.

3 (j) After the submission of all payments for eligible
4 employees from personal services line items paid from the
5 General Revenue Fund in fiscal year 2011 have been made, the
6 Comptroller shall provide to the System a certification of the
7 sum of all fiscal year 2011 expenditures for personal services
8 that would have been covered by payments to the System under
9 this Section if the provisions of this amendatory Act of the
10 96th General Assembly had not been enacted. Upon receipt of the
11 certification, the System shall determine the amount due to the
12 System based on the full rate certified by the Board under
13 Section 14-135.08 for fiscal year 2011 in order to meet the
14 State's obligation under this Section. The System shall compare
15 this amount due to the amount received by the System in fiscal
16 year 2011 through payments under this Section. If the amount
17 due is more than the amount received, the difference shall be
18 termed the "Fiscal Year 2011 Shortfall" for purposes of this
19 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
20 under Section 1.2 of the State Pension Funds Continuing
21 Appropriation Act. If the amount due is less than the amount
22 received, the difference shall be termed the "Fiscal Year 2011
23 Overpayment" for purposes of this Section, and the Fiscal Year
24 2011 Overpayment shall be repaid by the System to the General
25 Revenue Fund as soon as practicable after the certification.

26 (k) For fiscal years 2012 through 2017 only, after the

1 submission of all payments for eligible employees from personal
2 services line items paid from the General Revenue Fund in the
3 fiscal year have been made, the Comptroller shall provide to
4 the System a certification of the sum of all expenditures in
5 the fiscal year for personal services. Upon receipt of the
6 certification, the System shall determine the amount due to the
7 System based on the full rate certified by the Board under
8 Section 14-135.08 for the fiscal year in order to meet the
9 State's obligation under this Section. The System shall compare
10 this amount due to the amount received by the System for the
11 fiscal year. If the amount due is more than the amount
12 received, the difference shall be termed the "Prior Fiscal Year
13 Shortfall" for purposes of this Section, and the Prior Fiscal
14 Year Shortfall shall be satisfied under Section 1.2 of the
15 State Pension Funds Continuing Appropriation Act. If the amount
16 due is less than the amount received, the difference shall be
17 termed the "Prior Fiscal Year Overpayment" for purposes of this
18 Section, and the Prior Fiscal Year Overpayment shall be repaid
19 by the System to the General Revenue Fund as soon as
20 practicable after the certification.

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

23 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

2 (a) Except as provided in subsection (a-5), each ~~Each~~
3 participating employee shall make contributions to the System,
4 based on the employee's compensation, as follows:

5 (1) Covered employees, except as indicated below, 3.5%
6 for retirement annuity, and 0.5% for a widow or survivors
7 annuity;

8 (2) Noncovered employees, except as indicated below,
9 7% for retirement annuity and 1% for a widow or survivors
10 annuity;

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

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

23 (5) Each security employee of the Department of
24 Corrections or of the Department of Human Services who is a
25 covered employee, 0.5% for a widow or survivors annuity
26 plus the following amount for retirement annuity: 5%

1 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
2 in 2004 and thereafter;

3 (6) Each security employee of the Department of
4 Corrections or of the Department of Human Services who is
5 not a covered employee, 1% for a widow or survivors annuity
6 plus the following amount for retirement annuity: 8.5%
7 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
8 11.5% in 2004 and thereafter.

9 (a-5) Beginning July 1, 2019 or the effective date of the
10 Tier 1 employee's election under paragraph (1) of subsection
11 (a) of Section 14-106.5, whichever is later, in lieu of the
12 contributions otherwise required under subsection (a), each
13 Tier 1 employee who made the election under paragraph (1) of
14 subsection (a) of Section 14-106.5 who is a participating
15 employee shall make contributions to the System, based on his
16 or her compensation, as follows:

17 (1) Covered employees, except as indicated below,
18 3.15% for retirement annuity, and 0.45% for a widow or
19 survivors annuity;

20 (2) Noncovered employees, except as indicated below,
21 6.3% for retirement annuity and 0.9% for a widow or
22 survivors annuity;

23 (3) Noncovered employees serving in a position in which
24 "eligible creditable service" as defined in Section 14-110
25 may be earned, 10.35% for retirement annuity and 0.9% for a
26 widow or survivors annuity;

1 (4) Covered employees serving in a position in which
2 "eligible creditable service" as defined in Section 14-110
3 may be earned, 7.2% for retirement annuity and 0.45% for a
4 widow or survivors annuity;

5 (5) Each security employee of the Department of
6 Corrections or of the Department of Human Services who is a
7 covered employee, 10.8% for retirement annuity and 0.45%
8 for a widow or survivors annuity;

9 (6) Each security employee of the Department of
10 Corrections or of the Department of Human Services who is
11 not a covered employee, 10.35% for retirement annuity and
12 0.9% for a widow or survivors annuity.

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

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

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

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

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

25 (a) To certify to the Governor and to each department, on

1 or before November 15 of each year until November 15, 2011, the
2 required rate for State contributions to the System for the
3 next State fiscal year, as determined under subsection (b) of
4 Section 14-131. The certification to the Governor under this
5 subsection (a) shall include a copy of the actuarial
6 recommendations upon which the rate is based and shall
7 specifically identify the System's projected State normal cost
8 for that fiscal year.

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

1 the fiscal impact of not following the State Actuary's
2 recommended changes on the required State contribution.

3 (a-10) For purposes of subsection (c-5) of Section 20 of
4 the Budget Stabilization Act, on or before November 1 of each
5 year beginning November 1, 2019, the Board shall determine the
6 amount of the State contribution to the System that would have
7 been required for the next fiscal year if Section 1-161,
8 Section 14-155.2, and the changes made to Section 1-160 by this
9 amendatory Act of the 100th General Assembly had not taken
10 effect, using the best and most recent available data but based
11 on the law in effect on May 31, 2019. The Board shall submit to
12 the State Actuary, the Governor, and the General Assembly a
13 proposed certification, along with the relevant law, actuarial
14 assumptions, calculations, and data upon which that
15 certification is based. On or before January 1, 2020 and every
16 January 1 thereafter, the State Actuary shall issue a
17 preliminary report concerning the proposed certification and
18 identifying, if necessary, recommended changes in actuarial
19 assumptions that the Board must consider before finalizing its
20 certification. On or before January 15, 2020 and every January
21 1 thereafter, the Board shall certify to the Governor and the
22 General Assembly the amount of the State contribution to the
23 System that would have been required for the next fiscal year
24 if Section 1-161, Section 14-155.2, and the changes made to
25 Section 1-160 by this amendatory Act of the 100th General
26 Assembly had not taken effect, using the best and most recent

1 available data but based on the law in effect on May 31, 2019.
2 The Board's certification must note any deviations from the
3 State Actuary's recommended changes, the reason or reasons for
4 not following the State Actuary's recommended changes, and the
5 impact of not following the State Actuary's recommended
6 changes.

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

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

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

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

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

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

1 Board's revised certification and issue a preliminary report
2 concerning the proposed recertification and identifying, if
3 necessary, recommended changes in actuarial assumptions that
4 the Board must consider before finalizing its certification of
5 the required State contributions. The Board's final
6 certification must note any deviations from the State Actuary's
7 recommended changes, the reason or reasons for not following
8 the State Actuary's recommended changes, and the fiscal impact
9 of not following the State Actuary's recommended changes on the
10 required State contribution.

11 On or before May 1, 2019, the Board shall recalculate and
12 recertify to the Governor and the General Assembly the amount
13 of the required State contribution to the System for State
14 fiscal year 2020, taking into account the effect on the
15 System's liabilities of the elections made under Section
16 14-106.5.

17 On or before October 1, 2019, the Board shall recalculate
18 and recertify to the Governor and the General Assembly the
19 amount of the required State contribution to the System for
20 State fiscal year 2020, taking into account the reduction
21 specified under item (3) of subsection (e) of Section 14-131.

22 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
23 97-694, eff. 6-18-12.)

24 (40 ILCS 5/14-147.5 new)

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

1 (a) As used in this Section:

2 "Eligible person" means a person who:

3 (1) has terminated service;

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

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

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

11 "Pension benefit" means the benefits under this Article, or
12 Article 1 as it relates to those benefits, including any
13 anticipated annual increases, that an eligible person is
14 entitled to upon attainment of the applicable retirement age.
15 "Pension benefit" also includes applicable survivor's or
16 disability benefits.

17 (b) Before January 1, 2019, and annually thereafter, the
18 System shall calculate, using actuarial tables and other
19 assumptions adopted by the Board, the net present value of
20 pension benefits for each eligible person and shall offer each
21 eligible person the opportunity to irrevocably elect to receive
22 an amount determined by the System to be equal to 70% of the
23 net present value of his or her pension benefits in lieu of
24 receiving any pension benefit. The offer shall specify the
25 dollar amount that the eligible person will receive if he or
26 she so elects and shall expire when a subsequent offer is made

1 to an eligible person or when the System determines that 10% of
2 eligible persons in that year have made the election under this
3 subsection, whichever occurs first. The System shall make a
4 good faith effort to contact every eligible person to notify
5 him or her of the election and of the amount of the accelerated
6 pension benefit payment.

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

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

26 (d) If a person who has received an accelerated pension

1 benefit payment under this Section returns to active service
2 under this Article, then:

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

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

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

23 (f) Before January 1, 2020 and every January 1 thereafter,
24 the Board shall certify to the Illinois Finance Authority and
25 the General Assembly the amount by which the total amount of
26 accelerated pension benefit payments made under this Section

1 exceed the amount appropriated to the System for the purpose of
2 making those payments.

3 (g) The Board shall adopt any rules necessary to implement
4 this Section.

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

8 (i) Notwithstanding any other provision of this Section, in
9 no case shall the total amount of accelerated pension benefit
10 payments paid under this Section, Section 15-185.5, and Section
11 16-190.5 cause the Illinois Finance Authority to issue more
12 than the \$250,000,000 of State Pension Obligation Acceleration
13 Bonds authorized in subsection (c-5) of Section 801-40 of the
14 Illinois Finance Authority Act.

15 (40 ILCS 5/14-152.1)

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

18 Sec. 14-152.1. Application and expiration of new benefit
19 increases.

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

1 however, does not include any benefit increase resulting from
2 the changes made to this Article by Public Act 96-37 or by this
3 amendatory Act of the 100th General Assembly ~~this amendatory~~
4 ~~Act of the 96th General Assembly.~~

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

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

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

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

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

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

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

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

21 (40 ILCS 5/14-155.1 new)

22 Sec. 14-155.1. Defined contribution plan.

23 (a) By July 1, 2019, the System shall prepare and implement
24 a voluntary defined contribution plan for up to 5% of eligible
25 active Tier 1 employees. The System shall determine the 5% cap

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

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

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

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

23 (3) State contributions shall be paid into the accounts
24 of all participants in the defined contribution plan at a
25 uniform rate, expressed as a percentage of compensation and
26 determined for each year. This rate shall be no higher than

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (e) In no event shall the System, its staff, its authorized
25 representatives, or the Board be liable for any information
26 given to an employee under this Section. The System may

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

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

10 (g) The System shall report on its progress under this
11 Section, including the available details of the defined
12 contribution plan and the System's plans for informing eligible
13 Tier 1 employees about the plan, to the Governor and the
14 General Assembly on or before January 15, 2019.

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

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

24 (40 ILCS 5/14-155.2 new)

25 Sec. 14-155.2. Defined contribution plan for certain

1 covered employees.

2 (a) As used in this Section:

3 "Defined benefit plan" means the retirement plan available
4 under this Article and Section 1-160 to eligible covered
5 employees who do not make the election authorized under this
6 Section.

7 "Eligible covered employee" means a covered employee who
8 first becomes a participant under this Article on or after 6
9 months after the effective date of this amendatory Act of the
10 100th General Assembly.

11 (b) In lieu of the defined benefit plan, an eligible
12 covered employee may irrevocably elect to participate in the
13 defined contribution plan under this Section. The election to
14 participate in the defined contribution plan must be made
15 within 30 days after becoming an eligible covered employee. The
16 election to participate in the defined contribution plan under
17 this Section is voluntary and irrevocable.

18 (c) No later than 5 months after the effective date of this
19 amendatory Act of the 100th General Assembly, the System shall
20 prepare and implement a voluntary defined contribution plan for
21 eligible covered employees. The defined contribution plan
22 developed under this Section shall be a plan that aggregates
23 employer and employee contributions in individual participant
24 accounts which, after meeting any other requirements, are used
25 for payouts after retirement in accordance with this Section
26 and any other applicable laws.

1 (1) A participant in the defined contribution plan
2 shall contribute a minimum of 3% of his or her compensation
3 to the defined contribution plan.

4 (2) For persons who participate in the defined
5 contribution plan for at least one year, employer
6 contributions shall be paid into the accounts of those
7 participants at a rate of 3% of compensation.

