



Sen. John J. Cullerton

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1 AMENDMENT TO SENATE BILL 16

2 AMENDMENT NO. _____. Amend Senate Bill 16 by replacing
3 everything after the enacting clause with the following:

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

7 (5 ILCS 315/7.6 new)

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

10 (a) Notwithstanding any other provision of this Act,
11 employers shall not be required to bargain over matters
12 affected by the changes, the impact of the changes, and the
13 implementation of the changes to Article 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

1 bargaining. Notwithstanding any provision of this Act, the
2 changes, impact of the changes, or implementation of the
3 changes to Article 14, 15, 16, or 17 of the Illinois Pension
4 Code made by the addition of Section 14-106.5, 15-132.9,
5 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
6 subject to interest arbitration or any award issued pursuant to
7 interest arbitration. The provisions of this Section shall not
8 apply to an employment contract or collective bargaining
9 agreement that is in effect on the effective date of this
10 amendatory Act of the 100th General Assembly. However, any such
11 contract or agreement that is modified, amended, renewed, or
12 superseded after the effective date of this amendatory Act of
13 the 100th General Assembly shall be subject to the provisions
14 of this Section. Each employer with active employees
15 participating in a retirement system or pension fund
16 established under Article 14, 15, 16, or 17 of the Illinois
17 Pension Code shall comply with and be subject to the provisions
18 of this amendatory Act of the 100th General Assembly. The
19 provisions of this Section shall not apply to the ability of
20 any employer and employee representative to bargain
21 collectively with regard to the pick up of employee
22 contributions pursuant to Section 14-133.1, 15-157.1,
23 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

24 (b) Subject to and except for the matters set forth in
25 subsection (a) of this Section that are deemed prohibited
26 subjects of bargaining, nothing in this Section shall be

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

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

16 (5 ILCS 315/10) (from Ch. 48, par. 1610)

17 Sec. 10. Unfair labor practices.

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

20 (1) to interfere with, restrain or coerce public
21 employees in the exercise of the rights guaranteed in this
22 Act or to dominate or interfere with the formation,
23 existence or administration of any labor organization or
24 contribute financial or other support to it; provided, an
25 employer shall not be prohibited from permitting employees

1 to confer with him during working hours without loss of
2 time or pay;

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

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

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

25 (5) to violate any of the rules and regulations
26 established by the Board with jurisdiction over them

1 relating to the conduct of representation elections or the
2 conduct affecting the representation elections;

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

1 (7) to refuse to reduce a collective bargaining
2 agreement to writing or to refuse to sign such agreement.

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

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

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

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

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

25 (5) to violate any of the rules and regulations
26 established by the boards with jurisdiction over them

1 relating to the conduct of representation elections or the
2 conduct affecting the representation elections;

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

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

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

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

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

1 such a petition has been filed the Board shall
2 forthwith, without regard to the provisions of
3 subsection (a) of Section 9 or the absence of a showing
4 of a substantial interest on the part of the labor
5 organization, direct an election in such unit as the
6 Board finds to be appropriate and shall certify the
7 results thereof; provided further, that nothing in
8 this subparagraph shall be construed to prohibit any
9 picketing or other publicity for the purpose of
10 truthfully advising the public that an employer does
11 not employ members of, or have a contract with, a labor
12 organization unless an effect of such picketing is to
13 induce any individual employed by any other person in
14 the course of his employment, not to pick up, deliver,
15 or transport any goods or not to perform any services;
16 or

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

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

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

1 (5 ILCS 315/15) (from Ch. 48, par. 1615)

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

4 Sec. 15. Act Takes Precedence.

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

24 (b) Except as provided in subsection (a) above, any
25 collective bargaining contract between a public employer and a
26 labor organization executed pursuant to this Act shall

1 supersede any contrary statutes, charters, ordinances, rules
2 or regulations relating to wages, hours and conditions of
3 employment and employment relations adopted by the public
4 employer or its agents. Any collective bargaining agreement
5 entered into prior to the effective date of this Act shall
6 remain in full force during its duration.

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

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

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

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

1 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

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

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

1 pension benefit payment under Section 15-185.5 of the Article),
2 paragraphs (2), (3), or (5) of Section 16-106 (including an
3 employee who meets the criteria for retirement, but in lieu of
4 receiving an annuity under that Article has elected to receive
5 an accelerated pension benefit payment under Section 16-190.5
6 of the Illinois Pension Code), or Article 18 of the Illinois
7 Pension Code; (2) any person who was receiving group insurance
8 coverage under this Act as of March 31, 1978 by reason of his
9 status as an annuitant, even though the annuity in relation to
10 which such coverage was provided is a proportional annuity
11 based on less than the minimum period of service required for a
12 retirement annuity in the system involved; (3) any person not
13 otherwise covered by this Act who has retired as a
14 participating member under Article 2 of the Illinois Pension
15 Code but is ineligible for the retirement annuity under Section
16 2-119 of the Illinois Pension Code; (4) the spouse of any
17 person who is receiving a retirement annuity under Article 18
18 of the Illinois Pension Code and who is covered under a group
19 health insurance program sponsored by a governmental employer
20 other than the State of Illinois and who has irrevocably
21 elected to waive his or her coverage under this Act and to have
22 his or her spouse considered as the "annuitant" under this Act
23 and not as a "dependent"; or (5) an employee who retires, or
24 has retired, from a qualified position, as determined according
25 to rules promulgated by the Director, under a qualified local
26 government, a qualified rehabilitation facility, a qualified

1 domestic violence shelter or service, or a qualified child
2 advocacy center. (For definition of "retired employee", see (p)
3 post).