8 (3) Employer contributions shall vest when those
9 contributions are paid into a participant's account.

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

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

17 (6) To the extent authorized under federal law and as
18 authorized by the affected pension fund, the defined
19 contribution plan shall allow former participants in the
20 plan to transfer or roll over employee and employer
21 contributions, and the earnings thereon, into other
22 qualified retirement plans.

23 (7) The System shall reduce the employee contributions
24 credited to the participant's defined contribution plan
25 account by an amount determined by the System to cover the
26 cost of offering the benefits under this Section and any

1 applicable administrative fees.

2 (40 ILCS 5/14-156.1 new)

3 Sec. 14-156.1. Defined contribution plan; termination. If
4 the defined contribution plan under Section 14-155.1 is
5 terminated or becomes inoperative pursuant to law, then each
6 participant in the plan shall automatically be deemed to have
7 been a contributing Tier 1 employee in the System's defined
8 benefit plan during the time in which he or she participated in
9 the defined contribution plan, and for that purpose the System
10 shall be entitled to recover the amounts in the participant's
11 defined contribution accounts.

12 (40 ILCS 5/15-108.1)

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

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

1 "Tier 1 employee": A Tier 1 member who is a participating
2 employee, unless he or she is a disability benefit recipient
3 under Section 15-150. However, for the purposes of the election
4 under Section 15-132.9, "Tier 1 employee" does not include an
5 individual who has made an irrevocable election on or before
6 June 1, 2017 to retire from service pursuant to the terms of an
7 employment contract or a collective bargaining agreement in
8 effect on June 1, 2017, excluding any extension, amendment, or
9 renewal of that agreement on or after that date, and has
10 notified the System of that election.

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

12 (40 ILCS 5/15-108.2)

13 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
14 first becomes a participant under this Article on or after
15 January 1, 2011 and before 6 months after the effective date of
16 this amendatory Act of the 100th General Assembly, other than a
17 person in the self-managed plan established under Section
18 15-158.2 or a person who makes the election under subsection
19 (c) of Section 1-161, unless the person is otherwise a Tier 1
20 member. The changes made to this Section by this amendatory Act
21 of the 98th General Assembly are a correction of existing law
22 and are intended to be retroactive to the effective date of
23 Public Act 96-889, notwithstanding the provisions of Section
24 1-103.1 of this Code.

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

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

2 Sec. 15-111. Earnings.

3 (a) "Earnings": Subject to Section 15-111.5, an amount paid
4 for personal services equal to the sum of the basic
5 compensation plus extra compensation for summer teaching,
6 overtime or other extra service. For periods for which an
7 employee receives service credit under subsection (c) of
8 Section 15-113.1 or Section 15-113.2, earnings are equal to the
9 basic compensation on which contributions are paid by the
10 employee during such periods. Compensation for employment
11 which is irregular, intermittent and temporary shall not be
12 considered earnings, unless the participant is also receiving
13 earnings from the employer as an employee under Section 15-107.

14 With respect to transition pay paid by the University of
15 Illinois to a person who was a participating employee employed
16 in the fire department of the University of Illinois's
17 Champaign-Urbana campus immediately prior to the elimination
18 of that fire department:

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

22 (2) "Earnings" includes transition pay paid to the
23 employee before the effective date of this amendatory Act
24 of the 91st General Assembly only if (i) employee
25 contributions under Section 15-157 have been withheld from

1 that transition pay or (ii) the employee pays to the System
2 before January 1, 2001 an amount representing employee
3 contributions under Section 15-157 on that transition pay.
4 Employee contributions under item (ii) may be paid in a
5 lump sum, by withholding from additional transition pay
6 accruing before January 1, 2001, or in any other manner
7 approved by the System. Upon payment of the employee
8 contributions on transition pay, the corresponding
9 employer contributions become an obligation of the State.

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

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

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

1 adjustments.

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

11 (c) With each submission of payroll information in the
12 manner prescribed by the System, the employer shall certify
13 that the payroll information is correct and complies with all
14 applicable State and federal laws.

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

16 (40 ILCS 5/15-112.1 new)

17 Sec. 15-112.1. Future increase in income. "Future increase
18 in income" means an increase to a Tier 1 employee's base pay
19 that is offered by an employer to the Tier 1 employee for
20 service under this Article after June 30, 2018 that qualifies
21 as "earnings", as defined in Section 15-111, or would qualify
22 as "earnings" but for the fact that it was offered to and
23 accepted by the Tier 1 employee under the condition set forth
24 in subsection (c) of Section 15-132.9. The term "future
25 increase in income" includes an increase to a Tier 1 employee's

1 base pay that is paid to the Tier 1 employee pursuant to an
2 extension, amendment, or renewal of any such employment
3 contract or collective bargaining agreement after the
4 effective date of this Section.

5 (40 ILCS 5/15-112.2 new)

6 Sec. 15-112.2. Base pay. As used in Section 15-112.1 of
7 this Code, "base pay" means the greater of either (i) the Tier
8 1 employee's annualized rate of earnings as of June 30, 2018,
9 or (ii) the Tier 1 employee's annualized rate of earnings
10 immediately preceding the expiration, renewal, or amendment of
11 an employment contract or collective bargaining agreement in
12 effect on the effective date of this Section. For a person
13 returning to participating employee status as a Tier 1 employee
14 after June 30, 2018, however, "base pay" means the employee's
15 annualized rate of earnings as of the employee's last date of
16 service prior to July 1, 2018. The System shall calculate the
17 base pay of each Tier 1 employee pursuant to this Section.

18 (40 ILCS 5/15-132.9 new)

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

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

22 (1) to agree to delay his or her eligibility for
23 automatic annual increases in retirement annuity as
24 provided in subsection (d-1) of Section 15-136 and to have

1 the amount of the automatic annual increases in his or her
2 retirement annuity and survivor annuity that are otherwise
3 provided for in this Article calculated, instead, as
4 provided in subsection (d-1) of Section 15-136; or

5 (2) to not agree to the provisions of paragraph (1) of
6 this subsection.

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

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

14 (ii) a person who returns to participating employee
15 status as a Tier 1 employee under this Article on or after
16 January 1, 2018 and has not yet made an election under this
17 Section must make the election under this subsection (a)
18 within 60 days after returning to participating employee
19 status as a Tier 1 employee; and

20 (iii) a person who returns to participating employee
21 status as a Tier 1 employee under this Article but who has
22 not made an election under Section 15-134.5 must make the
23 election under this subsection (a) at the same time as the
24 election under Section 15-134.5 and within the timeframes
25 required by that Section.

26 If a Tier 1 employee fails for any reason to make a

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

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

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

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

1 under Section 15-111.

2 As adequate and legal consideration provided under this
3 amendatory Act of the 100th General Assembly for making an
4 election under paragraph (1) of subsection (a) of this Section,
5 each Tier 1 employee who has made an election under paragraph
6 (1) of subsection (a) of this Section shall receive a
7 consideration payment equal to 10% of the contributions made by
8 or on behalf of the employee under Section 15-157 before the
9 effective date of that election. The State Comptroller shall
10 pay the consideration payment to the Tier 1 employee out of
11 funds appropriated for that purpose under Section 1.9 of the
12 State Pension Funds Continuing Appropriation Act. The System
13 shall calculate the amount of each consideration payment and,
14 by July 1, 2018, shall certify to the State Comptroller the
15 amount of the consideration payment, together with the name,
16 address, and any other available payment information of the
17 Tier 1 employee as found in the records of the System. The
18 System shall make additional calculations and certifications
19 of consideration payments to the State Comptroller as the
20 System deems necessary.

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

1 shall be offered by the employer expressly and irrevocably on
2 the condition of not constituting earnings under Section 15-111
3 and that the Tier 1 employee's acceptance of the offered future
4 increase in income shall constitute his or her agreement to
5 that condition.

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

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

1 counseling with respect to which election a Tier 1 employee
2 should make or specific to the legal or tax circumstances of or
3 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 "earnings" under Section 15-111 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 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

22 Sec. 15-136. Retirement annuities - Amount. The provisions
23 of this Section 15-136 apply only to those participants who are
24 participating in the traditional benefit package or the
25 portable benefit package and do not apply to participants who

1 are participating in the self-managed plan.

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

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

13 Rule 2: The retirement annuity shall be the sum of the
14 following, determined from amounts credited to the participant
15 in accordance with the actuarial tables and the effective rate
16 of interest in effect at the time the retirement annuity
17 begins:

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

21 (ii) an annuity from employer contributions of an
22 amount equal to that which can be provided on an
23 actuarially equivalent basis from the accumulated normal
24 contributions made by the participant under Section
25 15-113.6 and Section 15-113.7 plus 1.4 times all other
26 accumulated normal contributions made by the participant;

1 and

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

5 With respect to a police officer or firefighter who retires
6 on or after August 14, 1998, the accumulated normal
7 contributions taken into account under clauses (i) and (ii) of
8 this Rule 2 shall include the additional normal contributions
9 made by the police officer or firefighter under Section
10 15-157(a).

11 The amount of a retirement annuity calculated under this
12 Rule 2 shall be computed solely on the basis of the
13 participant's accumulated normal contributions, as specified
14 in this Rule and defined in Section 15-116. Neither an employee
15 or employer contribution for early retirement under Section
16 15-136.2 nor any other employer contribution shall be used in
17 the calculation of the amount of a retirement annuity under
18 this Rule 2.

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

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

25 Rule 3: The retirement annuity of a participant who is
26 employed at least one-half time during the period on which his

1 or her final rate of earnings is based, shall be equal to the
2 participant's years of service not to exceed 30, multiplied by
3 (1) \$96 if the participant's final rate of earnings is less
4 than \$3,500, (2) \$108 if the final rate of earnings is at least
5 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
6 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
7 the final rate of earnings is at least \$5,500 but less than
8 \$6,500, (5) \$144 if the final rate of earnings is at least
9 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
10 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
11 the final rate of earnings is at least \$8,500 but less than
12 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
13 more, except that the annuity for those persons having made an
14 election under Section 15-154(a-1) shall be calculated and
15 payable under the portable retirement benefit program pursuant
16 to the provisions of Section 15-136.4.

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

1 for all other service shall be computed under Rule 1. A Tier 2
2 member is eligible for a retirement annuity calculated under
3 Rule 4 only if that Tier 2 member meets the service
4 requirements for that benefit calculation as prescribed under
5 this Rule 4 in addition to the applicable age requirement under
6 subsection (a-5) of Section 15-135.

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

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

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

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

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

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

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

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

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

25 (d) Subject to the provisions of subsection (d-1), a Tier
26 1 member whose status as an employee terminates after August

1 14, 1969 shall receive automatic increases in his or her
2 retirement annuity as follows:

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

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

25 Beginning January 1, 1990, and except as provided in
26 subsection (d-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 all
3 increases previously granted under this Article.

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

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

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

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

1 increased.

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

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

24 (e) If, on January 1, 1987, or the date the retirement
25 annuity payment period begins, whichever is later, the sum of
26 the retirement annuity provided under Rule 1 or Rule 2 of this

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

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

22 (g) If, (1) by law, a function of a governmental unit, as
23 defined by Section 20-107 of this Code, is transferred in whole
24 or in part to an employer, and (2) a participant transfers
25 employment from such governmental unit to such employer within
26 6 months after the transfer of the function, and (3) the sum of

1 (A) the annuity payable to the participant under Rule 1, 2, or
2 3 of this Section (B) all proportional annuities payable to the
3 participant by all other retirement systems covered by Article
4 20, and (C) the initial primary insurance amount to which the
5 participant is entitled under the Social Security Act, is less
6 than the retirement annuity which would have been payable if
7 all of the participant's pension credits validated under
8 Section 20-109 had been validated under this system, a
9 supplemental annuity equal to the difference in such amounts
10 shall be payable to the participant.

11 (h) On January 1, 1981, an annuitant who was receiving a
12 retirement annuity on or before January 1, 1971 shall have his
13 or her retirement annuity then being paid increased \$1 per
14 month for each year of creditable service. On January 1, 1982,
15 an annuitant whose retirement annuity began on or before
16 January 1, 1977, shall have his or her retirement annuity then
17 being paid increased \$1 per month for each year of creditable
18 service.

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

24 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
25 98-92, eff. 7-16-13.)

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

2 Sec. 15-155. Employer contributions.

3 (a) The State of Illinois shall make contributions by
4 appropriations of amounts which, together with the other
5 employer contributions from trust, federal, and other funds,
6 employee contributions, income from investments, and other
7 income of this System, will be sufficient to meet the cost of
8 maintaining and administering the System on a 90% funded basis
9 in accordance with actuarial recommendations.

10 The Board shall determine the amount of State contributions
11 required for each fiscal year on the basis of the actuarial
12 tables and other assumptions adopted by the Board and the
13 recommendations of the actuary, using the formula in subsection
14 (a-1).

15 (a-1) For State fiscal years 2018 through 2045 (except as
16 otherwise provided for fiscal year 2019), the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of total payroll, including payroll that is
24 not deemed pensionable, but excluding payroll attributable to
25 participants in the defined contribution plan under Section
26 15-200.1, over the years remaining to and including fiscal year

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

3 For State fiscal year 2019:

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

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

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

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

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

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

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$166,641,900.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$252,064,100.

22 For each of State fiscal years 2008 through 2009, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2010 is
4 \$702,514,000 and shall be made from the State Pensions Fund and
5 proceeds of bonds sold in fiscal year 2010 pursuant to Section
6 7.2 of the General Obligation Bond Act, less (i) the pro rata
7 share of bond sale expenses determined by the System's share of
8 total bond proceeds, (ii) any amounts received from the General
9 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
10 proceeds due to the issuance of discounted bonds, if
11 applicable.

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

23 Beginning in State fiscal year 2046, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 90% of the total
26 actuarial liabilities of the System.

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

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as calculated
16 under this Section and certified under Section 15-165, shall
17 not exceed an amount equal to (i) the amount of the required
18 State contribution that would have been calculated under this
19 Section for that fiscal year if the System had not received any
20 payments under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act, minus (ii) the portion of the State's
22 total debt service payments for that fiscal year on the bonds
23 issued in fiscal year 2003 for the purposes of that Section
24 7.2, as determined and certified by the Comptroller, that is
25 the same as the System's portion of the total moneys
26 distributed under subsection (d) of Section 7.2 of the General

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

12 (a-2) For employees first hired on or after 6 months after
13 the effective date of this amendatory Act of the 100th General
14 Assembly who have elected the benefits under Section 1-161 of
15 this Code, the employer shall annually contribute an amount,
16 expressed as a percentage of payroll, equal to the defined
17 benefit normal cost of the defined benefit plan, less the
18 employee contribution, plus 2%. On an annual basis, the System
19 shall certify to each employer the amount of unfunded liability
20 accrued in the employer's account to be paid by the employer so
21 that the System is 90% funded by the end of State fiscal year
22 2045. The contributions shall be divided equally over a
23 12-month period and made monthly. The employer shall also
24 contribute an amount equal to the employer defined
25 contribution, as set on an individual employee basis, under
26 paragraph (2) of subsection (k) of Section 1-161 during each

1 pay period. The System shall have the authority to adopt rules
2 regarding implementation of employer contributions.

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

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

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

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

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

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

25 (f) Normal costs under this Section means liability for
26 pensions and other benefits which accrues to the System because

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

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

24 Whenever it determines that a payment is or may be required
25 under this subsection (g), the System shall calculate the
26 amount of the payment and bill the employer for that amount.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 recalculations required by Public Act 94-1057.

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

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

8 (j-5) For academic years beginning on or after July 1,
9 2018, if the amount of a participant's earnings for any
10 academic year, determined on a full-time equivalent basis,
11 exceeds \$140,000, the participant's employer shall pay to the
12 System, in addition to all other payments required under this
13 Section and in accordance with guidelines established by the
14 System, the amount of the earnings that exceed \$140,000
15 multiplied by the level percentage of payroll used in that
16 fiscal year, as determined by the System, to be sufficient to
17 bring the total assets of the System up to 90% of the total
18 actuarial liabilities of the System by the end of State fiscal
19 year 2045. This amount shall be computed by the System on the
20 basis of the actuarial assumptions and tables used in the most
21 recent actuarial valuation of the System that is available at
22 the time of the computation. The System may require the
23 employer to provide any pertinent information or
24 documentation.

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

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

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

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

7 (l) 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 (m) 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 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
23 99-897, eff. 1-1-17.)

24 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

25 Sec. 15-157. Employee Contributions.

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

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

1 service shall be considered as police officer service in
2 calculating the retirement annuity under Rule 4 of Section
3 15-136. While performing service described in clause (i) or
4 (ii) of Rule 4 of Section 15-136, a participating employee
5 shall be deemed to be employed as a firefighter for the purpose
6 of determining the rate of employee contributions under this
7 Section.

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

21 (c) Except as provided in subsection (c-5), in ~~in~~ addition
22 to the amounts described in subsections (a) and (b) of this
23 Section, each participating employee shall make contributions
24 of 1% of earnings applicable under this system on and after
25 August 1, 1959. The contributions made under this subsection
26 (c) shall be considered as survivor's insurance contributions

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

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

1 of this Article and such contributions shall be considered as
2 additional contributions for purposes of this Article if the
3 employee has elected to participate in the portable benefit
4 package and has completed the applicable one-year waiting
5 period.

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

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

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

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

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

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

9 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

13 (a) The Board shall certify to the Governor on or before
14 November 15 of each year until November 15, 2011 the
15 appropriation required from State funds for the purposes of
16 this System for the following fiscal year. The certification
17 under this subsection (a) shall include a copy of the actuarial
18 recommendations upon which it is based and shall specifically
19 identify the System's projected State normal cost for that
20 fiscal year and the projected State cost for the self-managed
21 plan for that fiscal year.

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

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

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

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

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

9 (a-10) For purposes of subsection (c-5) of Section 20 of
10 the Budget Stabilization Act, on or before November 1 of each
11 year beginning November 1, 2019, the Board shall determine the
12 amount of the State contribution to the System that would have
13 been required for the next fiscal year if Section 1-161,
14 subsection (a-2) of Section 15-155, and the changes made to
15 Section 1-160 by this amendatory Act of the 100th General
16 Assembly had not taken effect, using the best and most recent
17 available data but based on the law in effect on May 31, 2019.
18 The Board shall submit to the State Actuary, the Governor, and
19 the General Assembly a proposed certification, along with the
20 relevant law, actuarial assumptions, calculations, and data
21 upon which that certification is based. On or before January 1,
22 2020 and every January 1 thereafter, the State Actuary shall
23 issue a preliminary report concerning the proposed
24 certification and identifying, if necessary, recommended
25 changes in actuarial assumptions that the Board must consider
26 before finalizing its certification. On or before January 15,

1 2020 and every January 1 thereafter, the Board shall certify to
2 the Governor and the General Assembly the amount of the State
3 contribution to the System that would have been required for
4 the next fiscal year if Section 1-161, subsection (a-2) of
5 Section 15-155, and the changes made to Section 1-160 by this
6 amendatory Act of the 100th General Assembly had not taken
7 effect, using the best and most recent available data but based
8 on the law in effect on May 31, 2019. The Board's certification
9 must note any deviations from the State Actuary's recommended
10 changes, the reason or reasons for not following the State
11 Actuary's recommended changes, and the impact of not following
12 the State Actuary's recommended changes.

13 (a-15) As soon as practical after the effective date of
14 this amendatory Act of the 100th General Assembly, the Board
15 shall recalculate and recertify to the State Actuary, the
16 Governor, and the General Assembly the amount of the State
17 contribution to the System for State fiscal year 2018, taking
18 into account the changes in required State contributions made
19 by this amendatory Act of the 100th General Assembly. The State
20 Actuary shall review the assumptions and valuations underlying
21 the Board's revised certification and issue a preliminary
22 report concerning the proposed recertification and
23 identifying, if necessary, recommended changes in actuarial
24 assumptions that the Board must consider before finalizing its
25 certification of the required State contributions. The Board's
26 final certification must note any deviations from the State

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

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

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

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

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

1 submit vouchers for the remainder of fiscal year 2004 in excess
2 of the fiscal year 2004 certified contribution amount
3 determined under this Section after taking into consideration
4 the transfer to the System under subsection (b) of Section
5 6z-61 of the State Finance Act. These vouchers shall be paid by
6 the State Comptroller and Treasurer by warrants drawn on the
7 funds appropriated to the System for that fiscal year.

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

17 (d) So long as the payments received are the full amount
18 lawfully vouchered under this Section, payments received by the
19 System under this Section shall be applied first toward the
20 employer contribution to the self-managed plan established
21 under Section 15-158.2. Payments shall be applied second toward
22 the employer's portion of the normal costs of the System, as
23 defined in subsection (f) of Section 15-155. The balance shall
24 be applied toward the unfunded actuarial liabilities of the
25 System.

26 (e) In the event that the System does not receive, as a

1 result of legislative enactment or otherwise, payments
2 sufficient to fully fund the employer contribution to the
3 self-managed plan established under Section 15-158.2 and to
4 fully fund that portion of the employer's portion of the normal
5 costs of the System, as calculated in accordance with Section
6 15-155(a-1), then any payments received shall be applied
7 proportionately to the optional retirement program established
8 under Section 15-158.2 and to the employer's portion of the
9 normal costs of the System, as calculated in accordance with
10 Section 15-155(a-1).

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

12 (40 ILCS 5/15-185.5 new)

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

14 (a) As used in this Section:

15 "Eligible person" means a person who:

16 (1) has terminated service;

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

20 (3) has not received any retirement annuity under this
21 Article;

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

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

1 "Pension benefit" means the benefits under this Article, or
2 Article 1 as it relates to those benefits, including any
3 anticipated annual increases, that an eligible person is
4 entitled to upon attainment of the applicable retirement age.
5 "Pension benefit" also includes applicable survivor's or
6 disability benefits.

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

23 Until the System determines that 10% of eligible persons in
24 that year have made the election under this subsection, an
25 eligible person may irrevocably elect to receive an accelerated
26 pension benefit payment in the amount that the System offers

1 under this subsection in lieu of receiving any pension benefit.
2 A person who elects to receive an accelerated pension benefit
3 payment under this Section may not elect to proceed under the
4 Retirement Systems Reciprocal Act with respect to service under
5 this Article.

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

16 (d) If a person who has received an accelerated pension
17 benefit payment under this Section returns to participating
18 employee status under this Article, then:

19 (1) Any benefits under the System earned as a result of
20 that return to participating employee status shall be based
21 solely on the person's credits and creditable service
22 arising from the return to participating employee status.

23 (2) The accelerated pension benefit payment may not be
24 repaid to the System, and the terminated credits and
25 creditable service may not under any circumstances be
26 reinstated.

1 (e) As a condition of receiving an accelerated pension
2 benefit payment, an eligible person must have another
3 retirement plan or account qualified under the Internal Revenue
4 Code of 1986, as amended, for the accelerated pension benefit
5 payment to be rolled into. The accelerated pension benefit
6 payment under this Section may be subject to withholding or
7 payment of applicable taxes, but to the extent permitted by
8 federal law, a person who receives an accelerated pension
9 benefit payment under this Section must direct the System to
10 pay all of that payment as a rollover into another retirement
11 plan or account qualified under the Internal Revenue Code of
12 1986, as amended.

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

19 (g) The Board shall adopt any rules necessary to implement
20 this Section.

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

24 (i) Notwithstanding any other provision of this Section, in
25 no case shall the total amount of accelerated pension benefit
26 payments paid under this Section, Section 14-147.5, and Section

1 16-190.5 cause the Illinois Finance Authority to issue more
2 than the \$250,000,000 of State Pension Obligation Acceleration
3 Bonds authorized in subsection (c-5) of Section 801-40 of the
4 Illinois Finance Authority Act.

5 (40 ILCS 5/15-198)

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

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

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

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

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

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

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

10 (40 ILCS 5/15-200.1 new)

11 Sec. 15-200.1. Defined contribution plan.

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

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

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

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

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

1 this rate annually.

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

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

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

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

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

26 (9) The System shall reduce the employee contributions

1 credited to the member's defined contribution plan account
2 by an amount determined by the System to cover the cost of
3 offering these benefits and any applicable administrative
4 fees.

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

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

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

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

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

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

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

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

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

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

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

21 (40 ILCS 5/15-201.1 new)

22 Sec. 15-201.1. Defined contribution plan; termination. If
23 the defined contribution plan is terminated or becomes
24 inoperative pursuant to law, then each participant in the plan
25 shall automatically be deemed to have been a contributing Tier

1 1 employee participating in the System's defined benefit plan
2 during the time in which he or she participated in the defined
3 contribution plan, and for that purpose the System shall be
4 entitled to recover the amounts in the participant's defined
5 contribution accounts.

6 (40 ILCS 5/16-107.1 new)

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

22 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

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

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

14 Notwithstanding any other provision of this Section,
15 "salary" does not include any consideration payment made to a
16 Tier 1 employee.

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

18 (40 ILCS 5/16-121.1 new)

19 Sec. 16-121.1. Future increase in income. "Future increase
20 in income" means an increase to a Tier 1 employee's base pay
21 that is offered by an employer to the Tier 1 employee for
22 service under this Article after June 30, 2018 that qualifies
23 as "salary", as defined in Section 16-121, or would qualify as
24 "salary" but for the fact that it was offered to and accepted
25 by the Tier 1 employee under the condition set forth in

1 subsection (c) of Section 16-122.9. The term "future increase
2 in income" includes an increase to a Tier 1 employee's base pay
3 that is paid to the Tier 1 employee pursuant to an extension,
4 amendment, or renewal of any such employment contract or
5 collective bargaining agreement after the effective date of
6 this Section.