4 (b-5) (Blank).

5 (b-6) (Blank).

6 (b-7) (Blank).

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

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

1 Workers' Compensation or Occupational Diseases Act or benefits
2 payable under a sick pay plan established in accordance with
3 Section 36 of the State Finance Act. "Compensation" also means
4 salary or wages paid to an employee of any qualified local
5 government, qualified rehabilitation facility, qualified
6 domestic violence shelter or service, or qualified child
7 advocacy center.

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

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

21 (g) "Department" means any department, institution, board,
22 commission, officer, court or any agency of the State
23 government receiving appropriations and having power to
24 certify payrolls to the Comptroller authorizing payments of
25 salary and wages against such appropriations as are made by the
26 General Assembly from any State fund, or against trust funds

1 held by the State Treasurer and includes boards of trustees of
2 the retirement systems created by Articles 2, 14, 15, 16 and 18
3 of the Illinois Pension Code. "Department" also includes the
4 Illinois Comprehensive Health Insurance Board, the Board of
5 Examiners established under the Illinois Public Accounting
6 Act, and the Illinois Finance Authority.

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

1 forms required by the Department.

2 (i) "Director" means the Director of the Illinois
3 Department of Central Management Services.

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

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

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

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

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

1 eligible for group insurance benefits under that system.

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

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

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

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

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

1 Cooperative Extension Service who would be an annuitant except
2 for the fact that such person was made ineligible to
3 participate in the State Universities Retirement System by
4 clause (4) of subsection (a) of Section 15-107 of the Illinois
5 Pension Code; and (3) the surviving dependent of a person who
6 was an annuitant under this Act by virtue of receiving an
7 alternative retirement cancellation payment under Section
8 14-108.5 of the Illinois Pension Code.

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

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

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

17 (q-5) (Blank).

18 (q-6) (Blank).

19 (q-7) (Blank).

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

23 (s) "Unit of local government" means any county,
24 municipality, township, school district (including a
25 combination of school districts under the Intergovernmental
26 Cooperation Act), special district or other unit, designated as

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

24 (t) "Qualified rehabilitation facility" means any
25 not-for-profit organization that is accredited by the
26 Commission on Accreditation of Rehabilitation Facilities or

1 certified by the Department of Human Services (as successor to
2 the Department of Mental Health and Developmental
3 Disabilities) to provide services to persons with disabilities
4 and which receives funds from the State of Illinois for
5 providing those services, approved by the Director and
6 participating in a program created under subsection (j) of
7 Section 10 of this Act.

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

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

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

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

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

1 of a recipient of a disability benefit under Article 16 of
2 the Illinois Pension Code.

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

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

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

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

24 (x) "Military leave" refers to individuals in basic
25 training for reserves, special/advanced training, annual
26 training, emergency call up, activation by the President of the

1 United States, or any other training or duty in service to the
2 United States Armed Forces.

3 (y) (Blank).

4 (z) "Community college benefit recipient" means a person
5 who:

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

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

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

23 (aa) "Community college dependent beneficiary" means a
24 person who:

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

1 (2) is a community college benefit recipient's: (A)
2 spouse, (B) dependent parent who is receiving at least half
3 of his or her support from the community college benefit
4 recipient, or (C) natural, step, adjudicated, or adopted
5 child who is (i) under age 26, or (ii) age 19 or over and
6 has a mental or physical disability from a cause
7 originating prior to the age of 19 (age 26 if enrolled as
8 an adult child).

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

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

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

25 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

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

1 actual cost of medical services adjusted for age, sex or
2 geographic or other demographic characteristics which affect
3 the costs of such programs.

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

15 (a-1) (Blank).

16 (a-2) (Blank).

17 (a-3) (Blank).

18 (a-4) (Blank).

19 (a-5) (Blank).

20 (a-6) (Blank).

21 (a-7) (Blank).

22 (a-8) Any annuitant, survivor, or retired employee may
23 waive or terminate coverage in the program of group health
24 benefits. Any such annuitant, survivor, or retired employee who
25 has waived or terminated coverage may enroll or re-enroll in
26 the program of group health benefits only during the annual

1 benefit choice period, as determined by the Director; except
2 that in the event of termination of coverage due to nonpayment
3 of premiums, the annuitant, survivor, or retired employee may
4 not re-enroll in the program.

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

1 responsibility of that annuitant, survivor, or retired
2 employee.

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

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

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

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

24 The Department of Central Management Services, or any
25 successor agency designated to procure healthcare contracts
26 pursuant to this Act, is authorized to establish funds,

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

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

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

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

24 (d) The basic group life insurance coverage shall continue,
25 with full State contribution, where such person is (1) absent
26 from active service by reason of disability arising from any

1 cause other than self-inflicted, (2) on authorized educational
2 leave of absence or sabbatical leave, or (3) on military leave.

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

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

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

1 the 91st General Assembly.

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

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

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

24 Employees of a participating unit of local government who
25 are not enrolled due to coverage under another group health
26 policy or plan may enroll in the event of a qualifying change

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

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

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

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

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

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

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

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

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

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

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

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

1 to employees of the rehabilitation facility and their
2 dependents.

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

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

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

1 event of a qualifying change in status, special enrollment, or
2 special circumstance as defined by the Director or during the
3 annual Benefit Choice Period. A participating domestic
4 violence shelter may also elect to cover its annuitants.
5 Dependent coverage shall be offered on an optional basis, with
6 employees, or some combination of the 2 as determined by the
7 domestic violence shelter or service. The domestic violence
8 shelter or service shall be responsible for timely collection
9 and transmission of dependent premiums.

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

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

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

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

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

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

23 (1-5) The provisions of subsection (1) become inoperative
24 on July 1, 1999.

25 (m) The Director shall adopt any rules deemed necessary for
26 implementation of this amendatory Act of 1989 (Public Act

1 86-978).

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

1 transmission of dependent premiums.

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

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

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

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

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

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

24 (20 ILCS 5/5-647 new)

1 Sec. 5-647. Future increases in income. A Department must
2 not pay, offer, or agree to pay any future increase in income,
3 as that term is defined in Section 14-103.42, 15-112.1, or
4 16-121.1 of the Illinois Pension Code, to any person in a
5 manner that violates Section 14-106.5, 15-132.9, or 16-122.9 of
6 the Illinois Pension Code.

7 Section 20. The Attorney General Act is amended by adding
8 Section 5 as follows:

9 (15 ILCS 205/5 new)

10 Sec. 5. Future increases in income. The Office of the
11 Attorney General must not pay, offer, or agree to pay any
12 future 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 25. The Secretary of State Merit Employment Code is
17 amended by adding Section 13a as follows:

18 (15 ILCS 310/13a new)

19 Sec. 13a. Future increases in income. The Office of the
20 Secretary of State must not pay, offer, or agree to pay any
21 future increase in income, as that term is defined in Section
22 14-103.42 of the Illinois Pension Code, to any person in a

1 manner that violates Section 14-106.5 of the Illinois Pension
2 Code.

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

5 (15 ILCS 410/13a new)

6 Sec. 13a. Future increases in income. The Office of the
7 Comptroller 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 of the Illinois Pension Code, to any person in a
10 manner that violates Section 14-106.5 of the Illinois Pension
11 Code.

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

14 (15 ILCS 510/12a new)

15 Sec. 12a. Future increases in income. The Office of the
16 State Treasurer 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 of the Illinois Pension Code, to any person in a
19 manner that violates Section 14-106.5 of the Illinois Pension
20 Code.

21 Section 40. The Budget Stabilization Act is amended by

1 changing Section 20 as follows:

2 (30 ILCS 122/20)

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

5 Sec. 20. Pension Stabilization Fund.

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

10 (b) For each fiscal year through State fiscal year 2020,
11 when the General Assembly's appropriations and transfers or
12 diversions as required by law from general funds do not exceed
13 99% of the estimated general funds revenues pursuant to
14 subsection (a) of Section 10, the Comptroller shall transfer
15 from the General Revenue Fund as provided by this Section a
16 total amount equal to 0.5% of the estimated general funds
17 revenues to the Pension Stabilization Fund.

18 (c) For each fiscal year through State fiscal year 2020,
19 when the General Assembly's appropriations and transfers or
20 diversions as required by law from general funds do not exceed
21 98% of the estimated general funds revenues pursuant to
22 subsection (b) of Section 10, the Comptroller shall transfer
23 from the General Revenue Fund as provided by this Section a
24 total amount equal to 1.0% of the estimated general funds
25 revenues to the Pension Stabilization Fund.

1 (c-5) In addition to any other amounts required to be
2 transferred under this Section, in State fiscal year 2021 and
3 each fiscal year thereafter through State fiscal year 2045, or
4 when each of the designated retirement systems, as defined in
5 Section 25, has achieved 100% funding, whichever occurs first,
6 the State Comptroller shall order transferred and the State
7 Treasurer shall transfer from the General Revenue Fund to the
8 Pension Stabilization Fund an amount equal to (1) the sum of
9 the amounts certified by the designated retirement systems
10 under subsection (a-10) of Section 14-135.08, subsection
11 (a-10) of Section 15-165, and subsection (a-10) of Section
12 16-158 of this Code for that fiscal year minus (2) the sum of
13 the required State contributions certified by the retirement
14 systems under subsection (a-5) of Section 14-135.08,
15 subsection (a-5) of Section 15-165, and subsection (a-5) of
16 Section 16-158 of this Code for that fiscal year. The
17 transferred amount is intended to represent the annual savings
18 to the State resulting from the enactment of Section 1-161 and
19 Section 14-155.2, the enactment of subsection (a-2) of Section
20 15-155 and subsection (b-4) of Section 16-158, and the changes
21 made to Section 1-160 by this amendatory Act of the 100th
22 General Assembly.

23 (d) The Comptroller shall transfer 1/12 of the total amount
24 to be transferred each fiscal year under this Section into the
25 Pension Stabilization Fund on the first day of each month of
26 that fiscal year or as soon thereafter as possible; except that

1 the final transfer of the fiscal year shall be made as soon as
2 practical after the August 31 following the end of the fiscal
3 year.