7 (40 ILCS 5/16-121.2 new)

8 Sec. 16-121.2. Base pay. As used in Section 16-121.1 of
9 this Code, "base pay" means the greater of either (i) the Tier
10 1 employee's annualized rate of salary as of June 30, 2018, or
11 (ii) the Tier 1 employee's annualized rate of salary
12 immediately preceding the expiration, renewal, or amendment of
13 an employment contract or collective bargaining agreement in
14 effect on the effective date of this Section. For a person
15 returning to active service as a Tier 1 employee after June 30,
16 2018, however, "base pay" means the employee's annualized rate
17 of salary as of the employee's last date of service prior to
18 July 1, 2018. The System shall calculate the base pay of each
19 Tier 1 employee pursuant to this Section.

20 (40 ILCS 5/16-122.9 new)

21 Sec. 16-122.9. 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 retirement annuity as
2 provided in subsection (a-1) of Section 16-133.1 or
3 subsection (b-1) of Section 16-136.1, whichever is
4 applicable, and to have the amount of the automatic annual
5 increases in his or her retirement annuity and survivor
6 benefit that are otherwise provided for in this Article
7 calculated, instead, as provided in subsection (a-1) of
8 Section 16-133.1 or subsection (b-1) of Section 16-136.1,
9 whichever is applicable; or

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

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

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

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

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

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

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

17 (b) As adequate and legal consideration provided under this
18 amendatory Act of the 100th General Assembly for making an
19 election under paragraph (1) of subsection (a) of this Section,
20 an employer shall be expressly and irrevocably prohibited from
21 offering any future increases in income to a Tier 1 employee
22 who has made an election under paragraph (1) of subsection (a)
23 of this Section on the condition of not constituting salary
24 under Section 16-121.

25 As adequate and legal consideration provided under this
26 amendatory Act of the 100th General Assembly for making an

1 election under paragraph (1) of subsection (a) of this Section,
2 each Tier 1 employee who has made an election under paragraph
3 (1) of subsection (a) of this Section shall receive a
4 consideration payment equal to 10% of the contributions made by
5 or on behalf of the employee under paragraphs (1), (2), and (3)
6 of subsection (a) of Section 16-152 before the effective date
7 of that election. The State Comptroller shall pay the
8 consideration payment to the Tier 1 employee out of funds
9 appropriated for that purpose under Section 1.9 of the State
10 Pension Funds Continuing Appropriation Act. The System shall
11 calculate the amount of each consideration payment and, by July
12 1, 2018, shall certify to the State Comptroller the amount of
13 the consideration payment, together with the name, address, and
14 any other available payment information of the Tier 1 employee
15 as found in the records of the System. The System shall make
16 additional calculations and certifications of consideration
17 payments to the State Comptroller as the System deems
18 necessary.

19 (c) A Tier 1 employee who makes the election under
20 paragraph (2) of subsection (a) of this Section shall not be
21 subject to paragraph (1) of subsection (a) of this Section.
22 However, each future increase in income offered by an employer
23 under this Article to a Tier 1 employee who has made the
24 election under paragraph (2) of subsection (a) of this Section
25 shall be offered by the employer expressly and irrevocably on
26 the condition of not constituting salary under Section 16-121

1 and that the Tier 1 employee's acceptance of the offered future
2 increase in income shall constitute his or her agreement to
3 that condition.

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

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

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

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

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

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

1 contrivance of any kind.

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

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

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

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

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

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

20 (a) Each member with creditable service and retiring on or
21 after August 26, 1969 is entitled to the automatic annual
22 increases in annuity provided under this Section while
23 receiving a retirement annuity or disability retirement
24 annuity from the system.

25 Except as otherwise provided in subsection (a-1), an An

1 annuitant shall first be entitled to an initial increase under
2 this Section on the January 1 next following the first
3 anniversary of retirement, or January 1 of the year next
4 following attainment of age 61, whichever is later. At such
5 time, the system shall pay an initial increase determined as
6 follows:

7 (1) 1.5% of the originally granted retirement annuity
8 or disability retirement annuity multiplied by the number
9 of years elapsed, if any, from the date of retirement until
10 January 1, 1972, plus

11 (2) 2% of the originally granted annuity multiplied by
12 the number of years elapsed, if any, from the date of
13 retirement or January 1, 1972, whichever is later, until
14 January 1, 1978, plus

15 (3) 3% of the originally granted annuity multiplied by
16 the number of years elapsed from the date of retirement or
17 January 1, 1978, whichever is later, until the effective
18 date of the initial increase.

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

25 Except as otherwise provided in subsection (a-1),
26 following ~~Following~~ the initial increase, automatic annual

1 increases in annuity shall be payable on each January 1
2 thereafter during the lifetime of the annuitant, determined as
3 a percentage of the originally granted retirement annuity or
4 disability retirement annuity for increases granted prior to
5 January 1, 1990, and calculated as a percentage of the total
6 amount of annuity, including previous increases under this
7 Section, for increases granted on or after January 1, 1990, as
8 follows: 1.5% for periods prior to January 1, 1972, 2% for
9 periods after December 31, 1971 and prior to January 1, 1978,
10 and 3% for periods after December 31, 1977.

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

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

19 (2) The amount of each automatic annual increase in
20 retirement annuity and survivor benefit occurring on or
21 after the effective date of that election shall be
22 calculated as a percentage of the originally granted
23 retirement annuity or survivor benefit, equal to 3% or
24 one-half the annual unadjusted percentage increase (but
25 not less than zero) in the consumer price index-u for the
26 12 months ending with the September preceding each November

1 1, whichever is less. If the annual unadjusted percentage
2 change in the consumer price index-u for the 12 months
3 ending with the September preceding each November 1 is zero
4 or there is a decrease, then the annuity shall not be
5 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 of the retirement
14 system by November 1 of each year.

15 (b) The automatic annual increases in annuity provided
16 under this Section shall not be applicable unless a member has
17 made contributions toward such increases for a period
18 equivalent to one full year of creditable service. If a member
19 contributes for service performed after August 26, 1969 but the
20 member becomes an annuitant before such contributions amount to
21 one full year's contributions based on the salary at the date
22 of retirement, he or she may pay the necessary balance of the
23 contributions to the system and be eligible for the automatic
24 annual increases in annuity provided under this Section.

25 (c) Each member shall make contributions toward the cost of
26 the automatic annual increases in annuity as provided under

1 Section 16-152.

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

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

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

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

25 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

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

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

13 (b) Except as otherwise provided in subsection (b-1), an An
14 annuitant entitled to increases under this Section shall be
15 entitled to the initial increase as of the later of: (1)
16 January 1 following attainment of age 65, (2) January 1
17 following the first anniversary of retirement, or (3) the first
18 day of the month following receipt of the required qualifying
19 contribution from the annuitant. The initial monthly increase
20 shall be computed on the basis of the period elapsed between
21 the later of the date of last retirement or attainment of age
22 50 and the date of qualification for the initial increase, at
23 the rate of 1 1/2% of the original monthly retirement annuity
24 per year for periods prior to September 1, 1971, and at the
25 rate of 2% per year for periods between September 1, 1971 and
26 September 1, 1978, and at the rate of 3% per year for periods

1 thereafter.

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

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

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

25 (2) The amount of each automatic annual increase in
26 retirement annuity or survivor benefit occurring on or

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

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 board of the retirement
20 system by November 1 of each year.

21 (c) An annuitant who otherwise qualifies for annual
22 increases under this Section must make a one-time payment of 1%
23 of the monthly final average salary for each full year of the
24 creditable service forming the basis of the retirement annuity
25 or, if the retirement annuity was not computed using final
26 average salary, 1% of the original monthly retirement annuity

1 for each full year of service forming the basis of the
2 retirement annuity.

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

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

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

20 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

23 Sec. 16-152. Contributions by members.

24 (a) Except as otherwise provided in subsection (a-5), each
25 ~~Each~~ member shall make contributions for membership service to

1 this System as follows:

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

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

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

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

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

26 (1) Contributions of 7.50% of salary towards the cost

1 of the retirement annuity. Such contributions shall be
2 deemed "normal contributions".

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

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

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

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

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

26 (e) A member's contributions toward the cost of early

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

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

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

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

22 (4) The contributions shall be refunded to the member,
23 without interest, if the early retirement without discount
24 option provided under subsection (d) of Section 16-133.2 is
25 terminated. In that event, the System shall provide to the
26 member, within 120 days after the option is terminated, an

1 application for a refund of those contributions.
2 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; 99-642,
3 eff. 7-28-16.)

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
5 (Text of Section WITHOUT the changes made by P.A. 98-599,
6 which has been held unconstitutional)
7 Sec. 16-158. Contributions by State and other employing
8 units.

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

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

21 (a-1) Annually, on or before November 15 until November 15,
22 2011, the Board shall certify to the Governor the amount of the
23 required State contribution for the coming fiscal year. The
24 certification under this subsection (a-1) shall include a copy
25 of the actuarial recommendations upon which it is based and

1 shall specifically identify the System's projected State
2 normal cost for that fiscal year.

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

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

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

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
26 certification is based. On or before January 1 of each year,

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

14 (a-10) For purposes of subsection (c-5) of Section 20 of
15 the Budget Stabilization Act, on or before November 1 of each
16 year beginning November 1, 2019, the Board shall determine the
17 amount of the State contribution to the System that would have
18 been required for the next fiscal year if Section 1-161,
19 subsection (b-4) of Section 16-158, and the changes made to
20 Section 1-160 by this amendatory Act of the 100th General
21 Assembly had not taken effect, using the best and most recent
22 available data but based on the law in effect on May 31, 2019.
23 The Board shall submit to the State Actuary, the Governor, and
24 the General Assembly a proposed certification, along with the
25 relevant law, actuarial assumptions, calculations, and data
26 upon which that certification is based. On or before January 1,

1 2020 and every January 1 thereafter, the State Actuary shall
2 issue a preliminary report concerning the proposed
3 certification and identifying, if necessary, recommended
4 changes in actuarial assumptions that the Board must consider
5 before finalizing its certification. On or before January 15,
6 2020 and every January 1 thereafter, the Board shall certify to
7 the Governor and the General Assembly the amount of the State
8 contribution to the System that would have been required for
9 the next fiscal year if if Section 1-161, subsection (b-4) of
10 Section 16-158, and the changes made to Section 1-160 by this
11 amendatory Act of the 100th General Assembly had not taken
12 effect, using the best and most recent available data but based
13 on the law in effect on May 31, 2019. The Board's certification
14 must note any deviations from the State Actuary's recommended
15 changes, the reason or reasons for not following the State
16 Actuary's recommended changes, and the impact of not following
17 the State Actuary's recommended changes.

18 (a-15) As soon as practical after the effective date of
19 this amendatory Act of the 100th General Assembly, the Board
20 shall recalculate and recertify to the State Actuary, the
21 Governor, and the General Assembly the amount of the State
22 contribution to the System for State fiscal year 2018, taking
23 into account the changes in required State contributions made
24 by this amendatory Act of the 100th General Assembly. The State
25 Actuary shall review the assumptions and valuations underlying
26 the Board's revised certification and issue a preliminary

1 report concerning the proposed recertification and
2 identifying, if necessary, recommended changes in actuarial
3 assumptions that the Board must consider before finalizing its
4 certification of the required State contributions. The Board's
5 final certification must note any deviations from the State
6 Actuary's recommended changes, the reason or reasons for not
7 following the State Actuary's recommended changes, and the
8 fiscal impact of not following the State Actuary's recommended
9 changes on the required State contribution.

10 (a-20) On or before May 1, 2018, the Board shall
11 recalculate and recertify to the Governor and the General
12 Assembly the amount of the required State contribution to the
13 System for State fiscal year 2019, taking into account the
14 effect on the System's liabilities of the elections made under
15 Section 16-122.9.

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

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

24 (b-1) Beginning in State fiscal year 1996, on the 15th day
25 of each month, or as soon thereafter as may be practicable, the
26 Board shall submit vouchers for payment of State contributions

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

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

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

24 (b-3) For State fiscal years 2018 through 2045 (except as
25 otherwise provided for fiscal year 2019), the minimum
26 contribution to the System to be made by the State for each

1 fiscal year shall be an amount determined by the System to be
2 sufficient to bring the total assets of the System up to 90% of
3 the total actuarial liabilities of the System by the end of
4 State fiscal year 2045. In making these determinations, the
5 required State contribution shall be calculated each year as a
6 level percentage of total payroll, including payroll that is
7 not deemed pensionable, but excluding payroll attributable to
8 participants in the defined contribution plan under Section
9 16-205.1, over the years remaining to and including fiscal year
10 2045 and shall be determined under the projected unit credit
11 actuarial cost method.