4 Until State fiscal year 2021, before ~~Before~~ the final
5 transfer for a fiscal year is made, the Comptroller shall
6 reconcile the estimated general funds revenues used in
7 calculating the other transfers under this Section for that
8 fiscal year with the actual general funds revenues for that
9 fiscal year. The final transfer for the fiscal year shall be
10 adjusted so that the total amount transferred under this
11 Section for that fiscal year is equal to the percentage
12 specified in subsection (b) or (c) of this Section, whichever
13 is applicable, of the actual general funds revenues for that
14 fiscal year. The actual general funds revenues for the fiscal
15 year shall be calculated in a manner consistent with subsection
16 (c) of Section 10 of this Act.

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

18 Section 45. The Illinois Pension Code is amended by
19 changing Sections 1-160, 2-101, 2-105, 2-107, 2-108, 2-119.1,
20 2-124, 2-126, 2-134, 2-162, 14-103.10, 14-114, 14-131, 14-133,
21 14-135.08, 14-152.1, 15-108.1, 15-108.2, 15-111, 15-136,
22 15-155, 15-157, 15-165, 15-198, 16-121, 16-133.1, 16-136.1,
23 16-152, 16-158, 16-203, 17-116, 17-119.2, 17-129, 17-130,
24 18-131, 18-140, 20-121, 20-123, 20-124, and 20-125 and by
25 adding Sections 1-161, 1-162, 2-105.3, 2-107.9, 2-107.10,

1 2-110.3, 2-165.1, 2-166.1, 14-103.41, 14-103.42, 14-103.43,
2 14-106.5, 14-147.5, 14-155.1, 14-155.2, 14-156.1, 15-112.1,
3 15-112.2, 15-132.9, 15-185.5, 15-200.1, 15-201.1, 16-107.1,
4 16-121.1, 16-121.2, 16-122.9, 16-190.5, 16-205.1, 16-206.1,
5 17-106.05, 17-113.4, 17-113.5, 17-113.6, and 17-115.5 as
6 follows:

7 (40 ILCS 5/1-160)

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

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

11 (a) The provisions of this Section apply to a person who,
12 on or after January 1, 2011, first becomes a member or a
13 participant under any reciprocal retirement system or pension
14 fund established under this Code, other than a retirement
15 system or pension fund established under Article 2, 3, 4, 5, 6,
16 15 or 18 of this Code, notwithstanding any other provision of
17 this Code to the contrary, but do not apply to any self-managed
18 plan established under this Code, to any person with respect to
19 service as a sheriff's law enforcement employee under Article
20 7, or to any participant of the retirement plan established
21 under Section 22-101. Notwithstanding anything to the contrary
22 in this Section, for purposes of this Section, a person who
23 participated in a retirement system under Article 15 prior to
24 January 1, 2011 shall be deemed a person who first became a
25 member or participant prior to January 1, 2011 under any

1 retirement system or pension fund subject to this Section. The
2 changes made to this Section by Public Act 98-596 ~~this~~
3 ~~amendatory Act of the 98th General Assembly~~ are a clarification
4 of existing law and are intended to be retroactive to January
5 1, 2011 (the effective date of Public Act 96-889),
6 notwithstanding the provisions of Section 1-103.1 of this Code.

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

23 (b) "Final average salary" means the average monthly (or
24 annual) salary obtained by dividing the total salary or
25 earnings calculated under the Article applicable to the member
26 or participant during the 96 consecutive months (or 8

1 consecutive years) of service within the last 120 months (or 10
2 years) of service in which the total salary or earnings
3 calculated under the applicable Article was the highest by the
4 number of months (or years) of service in that period. For the
5 purposes of a person who first becomes a member or participant
6 of any retirement system or pension fund to which this Section
7 applies on or after January 1, 2011, in this Code, "final
8 average salary" shall be substituted for the following:

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

11 (2) In Articles 8, 9, 10, 11, and 12, "highest average
12 annual salary for any 4 consecutive years within the last
13 10 years of service immediately preceding the date of
14 withdrawal".

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

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

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

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

20 (b-5) Beginning on January 1, 2011, for all purposes under
21 this Code (including without limitation the calculation of
22 benefits and employee contributions), the annual earnings,
23 salary, or wages (based on the plan year) of a member or
24 participant to whom this Section applies shall not exceed
25 \$106,800; however, that amount shall annually thereafter be
26 increased by the lesser of (i) 3% of that amount, including all

1 previous adjustments, or (ii) one-half the annual unadjusted
2 percentage increase (but not less than zero) in the consumer
3 price index-u for the 12 months ending with the September
4 preceding each November 1, including all previous adjustments.

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

14 (c) A member or participant is entitled to a retirement
15 annuity upon written application if he or she has attained age
16 67 (beginning January 1, 2015, age 65 with respect to service
17 under Article 12 of this Code that is subject to this Section)
18 and has at least 10 years of service credit and is otherwise
19 eligible under the requirements of the applicable Article.

20 A member or participant who has attained age 62 (beginning
21 January 1, 2015, age 60 with respect to service under Article
22 12 of this Code that is subject to this Section) and has at
23 least 10 years of service credit and is otherwise eligible
24 under the requirements of the applicable Article may elect to
25 receive the lower retirement annuity provided in subsection (d)
26 of this Section.

1 (d) The retirement annuity of a member or participant who
2 is retiring after attaining age 62 (beginning January 1, 2015,
3 age 60 with respect to service under Article 12 of this Code
4 that is subject to this Section) with at least 10 years of
5 service credit shall be reduced by one-half of 1% for each full
6 month that the member's age is under age 67 (beginning January
7 1, 2015, age 65 with respect to service under Article 12 of
8 this Code that is subject to this Section).

9 (e) Any retirement annuity or supplemental annuity shall be
10 subject to annual increases on the January 1 occurring either
11 on or after the attainment of age 67 (beginning January 1,
12 2015, age 65 with respect to service under Article 12 of this
13 Code that is subject to this Section) or the first anniversary
14 of the annuity start date, whichever is later. Each annual
15 increase shall be calculated at 3% or one-half the annual
16 unadjusted percentage increase (but not less than zero) in the
17 consumer price index-u for the 12 months ending with the
18 September preceding each November 1, whichever is less, of the
19 originally granted retirement annuity. If the annual
20 unadjusted percentage change in the consumer price index-u for
21 the 12 months ending with the September preceding each November
22 1 is zero or there is a decrease, then the annuity shall not be
23 increased.

24 (f) The initial survivor's or widow's annuity of an
25 otherwise eligible survivor or widow of a retired member or
26 participant who first became a member or participant on or

1 after January 1, 2011 shall be in the amount of 66 2/3% of the
2 retired member's or participant's retirement annuity at the
3 date of death. In the case of the death of a member or
4 participant who has not retired and who first became a member
5 or participant on or after January 1, 2011, eligibility for a
6 survivor's or widow's annuity shall be determined by the
7 applicable Article of this Code. The initial benefit shall be
8 66 2/3% of the earned annuity without a reduction due to age. A
9 child's annuity of an otherwise eligible child shall be in the
10 amount prescribed under each Article if applicable. Any
11 survivor's or widow's annuity shall be increased (1) on each
12 January 1 occurring on or after the commencement of the annuity
13 if the deceased member died while receiving a retirement
14 annuity or (2) in other cases, on each January 1 occurring
15 after the first anniversary of the commencement of the annuity.
16 Each annual increase shall be calculated at 3% or one-half the
17 annual unadjusted percentage increase (but not less than zero)
18 in the consumer price index-u for the 12 months ending with the
19 September preceding each November 1, whichever is less, of the
20 originally granted survivor's annuity. If the annual
21 unadjusted percentage change in the consumer price index-u for
22 the 12 months ending with the September preceding each November
23 1 is zero or there is a decrease, then the annuity shall not be
24 increased.

25 (g) The benefits in Section 14-110 apply only if the person
26 is a State policeman, a fire fighter in the fire protection

1 service of a department, or a security employee of the
2 Department of Corrections or the Department of Juvenile
3 Justice, as those terms are defined in subsection (b) of
4 Section 14-110. A person who meets the requirements of this
5 Section is entitled to an annuity calculated under the
6 provisions of Section 14-110, in lieu of the regular or minimum
7 retirement annuity, only if the person has withdrawn from
8 service with not less than 20 years of eligible creditable
9 service and has attained age 60, regardless of whether the
10 attainment of age 60 occurs while the person is still in
11 service.

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

26 If a person who first becomes a member of a retirement

1 system or pension fund subject to this Section on or after
2 January 1, 2012 and is receiving a retirement annuity or
3 retirement pension under that system or fund and accepts on a
4 contractual basis a position to provide services to a
5 governmental entity from which he or she has retired, then that
6 person's annuity or retirement pension earned as an active
7 employee of the employer shall be suspended during that
8 contractual service. A person receiving an annuity or
9 retirement pension under this Code shall notify the pension
10 fund or retirement system from which he or she is receiving an
11 annuity or retirement pension, as well as his or her
12 contractual employer, of his or her retirement status before
13 accepting contractual employment. A person who fails to submit
14 such notification shall be guilty of a Class A misdemeanor and
15 required to pay a fine of \$1,000. Upon termination of that
16 contractual employment, the person's retirement annuity or
17 retirement pension payments shall resume and, if appropriate,
18 be recalculated under the applicable provisions of this Code.

19 (i) (Blank).

20 (j) Except for Sections 1-161 and 1-162, in ~~in~~ the case of
21 a conflict between the provisions of this Section and any other
22 provision of this Code, the provisions of this Section shall
23 control.

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

1 (40 ILCS 5/1-161 new)

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

4 (a) Notwithstanding any other provision of this Code to the
5 contrary, the provisions of this Section apply to a person who,
6 on or after 6 months after the effective date of this
7 amendatory Act of the 100th General Assembly, first becomes a
8 member or a participant under Article 14, 15, or 16 and who
9 does not make the election under subsection (b) or (c),
10 whichever is applicable. The provisions of this Section do not
11 apply to any participant in a self-managed plan or to a covered
12 employee under Article 14.

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

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

25 (d) "Final average salary" means the average monthly (or
26 annual) salary obtained by dividing the total salary or

1 earnings calculated under the Article applicable to the member
2 or participant during the last 120 months (or 10 years) of
3 service in which the total salary or earnings calculated under
4 the applicable Article was the highest by the number of months
5 (or years) of service in that period. For the purposes of a
6 person who first becomes a member or participant of any
7 retirement system to which this Section applies on or after 6
8 months after the effective date of this amendatory Act of the
9 100th General Assembly, in this Code, "final average salary"
10 shall be substituted for "final average compensation" in
11 Article 14.

12 (e) Beginning 6 months after the effective date of this
13 amendatory Act of the 100th General Assembly, for all purposes
14 under this Code (including without limitation the calculation
15 of 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 at any time
18 exceed the federal Social Security Wage Base then in effect.