12 For State fiscal year 2019:

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

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

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

26 Beginning in State fiscal year 2018, any increase or

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

10 For State fiscal years 2012 through 2017 ~~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 For State fiscal years 1996 through 2005, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 so that by State fiscal year 2011, the State is contributing at
24 the rate required under this Section; except that in the
25 following specified State fiscal years, the State contribution
26 to the System shall not be less than the following indicated

1 percentages of the applicable employee payroll, even if the
2 indicated percentage will produce a State contribution in
3 excess of the amount otherwise required under this subsection
4 and subsection (a), and notwithstanding any contrary
5 certification made under subsection (a-1) before the effective
6 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
7 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
8 2003; and 13.56% in FY 2004.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2006 is
11 \$534,627,700.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2007 is
14 \$738,014,500.

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2010 is
23 \$2,089,268,000 and shall be made from the proceeds of bonds
24 sold in fiscal year 2010 pursuant to Section 7.2 of the General
25 Obligation Bond Act, less (i) the pro rata share of bond sale
26 expenses determined by the System's share of total bond

1 proceeds, (ii) any amounts received from the Common School Fund
2 in fiscal year 2010, and (iii) any reduction in bond proceeds
3 due to the issuance of discounted bonds, if applicable.

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

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

24 Amounts received by the System pursuant to Section 25 of
25 the Budget Stabilization Act or Section 8.12 of the State
26 Finance Act in any fiscal year do not reduce and do not

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

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

1 applicable employee payroll, in equal increments calculated
2 from the sum of the required State contribution for State
3 fiscal year 2007 plus the applicable portion of the State's
4 total debt service payments for fiscal year 2007 on the bonds
5 issued in fiscal year 2003 for the purposes of Section 7.2 of
6 the General Obligation Bond Act, so that, by State fiscal year
7 2011, the State is contributing at the rate otherwise required
8 under this Section.

9 (b-4) For employees first hired on or after 6 months after
10 the effective date of this amendatory Act of the 100th General
11 Assembly who have elected the benefits under Section 1-161 of
12 this Code, the employer shall annually contribute an amount,
13 expressed as a percentage of payroll, equal to the defined
14 benefit normal cost of the defined benefit plan, less the
15 employee contribution, plus 2%. On an annual basis, the System
16 shall certify to each employer the amount of unfunded liability
17 accrued in the employer's account to be paid by the employer so
18 that the System is 90% funded by the end of State fiscal year
19 2045. The contributions shall be divided equally over a
20 12-month period and made monthly. The employer shall also
21 contribute an amount equal to the employer defined
22 contribution, as set on an individual employee basis, under
23 paragraph (2) of subsection (k) of Section 1-161 during each
24 pay period. The System shall have the authority to adopt rules
25 regarding implementation of employer contributions.

26 (c) Payment of the required State contributions and of all

1 pensions, retirement annuities, death benefits, refunds, and
2 other benefits granted under or assumed by this System, and all
3 expenses in connection with the administration and operation
4 thereof, are obligations of the State.

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

24 (d) Effective July 1, 1986, any employer of a teacher as
25 defined in paragraph (8) of Section 16-106 shall pay the
26 employer's normal cost of benefits based upon the teacher's

1 service, in addition to employee contributions, as determined
2 by the System. Such employer contributions shall be forwarded
3 monthly in accordance with guidelines established by the
4 System.

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

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

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

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

26 The school district or other employing unit may pay these

1 employer contributions out of any source of funding available
2 for that purpose and shall forward the contributions to the
3 System on the schedule established for the payment of member
4 contributions.

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

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

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

20 If an employer is required by a contract in effect on May
21 1, 1998 between the employer and an employee organization to
22 pay, on behalf of all its full-time employees covered by this
23 Article, all mandatory employee contributions required under
24 this Article, then the employer shall be excused from paying
25 the employer contribution required under this subsection (e)
26 for the balance of the term of that contract. The employer and

1 the employee organization shall jointly certify to the System
2 the existence of the contractual requirement, in such form as
3 the System may prescribe. This exclusion shall cease upon the
4 termination, extension, or renewal of the contract at any time
5 after May 1, 1998.

6 (f) For school years beginning on or after June 1, 2005 and
7 before July 1, 2018, if ~~if~~ the amount of a teacher's salary for
8 any school year used to determine final average salary exceeds
9 the member's annual full-time salary rate with the same
10 employer for the previous school year by more than 6%, the
11 teacher's employer shall pay to the System, in addition to all
12 other payments required under this Section and in accordance
13 with guidelines established by the System, the present value of
14 the increase in benefits resulting from the portion of the
15 increase in salary that is in excess of 6%. This present value
16 shall be computed by the System on the basis of the actuarial
17 assumptions and tables used in the most recent actuarial
18 valuation of the System that is available at the time of the
19 computation. If a teacher's salary for the 2005-2006 school
20 year is used to determine final average salary under this
21 subsection (f), then the changes made to this subsection (f) by
22 Public Act 94-1057 shall apply in calculating whether the
23 increase in his or her salary is in excess of 6%. For the
24 purposes of this Section, change in employment under Section
25 10-21.12 of the School Code on or after June 1, 2005 shall
26 constitute a change in employer. The System may require the

1 employer to provide any pertinent information or
2 documentation. The changes made to this subsection (f) by this
3 amendatory Act of the 94th General Assembly apply without
4 regard to whether the teacher was in service on or after its
5 effective date.

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

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

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

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

24 Whenever it determines that a payment is or may be required
25 under this subsection (f-1), the System shall calculate the
26 amount of the payment and bill the employer for that amount.

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

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

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

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

5 (g) This subsection (g) applies only to payments made or
6 salary increases given on or after June 1, 2005 but before July
7 1, 2011. The changes made by Public Act 94-1057 shall not
8 require the System to refund any payments received before July
9 31, 2006 (the effective date of Public Act 94-1057).

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

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

18 When assessing payment for any amount due under subsection
19 (f), the System shall exclude salary increases resulting from
20 overload work, including summer school, when the school
21 district has certified to the System, and the System has
22 approved the certification, that (i) the overload work is for
23 the sole purpose of classroom instruction in excess of the
24 standard number of classes for a full-time teacher in a school
25 district during a school year and (ii) the salary increases are
26 equal to or less than the rate of pay for classroom instruction

1 computed on the teacher's current salary and work schedule.

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

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

22 (h) When assessing payment for any amount due under
23 subsection (f), the System shall exclude any salary increase
24 described in subsection (g) of this Section given on or after
25 July 1, 2011 but before July 1, 2014 under a contract or
26 collective bargaining agreement entered into, amended, or

1 renewed on or after June 1, 2005 but before July 1, 2011.
2 Notwithstanding any other provision of this Section, any
3 payments made or salary increases given after June 30, 2014
4 shall be used in assessing payment for any amount due under
5 subsection (f) of this Section.

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

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

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

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

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

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

1 (i-5) For school years beginning on or after July 1, 2018,
2 if the amount of a participant's salary for any school year,
3 determined on a full-time equivalent basis, exceeds \$140,000,
4 the participant's employer shall pay to the System, in addition
5 to all other payments required under this Section and in
6 accordance with guidelines established by the System, the
7 amount of earnings that exceed \$140,000 multiplied by the level
8 percentage of payroll used in that fiscal year as determined by
9 the System to be sufficient to bring the total assets of the
10 System up to 90% of the total actuarial liabilities of the
11 System by the end of State fiscal year 2045. This amount shall
12 be computed by the System on the basis of the actuarial
13 assumptions and tables used in the most recent actuarial
14 valuation of the System that is available at the time of the
15 computation. The System may require the employer to provide any
16 pertinent information or documentation.

17 Whenever it determines that a payment is or may be required
18 under this subsection, the System shall calculate the amount of
19 the payment and bill the employer for that amount. The bill
20 shall specify the calculations used to determine the amount
21 due. If the employer disputes the amount of the bill, it may,
22 within 30 days after receipt of the bill, apply to the System
23 in writing for a recalculation. The application must specify in
24 detail the grounds of the dispute. Upon receiving a timely
25 application for recalculation, the System shall review the
26 application and, if appropriate, recalculate the amount due.

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

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

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

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

25 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
26 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.

1 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

2 (40 ILCS 5/16-190.5 new)

3 Sec. 16-190.5. Accelerated pension benefit payment.

4 (a) As used in this Section:

5 "Eligible person" means a person who:

6 (1) has terminated service;

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

10 (3) has not received any retirement annuity under this
11 Article; and

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

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

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

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

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

1 State Employees Group Insurance Act of 1971 are based on the
2 amount of service credit, the terminated service credit shall
3 be used for that purpose.

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

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

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

15 (e) As a condition of receiving an accelerated pension
16 benefit payment, an eligible person must have another
17 retirement plan or account qualified under the Internal Revenue
18 Code of 1986, as amended, for the accelerated pension benefit
19 payment to be rolled into. The accelerated pension benefit
20 payment under this Section may be subject to withholding or
21 payment of applicable taxes, but to the extent permitted by
22 federal law, a person who receives an accelerated pension
23 benefit payment under this Section must direct the System to
24 pay all of that payment as a rollover into another retirement
25 plan or account qualified under the Internal Revenue Code of
26 1986, as amended.

1 (f) Before January 1, 2019 and every January 1 thereafter,
2 the Board shall certify to the Illinois Finance Authority and
3 the General Assembly the amount by which the total amount of
4 accelerated pension benefit payments made under this Section
5 exceed the amount appropriated to the System for the purpose of
6 making those payments.

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

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

12 (i) Notwithstanding any other provision of this Section, in
13 no case shall the total amount of accelerated pension benefit
14 payments paid under this Section, Section 14-147.5, and Section
15 15-185.5, and Section 16-190.5 cause the Illinois Finance
16 Authority to issue more than the \$250,000,000 of State Pension
17 Obligation Acceleration Bonds authorized in subsection (c-5)
18 of Section 801-40 of the Illinois Finance Authority Act.

19 (40 ILCS 5/16-203)

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

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

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

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article by Public Act 95-910 or this
7 amendatory Act of the 100th ~~95th~~ General Assembly.

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

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

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

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

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

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

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

24 (40 ILCS 5/16-205.1 new)

25 Sec. 16-205.1. Defined contribution plan.

1 (a) By July 1, 2018, the System shall prepare and implement
2 a voluntary defined contribution plan for up to 5% of eligible
3 active Tier 1 employees. The System shall determine the 5% cap
4 by the number of active Tier 1 employees on the effective date
5 of this Section. The defined contribution plan developed under
6 this Section shall be a plan that aggregates employer and
7 employee contributions in individual participant accounts
8 which, after meeting any other requirements, are used for
9 payouts after retirement in accordance with this Section and
10 any other applicable laws.

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

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

1 interest accruals to his or her benefit under paragraph (A)
2 of subsection (a) of Section 16-133 on or after the date of
3 his or her election.

4 (2) Participants in the defined contribution plan
5 shall pay employee contributions at the same rate as Tier 1
6 employees in this System who do not participate in the
7 defined contribution plan.

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

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

22 (5) The defined contribution plan may provide for
23 participants in the plan to be eligible for the defined
24 disability benefits available to other participants under
25 this Article. If it does, the System shall reduce the
26 employee contributions credited to the member's defined

1 contribution plan account by an amount determined by the
2 System to cover the cost of offering such benefits.

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

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

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

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

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

1 irrevocable.

2 (c) An eligible Tier 1 employee may irrevocably elect to
3 participate in the defined contribution plan by filing with the
4 System a written application to participate that is received by
5 the System prior to its determination that 5% of eligible
6 persons have elected to participate in the defined contribution
7 plan.

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

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

21 Upon request for further information describing the
22 option, the System shall provide employees with information
23 from the System before exercising the option to join the plan,
24 including information on the impact to their vested benefits or
25 non-vested service. The individual consultation shall include
26 projections of the member's defined benefits at retirement or

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

10 (e) In no event shall the System, its staff, its authorized
11 representatives, or the Board be liable for any information
12 given to an employee under this Section. The System may
13 coordinate with the Illinois Department of Central Management
14 Services and other retirement systems administering a defined
15 contribution plan in accordance with this amendatory Act of the
16 100th General Assembly to provide information concerning the
17 impact of the option set forth in this Section.

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

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

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

7 (40 ILCS 5/16-206.1 new)

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

17 (40 ILCS 5/17-106.05 new)

18 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
19 teacher under this Article who first became a member or
20 participant before January 1, 2011 under any reciprocal
21 retirement system or pension fund established under this Code
22 other than a retirement system or pension fund established
23 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
24 the purposes of the election under Section 17-115.5, "Tier 1

1 employee" does not include a teacher under this Article who
2 would qualify as a Tier 1 employee but who has made an
3 irrevocable election on or before June 1, 2017 to retire from
4 service pursuant to the terms of an employment contract or a
5 collective bargaining agreement in effect on June 1, 2017,
6 excluding any extension, amendment, or renewal of that
7 agreement after that date, and has notified the Fund of that
8 election.

9 (40 ILCS 5/17-113.4 new)

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

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

22 (40 ILCS 5/17-113.5 new)

23 Sec. 17-113.5. Future increase in income. "Future increase
24 in income" means an increase to a Tier 1 employee's base pay

1 that is offered by an employer to the Tier 1 employee for
2 service under this Article after June 30, 2018 that qualifies
3 as "salary", as defined in Section 17-113.4, or would qualify
4 as "salary" but for the fact that it was offered to and
5 accepted by the Tier 1 employee under the condition set forth
6 in subsection (c) of Section 17-115.5. The term "future
7 increase in income" includes an increase to a Tier 1 employee's
8 base pay that is paid to the Tier 1 employee pursuant to an
9 extension, amendment, or renewal of any employment contract or
10 collective bargaining agreement after the effective date of
11 this Section.

12 (40 ILCS 5/17-113.6 new)

13 Sec. 17-113.6. Base pay. As used in Section 17-113.5 of
14 this Code, "base pay" means the greater of either (i) the Tier
15 1 employee's annualized rate of salary as of June 30, 2018, or
16 (ii) the Tier 1 employee's annualized rate of salary
17 immediately preceding the expiration, renewal, or amendment of
18 an employment contract or collective bargaining agreement in
19 effect on the effective date of this Section. For a person
20 returning to active service as a Tier 1 employee after June 30,
21 2018, however, "base pay" means the employee's annualized rate
22 of salary as of the employee's last date of service prior to
23 July 1, 2018. The Fund shall calculate the base pay of each
24 Tier 1 employee pursuant to this Section.

1 (40 ILCS 5/17-115.5 new)

2 Sec. 17-115.5. 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 service retirement pension
7 as provided in Section 17-119.2 and to have the amount of
8 the automatic annual increases in his or her service
9 retirement pension and survivor's pension that are
10 otherwise provided for in this Article calculated,
11 instead, as provided in Section 17-119.2; or

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

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

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

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

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

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

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

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

19 (b) As adequate and legal consideration provided under this
20 amendatory Act of the 100th General Assembly for making an
21 election under paragraph (1) of subsection (a) of this Section,
22 an employer shall be expressly and irrevocably prohibited from
23 offering any future increases in income to a Tier 1 employee
24 who has made an election under paragraph (1) of subsection (a)
25 of this Section on the condition of not constituting salary
26 under Section 17-113.4.

1 As adequate and legal consideration provided under this
2 amendatory Act of the 100th General Assembly for making an
3 election under paragraph (1) of subsection (a) of this Section,
4 each Tier 1 employee who has made an election under paragraph
5 (1) of subsection (a) of this Section shall receive a
6 consideration payment equal to 10% of the contributions made by
7 or on behalf of the employee under Section 17-130 before the
8 effective date of that election. The State Comptroller shall
9 pay the consideration payment to the Tier 1 employee out of
10 funds appropriated for that purpose under Section 1.9 of the
11 State Pension Funds Continuing Appropriation Act. The Fund
12 shall calculate the amount of each consideration payment and,
13 by July 1, 2018, shall certify to the State Comptroller the
14 amount of the consideration payment, together with the name,
15 address, and any other available payment information of the
16 Tier 1 employee as found in the records of the Fund. The Fund
17 shall make additional calculations and certifications of
18 consideration payments to the State Comptroller as the Fund
19 deems necessary.

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

1 the condition of not constituting salary under Section 17-113.4
2 and that the Tier 1 employee's acceptance of the offered future
3 increase in income shall constitute his or her agreement to
4 that condition.

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

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

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

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

15 (e) Notwithstanding any other provision of law, an employer
16 under this Article is required to offer each future increase in
17 income expressly and irrevocably on the condition of not
18 constituting "salary" under Section 17-113.4 to any Tier 1
19 employee who has made an election under paragraph (2) of
20 subsection (a) of this Section. The offer shall also provide
21 that the Tier 1 employee's acceptance of the offered future
22 increase in income shall constitute his or her agreement to the
23 condition set forth in this subsection.

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

1 contrivance of any kind.

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

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

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

16 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

17 Sec. 17-116. Service retirement pension.

18 (a) Each teacher having 20 years of service upon attainment
19 of age 55, or who thereafter attains age 55 shall be entitled
20 to a service retirement pension upon or after attainment of age
21 55; and each teacher in service on or after July 1, 1971, with
22 5 or more but less than 20 years of service shall be entitled
23 to receive a service retirement pension upon or after
24 attainment of age 62.

25 (b) The service retirement pension for a teacher who

1 retires on or after June 25, 1971, at age 60 or over, shall be
2 calculated as follows:

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

10 (2) For creditable service earned on or after July 1,
11 1998 by a member who has at least 30 years of creditable
12 service on July 1, 1998 and who does not elect to augment
13 service under Section 17-119.1: 2.3% of average salary for
14 each year of creditable service earned on or after July 1,
15 1998.

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

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

20 1. Average salary shall consist of the average annual
21 rate of salary for the 4 consecutive years of validated
22 service within the last 10 years of service when such
23 average annual rate was highest. In the determination of
24 average salary for retirement allowance purposes, for
25 members who commenced employment after August 31, 1979,
26 that part of the salary for any year shall be excluded

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

23 2. Proportionate credit shall be given for validated
24 service of less than one year.

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

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

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

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

25 7. A member who is eligible to receive a retirement
26 pension of at least 74.6% of average salary and will attain

1 age 55 on or before December 31 during the year which
2 commences on July 1 shall be deemed to attain age 55 on the
3 preceding June 1.

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

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

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

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

21 (40 ILCS 5/17-119.2 new)

22 Sec. 17-119.2. Automatic annual increases in service
23 retirement pension and survivor's pension for certain Tier 1
24 employees. Notwithstanding any other provision of this
25 Article, for a Tier 1 employee who made the election under

1 paragraph (1) of subsection (a) of Section 17-115.5:

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

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

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

1 each year.

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (d) As soon as practical after the effective date of this
7 amendatory Act of the 100th General Assembly, the Board shall
8 recalculate and recertify to the Board of Education the amount
9 of the required Board of Education contribution to the Fund for
10 fiscal year 2019, taking into account the changes in required
11 Board of Education contributions made by this amendatory Act of
12 the 100th General Assembly.

13 On or before May 1, 2018, the Board shall recalculate and
14 recertify to the Board of Education the amount of the required
15 Board of Education contribution to the Fund for fiscal year
16 2019, taking into account the effect on the Fund's liabilities
17 of the elections made under Section 17-115.5.

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

19 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

20 Sec. 17-130. Participants' contributions by payroll
21 deductions.

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

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

4 (a-5) Beginning on July 1, 2018 or the effective date of
5 the Tier 1 employee's election under paragraph (1) of Section
6 17-115.5, whichever is later, in lieu of the contributions
7 otherwise required under subsection (a), each Tier 1 employee
8 who made the election under paragraph (1) of Section 17-115.5
9 shall make contributions of 7.50% of salary for service or
10 disability retirement pension and 0.6% of salary for survivors'
11 and children's pensions.

12 (b) An Employer and any employer of eligible contributors
13 as defined in Section 17-106 is authorized to make the
14 necessary deductions from the salaries of its teachers. Such
15 amounts shall be included as a part of the Fund. An Employer
16 and any employer of eligible contributors as defined in Section
17 17-106 shall formulate such rules and regulations as may be
18 necessary to give effect to the provisions of this Section.

19 (c) All persons employed as teachers shall, by such
20 employment, accept the provisions of this Article and of
21 Sections 34-83 to 34-85, inclusive, of "The School Code",
22 approved March 18, 1961, as amended, and thereupon become
23 contributors to the Fund in accordance with the terms thereof.
24 The provisions of this Article and of those Sections shall
25 become a part of the contract of employment.

26 (d) A person who (i) was a member before July 1, 1998, (ii)

1 retires with more than 34 years of creditable service, and
2 (iii) does not elect to qualify for the augmented rate under
3 Section 17-119.1 shall be entitled, at the time of retirement,
4 to receive a partial refund of contributions made under this
5 Section for service occurring after the later of June 30, 1998
6 or attainment of 34 years of creditable service, in an amount
7 equal to 1.00% of the salary upon which those contributions
8 were based.

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

10 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

12 (a) The State of Illinois shall make contributions to this
13 System by appropriations of the amounts which, together with
14 the contributions of participants, net earnings on
15 investments, and other income, will meet the costs of
16 maintaining and administering this System on a 90% funded basis
17 in accordance with actuarial recommendations.

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

23 (c) For State fiscal years 2018 through 2045, the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be

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 total payroll, including payroll that is
6 not deemed pensionable, over the years remaining to and
7 including fiscal year 2045 and shall be determined under the
8 projected unit credit actuarial cost method.

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

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

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

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

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2006 is
10 \$29,189,400.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2007 is
13 \$35,236,800.

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

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2010 is
22 \$78,832,000 and shall be made from the proceeds of bonds sold
23 in fiscal year 2010 pursuant to Section 7.2 of the General
24 Obligation Bond Act, less (i) the pro rata share of bond sale
25 expenses determined by the System's share of total bond
26 proceeds, (ii) any amounts received from the General Revenue

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

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2011 is
6 the amount recertified by the System on or before April 1, 2011
7 pursuant to Section 18-140 and shall be made from the proceeds
8 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
9 the General Obligation Bond Act, less (i) the pro rata share of
10 bond sale expenses determined by the System's share of total
11 bond proceeds, (ii) any amounts received from the General
12 Revenue Fund in fiscal year 2011, and (iii) any reduction in
13 bond proceeds due to the issuance of discounted bonds, if
14 applicable.

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

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

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

5 Notwithstanding any other provision of this Section, the
6 required State contribution for State fiscal year 2005 and for
7 fiscal year 2008 and each fiscal year thereafter, as calculated
8 under this Section and certified under Section 18-140, shall
9 not exceed an amount equal to (i) the amount of the required
10 State contribution that would have been calculated under this
11 Section for that fiscal year if the System had not received any
12 payments under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act, minus (ii) the portion of the State's
14 total debt service payments for that fiscal year on the bonds
15 issued in fiscal year 2003 for the purposes of that Section
16 7.2, as determined and certified by the Comptroller, that is
17 the same as the System's portion of the total moneys
18 distributed under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act. In determining this maximum for State
20 fiscal years 2008 through 2010, however, the amount referred to
21 in item (i) shall be increased, as a percentage of the
22 applicable employee payroll, in equal increments calculated
23 from the sum of the required State contribution for State
24 fiscal year 2007 plus the applicable portion of the State's
25 total debt service payments for fiscal year 2007 on the bonds
26 issued in fiscal year 2003 for the purposes of Section 7.2 of

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

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

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

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

19 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
20 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
21 7-13-12.)

22 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

23 Sec. 18-140. To certify required State contributions and
24 submit vouchers.

25 (a) The Board shall certify to the Governor, on or before

1 November 15 of each year until November 15, 2011, the amount of
2 the required State contribution to the System for the following
3 fiscal year and shall specifically identify the System's
4 projected State normal cost for that fiscal year. The
5 certification shall include a copy of the actuarial
6 recommendations upon which it is based and shall specifically
7 identify the System's projected State normal cost for that
8 fiscal year.

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

1 the fiscal impact of not following the State Actuary's
2 recommended changes on the required State contribution.

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

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

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

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

1 shall review the assumptions and valuations underlying the
2 Board's revised certification and issue a preliminary report
3 concerning the proposed recertification and identifying, if
4 necessary, recommended changes in actuarial assumptions that
5 the Board must consider before finalizing its certification of
6 the required State contributions. The Board's final
7 certification must note any deviations from the State Actuary's
8 recommended changes, the reason or reasons for not following
9 the State Actuary's recommended changes, and the fiscal impact
10 of not following the State Actuary's recommended changes on the
11 required State contribution.

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

26 If in any month the amount remaining unexpended from all

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

9 (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 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

14 Sec. 20-121. Calculation of proportional retirement
15 annuities.

16 (a) Upon retirement of the employee, a proportional
17 retirement annuity shall be computed by each participating
18 system in which pension credit has been established on the
19 basis of pension credits under each system. The computation
20 shall be in accordance with the formula or method prescribed by
21 each participating system which is in effect at the date of the
22 employee's latest withdrawal from service covered by any of the
23 systems in which he has pension credits which he elects to have
24 considered under this Article. However, the amount of any
25 retirement annuity payable under the self-managed plan

1 established under Section 15-158.2 of this Code or under the
2 defined contribution plan established under Article 2, 14, 15,
3 or 16 of this Code depends solely on the value of the
4 participant's vested account balances and is not subject to any
5 proportional adjustment under this Section.

6 (a-5) For persons who participate in a defined contribution
7 plan established under Article 2, 14, 15, or 16 of this Code to
8 whom the provisions of this Article apply, the pension credits
9 established under the defined contribution plan may be
10 considered in determining eligibility for or the amount of the
11 defined benefit retirement annuity that is payable by any other
12 participating system.