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

26 (g) The amount of the retirement annuity to which a member

1 or participant is entitled shall be computed by multiplying
2 1.25% for each year of service credit by his or her final
3 average salary.

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

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

24 (i) The initial survivor's or widow's annuity of an
25 otherwise eligible survivor or widow of a retired member or
26 participant who first became a member or participant on or

1 after 6 months after the effective date of this amendatory Act
2 of the 100th General Assembly shall be in the amount of 66 2/3%
3 of the retired member's or participant's retirement annuity at
4 the date of death. In the case of the death of a member or
5 participant who has not retired and who first became a member
6 or participant on or after 6 months after the effective date of
7 this amendatory Act of the 100th General Assembly, eligibility
8 for a survivor's or widow's annuity shall be determined by the
9 applicable Article of this Code. The benefit shall be 66 2/3%
10 of the earned annuity without a reduction due to age. A child's
11 annuity of an otherwise eligible child shall be in the amount
12 prescribed under each Article if applicable.

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

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

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

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

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

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

13 (3) Employer contributions shall vest when those
14 contributions are paid into a member's or participant's
15 account.

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

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

23 (6) To the extent authorized under federal law and as
24 authorized by the retirement system, the defined
25 contribution plan shall allow former participants in the
26 plan to transfer or roll over employee and employer

1 contributions, and the earnings thereon, into other
2 qualified retirement plans.

3 (7) Each retirement system shall reduce the employee
4 contributions credited to the member's defined
5 contribution plan account by an amount determined by that
6 retirement system to cover the cost of offering the
7 benefits under this subsection and any applicable
8 administrative fees.

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

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

26 (m) In the case of a conflict between the provisions of

1 this Section and any other provision of this Code, the
2 provisions of this Section shall control.

3 (40 ILCS 5/1-162 new)

4 Sec. 1-162. Optional benefits for certain Tier 2 members of
5 pension funds under Articles 7, 8, 9, 10, 11, 12, 13, and 17.

6 (a) As used in this Section:

7 "Affected pension fund" means a pension fund established
8 under Article 7, 8, 9, 10, 11, 12, 13, or 17 that the governing
9 body of the unit of local government has designated as an
10 affected pension fund by adoption of a resolution or ordinance.

11 "Resolution or ordinance date" means the date on which the
12 governing body of the unit of local government designates a
13 pension fund under Article 7, 8, 9, 10, 11, 12, 13, or 17 as an
14 affected pension fund by adoption of a resolution or ordinance.

15 (b) Notwithstanding any other provision of this Code to the
16 contrary, the provisions of this Section apply to a person who
17 first becomes a member or a participant in an affected pension
18 fund on or after 6 months after the resolution or ordinance
19 date and who does not make the election under subsection (c).
20 The provisions of this Section do not apply to a sheriff's law
21 enforcement employee under Article 7.

22 (c) In lieu of the benefits provided under this Section, a
23 member or participant may irrevocably elect the benefits under
24 Section 1-160 and the benefits otherwise applicable to that
25 member or participant. The election must be made within 30 days

1 after becoming a member or participant. Each affected pension
2 fund shall establish procedures for making this election.

3 (d) "Final average salary" means the average monthly (or
4 annual) salary obtained by dividing the total salary or
5 earnings calculated under the Article applicable to the member
6 or participant during the last 120 months (or 10 years) of
7 service in which the total salary or earnings calculated under
8 the applicable Article was the highest by the number of months
9 (or years) of service in that period. For the purposes of a
10 person who first becomes a member or participant of an affected
11 pension fund on or after 6 months after the ordinance or
12 resolution date, in this Code, "final average salary" shall be
13 substituted for the following:

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

16 (2) In Articles 8, 9, 10, 11, and 12, "highest average
17 annual salary for any 4 consecutive years within the last
18 10 years of service immediately preceding the date of
19 withdrawal".

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

21 (4) In Article 17, "average salary".

22 (e) Beginning 6 months after the resolution or ordinance
23 date, for all purposes under this Code (including without
24 limitation the calculation of benefits and employee
25 contributions), the annual earnings, salary, or wages (based on
26 the plan year) of a member or participant to whom this Section

1 applies shall not at any time exceed the federal Social
2 Security Wage Base then in effect.

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

10 (g) The amount of the retirement annuity to which a member
11 or participant is entitled shall be computed by multiplying
12 1.25% for each year of service credit by his or her final
13 average salary.

14 (h) Any retirement annuity or supplemental annuity shall be
15 subject to annual increases on the first anniversary of the
16 annuity start date. Each annual increase shall be one-half the
17 annual unadjusted percentage increase (but not less than zero)
18 in the consumer price index-w for the 12 months ending with the
19 September preceding each November 1 of the originally granted
20 retirement annuity. If the annual unadjusted percentage change
21 in the consumer price index-w for the 12 months ending with the
22 September preceding each November 1 is zero or there is a
23 decrease, then the annuity shall not be increased.

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

8 (i) The initial survivor's or widow's annuity of an
9 otherwise eligible survivor or widow of a retired member or
10 participant who first became a member or participant on or
11 after 6 months after the resolution or ordinance date shall be
12 in the amount of 66 2/3% of the retired member's or
13 participant's retirement annuity at the date of death. In the
14 case of the death of a member or participant who has not
15 retired and who first became a member or participant on or
16 after 6 months after the resolution or ordinance date,
17 eligibility for a survivor's or widow's annuity shall be
18 determined by the applicable Article of this Code. The benefit
19 shall be 66 2/3% of the earned annuity without a reduction due
20 to age. A child's annuity of an otherwise eligible child shall
21 be in the amount prescribed under each Article if applicable.