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

24 (c) Interest on pension credit shall continue to accumulate
25 in accordance with the provisions of the law governing the
26 retirement system in which the same has been established during

1 the time an employee is in the service of another employer, on
2 the assumption such employee, for interest purposes for pension
3 credit, is continuing in the service covered by such retirement
4 system.

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

6 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

21 For persons who participate in the self-managed plan
22 established under Section 15-158.2 or the portable benefit
23 package established under Section 15-136.4, pension credit
24 established under Article 15 may be considered in determining
25 eligibility for or the amount of the survivor's annuity that is

1 payable by any other participating system, but pension credit
2 established in any other system shall not result in any right
3 to a survivor's annuity under the Article 15 system.

4 For persons who participate in a defined contribution plan
5 established under Article 2, 14, 15, or 16 of this Code to whom
6 the provisions of this Article apply, the pension credits
7 established under the defined contribution plan may be
8 considered in determining eligibility for or the amount of the
9 defined benefit survivor's annuity that is payable by any other
10 participating system, but pension credits established in any
11 other system shall not result in any right to or increase in
12 the value of a survivor's annuity under the defined
13 contribution plan, which depends solely on the options chosen
14 and the value of the participant's vested account balances and
15 is not subject to any proportional adjustment under this
16 Section.

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

18 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

21 Sec. 20-124. Maximum benefits.

22 (a) In no event shall the combined retirement or survivors
23 annuities exceed the highest annuity which would have been
24 payable by any participating system in which the employee has
25 pension credits, if all of his pension credits had been

1 validated in that system.

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

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

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

19 (ii) For purposes of calculating the combined
20 survivor's annuity and the proportionate reduction, if
21 any, in a survivor's annuity other than one payable under
22 the self-managed plan, the amount of the Article 15
23 survivor's annuity shall be deemed to be the highest
24 survivor's annuity to which the survivor would have been
25 entitled if the deceased employee had participated in the
26 traditional benefit package as defined in Section 15-103.1

1 rather than the self-managed plan.

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

4 (c) In the case of a participant in a defined contribution
5 plan established under Article 2, 14, 15, or 16 of this Code to
6 whom the provisions of this Article apply:

7 (i) For purposes of calculating the combined
8 retirement annuity and the proportionate reduction, if
9 any, in a defined benefit retirement annuity, any benefit
10 payable under the defined contribution plan shall not be
11 considered.

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

17 (iii) Benefits payable under a defined contribution
18 plan established under Article 2, 14, 15, or 16 of this
19 Code are not subject to proportionate reduction under this
20 Section.

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

22 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

25 Sec. 20-125. Return to employment - suspension of benefits.

1 If a retired employee returns to employment which is covered by
2 a system from which he is receiving a proportional annuity
3 under this Article, his proportional annuity from all
4 participating systems shall be suspended during the period of
5 re-employment, except that this suspension does not apply to
6 any distributions payable under the self-managed plan
7 established under Section 15-158.2 or under a defined
8 contribution plan established under Article 2, 14, 15, or 16 of
9 this Code.

10 The provisions of the Article under which such employment
11 would be covered shall govern the determination of whether the
12 employee has returned to employment, and if applicable the
13 exemption of temporary employment or employment not exceeding a
14 specified duration or frequency, for all participating systems
15 from which the retired employee is receiving a proportional
16 annuity under this Article, notwithstanding any contrary
17 provisions in the other Articles governing such systems.

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

19 (40 ILCS 5/2-165 rep.)

20 (40 ILCS 5/2-166 rep.)

21 (40 ILCS 5/14-155 rep.)

22 (40 ILCS 5/14-156 rep.)

23 (40 ILCS 5/15-200 rep.)

24 (40 ILCS 5/15-201 rep.)

25 (40 ILCS 5/16-205 rep.)

1 (40 ILCS 5/16-206 rep.)

2 Section 50. The Illinois Pension Code is amended by
3 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
4 15-201, 16-205, and 16-206.

5 Section 55. The State Pension Funds Continuing
6 Appropriation Act is amended by adding Section 1.9 as follows:

7 (40 ILCS 15/1.9 new)

8 Sec. 1.9. Appropriation for consideration payment. There
9 is hereby appropriated from the General Revenue Fund to the
10 State Comptroller, on a continuing basis, all amounts necessary
11 for the payment of consideration payments under subsection (b)
12 of Sections 2-110.3, 14-106.5, 15-132.9, 16-122.9, and
13 17-115.5 of the Illinois Pension Code, in the amounts certified
14 to the State Comptroller by the respective retirement system or
15 pension fund.

16 Section 60. The School Code is amended by changing Sections
17 24-1, 24-8, and 34-18.53 as follows:

18 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

19 Sec. 24-1. Appointment-Salaries-Payment-School
20 month-School term.) School boards shall appoint all teachers,
21 determine qualifications of employment and fix the amount of
22 their salaries subject to any limitation set forth in this Act

1 and subject to any applicable restrictions in Section 16-122.9
2 of the Illinois Pension Code. They shall pay the wages of
3 teachers monthly, subject, however, to the provisions of
4 Section 24-21. The school month shall be the same as the
5 calendar month but by resolution the school board may adopt for
6 its use a month of 20 days, including holidays. The school term
7 shall consist of at least the minimum number of pupil
8 attendance days required by Section 10-19, any additional legal
9 school holidays, days of teachers' institutes, or equivalent
10 professional educational experiences, and one or two days at
11 the beginning of the school term when used as a teachers'
12 workshop.

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

14 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

15 Sec. 24-8. Minimum salary. In fixing the salaries of
16 teachers, school boards shall pay those who serve on a
17 full-time basis not less than a rate for the school year that
18 is based upon training completed in a recognized institution of
19 higher learning, as follows: for the school year beginning July
20 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
21 120 semester hours or more and a bachelor's degree, \$10,000;
22 150 semester hours or more and a master's degree, \$11,000.

23 Based upon previous public school experience in this State
24 or any other State, territory, dependency or possession of the
25 United States, or in schools operated by or under the auspices

1 of the United States, teachers who serve on a full-time basis
2 shall have their salaries increased to at least the following
3 amounts above the starting salary for a teacher in such
4 district in the same classification: with less than a
5 bachelor's degree, \$750 after 5 years; with 120 semester hours
6 or more and a bachelor's degree, \$1,000 after 5 years and
7 \$1,600 after 8 years; with 150 semester hours or more and a
8 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
9 \$2,750 after 13 years. However, any salary increase is subject
10 to any applicable restrictions in Section 16-122.9 of the
11 Illinois Pension Code.

12 For the purpose of this Section a teacher's salary shall
13 include any amount paid by the school district on behalf of the
14 teacher, as teacher contributions, to the Teachers' Retirement
15 System of the State of Illinois.

16 If a school board establishes a schedule for teachers'
17 salaries based on education and experience, not inconsistent
18 with this Section, all certificated nurses employed by that
19 board shall be paid in accordance with the provisions of such
20 schedule (subject to any applicable restrictions in Section
21 16-122.9 of the Illinois Pension Code).

22 For purposes of this Section, a teacher who submits a
23 certificate of completion to the school office prior to the
24 first day of the school term shall be considered to have the
25 degree stated in such certificate.

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

1 (105 ILCS 5/34-18.53 new)

2 Sec. 34-18.53. Future increase in income. The Board of
3 Education must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section 17-113.5
5 of the Illinois Pension Code, to any person in a manner that
6 violates Section 17-115.5 of the Illinois Pension Code.

7 Section 65. The State Universities Civil Service Act is
8 amended by changing Section 36d as follows:

9 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

10 Sec. 36d. Powers and duties of the Merit Board. The Merit
11 Board shall have the power and duty-

12 (1) To approve a classification plan prepared under its
13 direction, assigning to each class positions of
14 substantially similar duties. The Merit Board shall have
15 power to delegate to its Director the duty of assigning
16 each position in the classified service to the appropriate
17 class in the classification plan approved by the Merit
18 Board.

19 (2) To prescribe the duties of each class of positions
20 and the qualifications required by employment in that
21 class.

22 (3) To prescribe the range of compensation for each
23 class or to fix a single rate of compensation for employees

1 in a particular class; and to establish other conditions of
2 employment which an employer and employee representatives
3 have agreed upon as fair and equitable. The Merit Board
4 shall direct the payment of the "prevailing rate of wages"
5 in those classifications in which, on January 1, 1952, any
6 employer is paying such prevailing rate and in such other
7 classes as the Merit Board may thereafter determine.
8 "Prevailing rate of wages" as used herein shall be the
9 wages paid generally in the locality in which the work is
10 being performed to employees engaged in work of a similar
11 character. Subject to any applicable restrictions in
12 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois
13 Pension Code, each ~~Each~~ employer covered by the University
14 System shall be authorized to negotiate with
15 representatives of employees to determine appropriate
16 ranges or rates of compensation or other conditions of
17 employment and may recommend to the Merit Board for
18 establishment the rates or ranges or other conditions of
19 employment which the employer and employee representatives
20 have agreed upon as fair and equitable, but excluding the
21 changes, the impact of changes, and the implementation of
22 the changes set forth in this amendatory Act of the 100th
23 General Assembly. Any rates or ranges established prior to
24 January 1, 1952, and hereafter, shall not be changed except
25 in accordance with the procedures herein provided.

26 (4) To recommend to the institutions and agencies

1 specified in Section 36e standards for hours of work,
2 holidays, sick leave, overtime compensation and vacation
3 for the purpose of improving conditions of employment
4 covered therein and for the purpose of insuring conformity
5 with the prevailing rate principal.

6 (5) To prescribe standards of examination for each
7 class, the examinations to be related to the duties of such
8 class. The Merit Board shall have power to delegate to the
9 Director and his staff the preparation, conduct and grading
10 of examinations. Examinations may be written, oral, by
11 statement of training and experience, in the form of tests
12 of knowledge, skill, capacity, intellect, aptitude; or, by
13 any other method, which in the judgment of the Merit Board
14 is reasonable and practical for any particular
15 classification. Different examining procedures may be
16 determined for the examinations in different
17 classifications but all examinations in the same
18 classification shall be uniform.

19 (6) To authorize the continuous recruitment of
20 personnel and to that end, to delegate to the Director and
21 his staff the power and the duty to conduct open and
22 continuous competitive examinations for all
23 classifications of employment.

24 (7) To cause to be established from the results of
25 examinations registers for each class of positions in the
26 classified service of the State Universities Civil Service

1 System, of the persons who shall attain the minimum mark
2 fixed by the Merit Board for the examination; and such
3 persons shall take rank upon the registers as candidates in
4 the order of their relative excellence as determined by
5 examination, without reference to priority of time of
6 examination.

7 (8) To provide by its rules for promotions in the
8 classified service. Vacancies shall be filled by promotion
9 whenever practicable. For the purpose of this paragraph, an
10 advancement in class shall constitute a promotion.

11 (9) To set a probationary period of employment of no
12 less than 6 months and no longer than 12 months for each
13 class of positions in the classification plan, the length
14 of the probationary period for each class to be determined
15 by the Director.

16 (10) To provide by its rules for employment at regular
17 rates of compensation of persons with physical
18 disabilities in positions in which the disability does not
19 prevent the individual from furnishing satisfactory
20 service.

21 (11) To make and publish rules, to carry out the
22 purpose of the State Universities Civil Service System and
23 for examination, appointments, transfers and removals and
24 for maintaining and keeping records of the efficiency of
25 officers and employees and groups of officers and employees
26 in accordance with the provisions of Sections 36b to 36q,

1 inclusive, and said Merit Board may from time to time make
2 changes in such rules.

3 (12) To appoint a Director and such assistants and
4 other clerical and technical help as may be necessary
5 efficiently to administer Sections 36b to 36q, inclusive.
6 To authorize the Director to appoint an assistant resident
7 at the place of employment of each employer specified in
8 Section 36e and this assistant may be authorized to give
9 examinations and to certify names from the regional
10 registers provided in Section 36k.

11 (13) To submit to the Governor of this state on or
12 before November 1 of each year prior to the regular session
13 of the General Assembly a report of the University System's
14 business and an estimate of the amount of appropriation
15 from state funds required for the purpose of administering
16 the University System.

17 (Source: P.A. 99-143, eff. 7-27-15.)

18 Section 70. The University of Illinois Act is amended by
19 adding Section 100 as follows:

20 (110 ILCS 305/100 new)

21 Sec. 100. Future increases in income. The University of
22 Illinois must not pay, offer, or agree to pay any future
23 increase in income, as that term is defined in Section
24 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,

1 to any person in a manner that violates Section 14-106.5,
2 15-132.9, or 16-122.9 of the Illinois Pension Code.

3 Section 75. The Southern Illinois University Management
4 Act is amended by adding Section 85 as follows:

5 (110 ILCS 520/85 new)

6 Sec. 85. Future increases in income. Southern Illinois
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section
9 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
10 to any person in a manner that violates Section 14-106.5,
11 15-132.9, or 16-122.9 of the Illinois Pension Code.

12 Section 80. The Chicago State University Law is amended by
13 adding Section 5-195 as follows:

14 (110 ILCS 660/5-195 new)

15 Sec. 5-195. Future increases in income. Chicago State
16 University must not pay, offer, or agree to pay any future
17 increase in income, as that term is defined in Section
18 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
19 to any person in a manner that violates Section 14-106.5,
20 15-132.9, or 16-122.9 of the Illinois Pension Code.

21 Section 90. The Eastern Illinois University Law is amended

1 by adding Section 10-195 as follows:

2 (110 ILCS 665/10-195 new)

3 Sec. 10-195. Future increases in income. Eastern Illinois
4 University must not pay, offer, or agree to pay any future
5 increase in income, as that term is defined in Section
6 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
7 to any person in a manner that violates Section 14-106.5,
8 15-132.9, or 16-122.9 of the Illinois Pension Code.

9 Section 95. The Governors State University Law is amended
10 by adding Section 15-195 as follows:

11 (110 ILCS 670/15-195 new)

12 Sec. 15-195. Future increases in income. Governors 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 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
16 to any person in a manner that violates Section 14-106.5,
17 15-132.9, or 16-122.9 of the Illinois Pension Code.

18 Section 100. The Illinois State University Law is amended
19 by adding Section 20-200 as follows:

20 (110 ILCS 675/20-200 new)

21 Sec. 20-200. Future increases in income. Illinois State

1 University must not pay, offer, or agree to pay any future
2 increase in income, as that term is defined in Section
3 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
4 to any person in a manner that violates Section 14-106.5,
5 15-132.9, or 16-122.9 of the Illinois Pension Code.

6 Section 105. The Northeastern Illinois University Law is
7 amended by adding Section 25-195 as follows:

8 (110 ILCS 680/25-195 new)

9 Sec. 25-195. Future increases in income. Northeastern
10 Illinois University must not pay, offer, or agree to pay any
11 future increase in income, as that term is defined in Section
12 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
13 to any person in a manner that violates Section 14-106.5,
14 15-132.9, or 16-122.9 of the Illinois Pension Code.

15 Section 110. The Northern Illinois University Law is
16 amended by adding Section 30-205 as follows:

17 (110 ILCS 685/30-205 new)

18 Sec. 30-205. Future increases in income. Northern Illinois
19 University must not pay, offer, or agree to pay any future
20 increase in income, as that term is defined in Section
21 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
22 to any person in a manner that violates Section 14-106.5,

1 15-132.9, or 16-122.9 of the Illinois Pension Code.

2 Section 115. The Western Illinois University Law is amended
3 by adding Section 35-200 as follows:

4 (110 ILCS 690/35-200 new)

5 Sec. 35-200. Future increases in income. Western Illinois
6 University must not pay, offer, or agree to pay any future
7 increase in income, as that term is defined in Section
8 14-103.42, 15-112.1, or 16-121.1 of the Illinois Pension Code,
9 to any person in a manner that violates Section 14-106.5,
10 15-132.9, or 16-122.9 of the Illinois Pension Code.

11 Section 120. The Public Community College Act is amended by
12 changing Sections 3-26 and 3-42 as follows:

13 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

14 Sec. 3-26. (a) To make appointments and fix the salaries of
15 a chief administrative officer, who shall be the executive
16 officer of the board, other administrative personnel, and all
17 teachers, but subject to any applicable restrictions in Section
18 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.

19 In making these appointments and fixing the salaries, the board
20 may make no discrimination on account of sex, race, creed,
21 color or national origin.

22 (b) Upon the written request of an employee, to withhold

1 from the compensation of that employee the membership dues of
2 such employee payable to any specified labor organization as
3 defined in the Illinois Educational Labor Relations Act. Under
4 such arrangement, an amount shall be withheld for each regular
5 payroll period which is equal to the prorata share of the
6 annual membership dues plus any payments or contributions and
7 the board shall pay such withholding to the specified labor
8 organization within 10 working days from the time of the
9 withholding.

10 (Source: P.A. 83-1014.)

11 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

12 Sec. 3-42. To employ such personnel as may be needed, to
13 establish policies governing their employment and dismissal,
14 and to fix the amount of their compensation, subject to any
15 applicable restrictions in Section 14-106.5, 15-132.9, or
16 16-122.9 of the Illinois Pension Code. In the employment,
17 establishment of policies and fixing of compensation the board
18 may make no discrimination on account of sex, race, creed,
19 color or national origin.

20 Residence within any community college district or outside
21 any community college district shall not be considered:

22 (a) in determining whether to retain or not retain any
23 employee of a community college employed prior to July 1,
24 1977 or prior to the adoption by the community college
25 board of a resolution making residency within the community

1 college district of some or all employees a condition of
2 employment, whichever is later;

3 (b) in assigning, promoting or transferring any
4 employee of a community college to an office or position
5 employed prior to July 1, 1977 or prior to the adoption by
6 the community college board of a resolution making
7 residency within the community college district of some or
8 all employees a condition of employment, whichever is
9 later; or

10 (c) in determining the salary or other compensation of
11 any employee of a community college.

12 (Source: P.A. 80-248.)

13 Section 125. The Illinois Educational Labor Relations Act
14 is amended by changing Sections 4, 14, and 17 and by adding
15 Section 10.6 as follows:

16 (115 ILCS 5/4) (from Ch. 48, par. 1704)

17 Sec. 4. Employer rights. Employers shall not be required to
18 bargain over matters of inherent managerial policy, which shall
19 include such areas of discretion or policy as the functions of
20 the employer, standards of services, its overall budget, the
21 organizational structure and selection of new employees and
22 direction of employees. Employers, however, shall be required
23 to bargain collectively with regard to policy matters directly
24 affecting wages (but subject to any applicable restrictions in

1 Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
2 Illinois Pension Code), hours and terms and conditions of
3 employment as well as the impact thereon upon request by
4 employee representatives, but excluding the changes, the
5 impact of changes, and the implementation of the changes set
6 forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of
7 the Illinois Pension Code. To preserve the rights of employers
8 and exclusive representatives which have established
9 collective bargaining relationships or negotiated collective
10 bargaining agreements prior to the effective date of this Act,
11 employers shall be required to bargain collectively with regard
12 to any matter concerning wages (but subject to any applicable
13 restrictions in Section 14-106.5, 15-132.9, 16-122.9, or
14 17-115.5 of the Illinois Pension Code), hours or conditions of
15 employment about which they have bargained for and agreed to in
16 a collective bargaining agreement prior to the effective date
17 of this Act, but excluding the changes, the impact of changes,
18 and the implementation of the changes set forth in Section
19 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
20 Pension Code.

21 (Source: P.A. 83-1014.)

22 (115 ILCS 5/10.6 new)

23 Sec. 10.6. No collective bargaining or interest
24 arbitration regarding certain changes to the Illinois Pension
25 Code.

1 (a) Notwithstanding any other provision of this Act,
2 employers shall not be required to bargain over matters
3 affected by the changes, the impact of the changes, and the
4 implementation of the changes to Article 14, 15, 16, or 17 of
5 the Illinois Pension Code made by the addition of Section
6 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
7 Pension Code, which are deemed to be prohibited subjects of
8 bargaining. Notwithstanding any provision of this Act, the
9 changes, impact of the changes, or implementation of the
10 changes to Article 14, 15, 16, or 17 of the Illinois Pension
11 Code made by the addition of Section 14-106.5, 15-132.9,
12 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
13 subject to interest arbitration or any award issued pursuant to
14 interest arbitration. The provisions of this Section shall not
15 apply to an employment contract or collective bargaining
16 agreement that is in effect on the effective date of this
17 amendatory Act of the 100th General Assembly. However, any such
18 contract or agreement that is modified, amended, renewed, or
19 superseded after the effective date of this amendatory Act of
20 the 100th General Assembly shall be subject to the provisions
21 of this Section. The provisions of this Section shall not apply
22 to the ability of any employer and employee representative to
23 bargain collectively with regard to the pick up of employee
24 contributions pursuant to Section 14-133.1, 15-157.1,
25 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

26 (b) Nothing in this Section shall be construed as otherwise

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

14 (c) In case of any conflict between this Section and any
15 other provisions of this Act or any other law, the provisions
16 of this Section shall control.

17 (115 ILCS 5/14) (from Ch. 48, par. 1714)

18 Sec. 14. Unfair labor practices.

19 (a) Educational employers, their agents or representatives
20 are prohibited from:

21 (1) Interfering, restraining or coercing employees in
22 the exercise of the rights guaranteed under this Act.

23 (2) Dominating or interfering with the formation,
24 existence or administration of any employee organization.

25 (3) Discriminating in regard to hire or tenure of

1 employment or any term or condition of employment to
2 encourage or discourage membership in any employee
3 organization.

4 (4) Discharging or otherwise discriminating against an
5 employee because he or she has signed or filed an
6 affidavit, authorization card, petition or complaint or
7 given any information or testimony under this Act.

8 (5) Subject to and except as provided in Section 10.6,
9 refusing ~~Refusing~~ to bargain collectively in good faith
10 with an employee representative which is the exclusive
11 representative of employees in an appropriate unit,
12 including but not limited to the discussing of grievances
13 with the exclusive representative; provided, however, that
14 if an alleged unfair labor practice involves
15 interpretation or application of the terms of a collective
16 bargaining agreement and said agreement contains a
17 grievance and arbitration procedure, the Board may defer
18 the resolution of such dispute to the grievance and
19 arbitration procedure contained in said agreement.
20 However, no actions of the employer taken to implement or
21 otherwise comply with the provisions of subsection (a) of
22 Section 10.6 shall constitute or give rise to an unfair
23 labor practice under this Act.

24 (6) Refusing to reduce a collective bargaining
25 agreement to writing and signing such agreement.

26 (7) Violating any of the rules and regulations

1 promulgated by the Board regulating the conduct of
2 representation elections.

3 (8) Refusing to comply with the provisions of a binding
4 arbitration award.

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

1 particular representational election.

2 (b) Employee organizations, their agents or
3 representatives or educational employees are prohibited from:

4 (1) Restraining or coercing employees in the exercise
5 of the rights guaranteed under this Act, provided that a
6 labor organization or its agents shall commit an unfair
7 labor practice under this paragraph in duty of fair
8 representation cases only by intentional misconduct in
9 representing employees under this Act.

10 (2) Restraining or coercing an educational employer in
11 the selection of his representative for the purposes of
12 collective bargaining or the adjustment of grievances.

13 (3) Refusing to bargain collectively in good faith with
14 an educational employer, if they have been designated in
15 accordance with the provisions of this Act as the exclusive
16 representative of employees in an appropriate unit.

17 (4) Violating any of the rules and regulations
18 promulgated by the Board regulating the conduct of
19 representation elections.

20 (5) Refusing to reduce a collective bargaining
21 agreement to writing and signing such agreement.

22 (6) Refusing to comply with the provisions of a binding
23 arbitration award.

24 (c) The expressing of any views, argument, opinion or the
25 dissemination thereof, whether in written, printed, graphic or
26 visual form, shall not constitute or be evidence of an unfair

1 labor practice under any of the provisions of this Act, if such
2 expression contains no threat of reprisal or force or promise
3 of benefit.

4 (d) The actions of a Financial Oversight Panel created
5 pursuant to Section 1A-8 of the School Code due to a district
6 violating a financial plan shall not constitute or be evidence
7 of an unfair labor practice under any of the provisions of this
8 Act. Such actions include, but are not limited to, reviewing,
9 approving, or rejecting a school district budget or a
10 collective bargaining agreement.

11 (Source: P.A. 89-572, eff. 7-30-96.)

12 (115 ILCS 5/17) (from Ch. 48, par. 1717)

13 Sec. 17. Effect on other laws. In case of any conflict
14 between the provisions of this Act and any other law (other
15 than Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
16 Illinois Pension Code), executive order or administrative
17 regulation, the provisions of this Act shall prevail and
18 control. The provisions of this Act are subject to any
19 applicable restrictions in Section 14-106.5, 15-132.9,
20 16-122.9, or 17-115.5 of the Illinois Pension Code, as well as
21 the changes, impact of changes, and implementation of changes
22 set forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5
23 of the Illinois Pension Code. Nothing in this Act shall be
24 construed to replace or diminish the rights of employees
25 established by Section 36d of "An Act to create the State

1 Universities Civil Service System", approved May 11, 1905, as
2 amended or modified.

3 (Source: P.A. 83-1014.)

4 Section 900. The State Mandates Act is amended by adding
5 Section 8.41 as follows:

6 (30 ILCS 805/8.41 new)

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

11 Section 970. Severability. The provisions of this Act are
12 severable under Section 1.31 of the Statute on Statutes.

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