22 (j) In lieu of any other employee contributions, except for
23 the contribution to the defined contribution plan under
24 subsection (k) of this Section, each employee shall contribute
25 6.2% of his her or salary to the affected pension fund.
26 However, the employee contribution under this subsection shall

1 not exceed the amount of the normal cost of the benefits under
2 this Section (except for the defined contribution plan under
3 subsection (k) of this Section), expressed as a percentage of
4 payroll and determined on or before November 1 of each year by
5 the board of trustees of the affected pension fund. If the
6 board of trustees of the affected pension fund determines that
7 the 6.2% employee contribution rate exceeds the normal cost of
8 the benefits under this Section (except for the defined
9 contribution plan under subsection (k) of this Section), then
10 on or before December 1 of that year, the board of trustees
11 shall certify the amount of the normal cost of the benefits
12 under this Section (except for the defined contribution plan
13 under subsection (k) of this Section), expressed as a
14 percentage of payroll, to the State Actuary and the Commission
15 on Government Forecasting and Accountability, and the employee
16 contribution under this subsection shall be reduced to that
17 amount beginning January 1 of the following year. Thereafter,
18 if the normal cost of the benefits under this Section (except
19 for the defined contribution plan under subsection (k) of this
20 Section), expressed as a percentage of payroll and determined
21 on or before November 1 of each year by the board of trustees
22 of the affected pension fund, exceeds 6.2% of salary, then on
23 or before December 1 of that year, the board of trustees shall
24 certify the normal cost to the State Actuary and the Commission
25 on Government Forecasting and Accountability, and the employee
26 contributions shall revert back to 6.2% of salary beginning

1 January 1 of the following year.

2 (k) No later than 5 months after the resolution or
3 ordinance date, an affected pension fund shall prepare and
4 implement a defined contribution plan for members or
5 participants who are subject to this Section. The defined
6 contribution plan developed under this subsection shall be a
7 plan that aggregates employer and employee contributions in
8 individual participant accounts which, after meeting any other
9 requirements, are used for payouts after retirement in
10 accordance with this subsection and any other applicable laws.

11 (1) Each member or participant shall contribute a
12 minimum of 4% of his or her salary to the defined
13 contribution plan.

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

21 (3) Employer contributions shall vest when those
22 contributions are paid into a member's or participant's
23 account.

24 (4) The defined contribution plan shall provide a
25 variety of options for investments. These options shall
26 include investments handled by the Illinois State Board of

1 Investment as well as private sector investment options.

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

5 (6) To the extent authorized under federal law and as
6 authorized by the affected pension fund, the defined
7 contribution plan shall allow former participants in the
8 plan to transfer or roll over employee and employer
9 contributions, and the earnings thereon, into other
10 qualified retirement plans.

11 (7) Each affected pension fund shall reduce the
12 employee contributions credited to the member's defined
13 contribution plan account by an amount determined by that
14 affected pension fund to cover the cost of offering the
15 benefits under this subsection and any applicable
16 administrative fees.

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

21 (1) By accepting the benefits under this Section, a member
22 or participant acknowledges and consents that benefits once
23 earned may not be diminished, but that future benefits may be
24 modified, including, but not limited to, changes in the
25 retirement age at which a member or participant becomes
26 eligible to receive future benefits, changes in the amount of

1 the automatic annual increase for those future benefits, or the
2 amount of the retirement annuity. Any increase in benefits
3 under this Section does not apply unless it is approved by
4 resolution or ordinance of the governing body of the unit of
5 local government with regard to the members or participants
6 under that unit of local government.

7 (m) In the case of a conflict between the provisions of
8 this Section and any other provision of this Code, the
9 provisions of this Section shall control.

10 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

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

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

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

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

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

18 However, notwithstanding any other provision of this
19 Article, a person shall not be deemed a member for the purposes
20 of this Article unless he or she became a participant of the
21 System before the effective date of this amendatory Act of the
22 100th General Assembly.

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

24 (40 ILCS 5/2-105.3 new)

25 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A

1 participant who first became a participant before January 1,
2 2011.

3 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

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

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

13 (40 ILCS 5/2-107.9 new)

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

22 (40 ILCS 5/2-107.10 new)

23 Sec. 2-107.10. Base pay. As used in Section 2-107.9 of

1 this Code, "base pay" means the Tier 1 employee's annualized
2 rate of salary as of June 30, 2018. For a person returning to
3 active service as a Tier 1 employee after June 30, 2018,
4 however, "base pay" means the employee's annualized rate of
5 salary as of the employee's last date of service prior to July
6 1, 2018. The System shall calculate the base pay of each Tier 1
7 employee pursuant to this Section.

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

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

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

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

19 (2) For the State executive officers specified in Section
20 2-105, the total compensation paid to the member for one year
21 of service.

22 (3) For members of the System who are participants under
23 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
24 of the House of Representatives or Secretary or Assistant
25 Secretary of the Senate, the total compensation paid to the

1 member for one year of service, but not to exceed the salary of
2 the highest salaried officer of the General Assembly.

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

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

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

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

19 (40 ILCS 5/2-110.3 new)

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

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

23 (1) to agree to delay his or her eligibility for
24 automatic annual increases in retirement annuity as
25 provided in subsection (a-1) of Section 2-119.1 and to have

1 the amount of the automatic annual increases in his or her
2 retirement annuity and survivor's annuity that are
3 otherwise provided for in this Article calculated,
4 instead, as provided in subsection (a-1) of Section
5 2-119.1; or

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

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

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

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

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

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

9 (b) As adequate and legal consideration provided under this
10 amendatory Act of the 100th General Assembly for making an
11 election under paragraph (1) of subsection (a) of this Section,
12 the State of Illinois shall be expressly and irrevocably
13 prohibited from offering any future increases in income to a
14 Tier 1 employee who has made an election under paragraph (1) of
15 subsection (a) of this Section on the condition of not
16 constituting salary under Section 2-108.

17 As adequate and legal consideration provided under this
18 amendatory Act of the 100th General Assembly for making an
19 election under paragraph (1) of subsection (a) of this Section,
20 each Tier 1 employee who has made an election under paragraph
21 (1) of subsection (a) of this Section shall receive a
22 consideration payment equal to 10% of the contributions made by
23 or on behalf of the employee under Section 2-126 before the
24 effective date of that election. The State Comptroller shall
25 pay the consideration payment to the Tier 1 employee out of
26 funds appropriated for that purpose under Section 1.9 of the

1 State Pension Funds Continuing Appropriation Act. The System
2 shall calculate the amount of each consideration payment and,
3 by July 1, 2018, shall certify to the State Comptroller the
4 amount of the consideration payment, together with the name,
5 address, and any other available payment information of the
6 Tier 1 employee as found in the records of the System. The
7 System shall make additional calculations and certifications
8 of consideration payments to the State Comptroller as the
9 System deems necessary.

10 (c) A Tier 1 employee who makes the election under
11 paragraph (2) of subsection (a) of this Section shall not be
12 subject to paragraph (1) of subsection (a) of this Section.
13 However, each future increase in income offered for service as
14 a member under this Article to a Tier 1 employee who has made
15 the election under paragraph (2) of subsection (a) of this
16 Section shall be offered expressly and irrevocably on the
17 condition of not constituting salary under Section 2-108 and
18 that the Tier 1 employee's acceptance of the offered future
19 increase in income shall constitute his or her agreement to
20 that condition.

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

1 sufficient for the System to publish the details of any
2 required elections on its website or to publish those details
3 in a regularly published newsletter or other existing public
4 forum.

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

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

25 In no event shall the System, its staff, or the Board be
26 held liable for any information given to a member regarding the

1 elections under this Section. The System shall coordinate with
2 the Illinois Department of Central Management Services and each
3 other retirement system administering an election in
4 accordance with this amendatory Act of the 100th General
5 Assembly to provide information concerning the impact of the
6 election set forth in this Section.

7 (e) Notwithstanding any other provision of law, each future
8 increase in income offered by the State of Illinois for service
9 as a member must be offered expressly and irrevocably on the
10 condition of not constituting "salary" under Section 2-108 to
11 any Tier 1 employee who has made an election under paragraph
12 (2) of subsection (a) of this Section. The offer shall also
13 provide that the Tier 1 employee's acceptance of the offered
14 future increase in income shall constitute his or her agreement
15 to the condition set forth in this subsection.

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

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

23 (g) No provision of this Section shall be interpreted in a
24 way that would cause the System to cease to be a qualified plan
25 under Section 401(a) of the Internal Revenue Code of 1986. The
26 provisions of this Section shall be subject to and implemented

1 in a manner that complies with Section 11 of Article IV of the
2 Illinois Constitution.

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

11 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

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

1 subsection prior to the effective date of this amendatory Act
2 of 1991 shall continue to receive their annual increases in the
3 same month as the initial increase.

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

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

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

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

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

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

22 This subsection (b) does not apply to any person who first
23 becomes a member of the System after August 8, 2003 (the
24 effective date of Public Act 93-494) ~~this amendatory Act of the~~
25 ~~93rd General Assembly.~~

26 (b-5) Notwithstanding any other provision of this Article,

1 a participant who first becomes a participant on or after
2 January 1, 2011 (the effective date of Public Act 96-889)
3 shall, in January or July next following the first anniversary
4 of retirement, whichever occurs first, and in the same month of
5 each year thereafter, but in no event prior to age 67, have the
6 amount of the retirement annuity then being paid increased by
7 3% or the annual unadjusted percentage increase in the Consumer
8 Price Index for All Urban Consumers as determined by the Public
9 Pension Division of the Department of Insurance under
10 subsection (a) of Section 2-108.1, whichever is less.

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

21 (d) A participant who terminated service prior to July 1,
22 1967, with at least 14 years of service is entitled to an
23 increase in retirement annuity beginning January, 1976, and to
24 additional increases in January of each year thereafter.

25 The initial increase shall be 1 1/2% of the originally
26 granted retirement annuity multiplied by the number of full

1 years that the annuitant was in receipt of such annuity prior
2 to January 1, 1972, plus 2% of the originally granted
3 retirement annuity for each year after that date. The
4 subsequent annual increases shall be at the rate of 2% of the
5 originally granted retirement annuity for each year through
6 1979 and at the rate of 3% for 1980 and thereafter.

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

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

13 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

16 Sec. 2-124. Contributions by State.

17 (a) The State shall make contributions to the System by
18 appropriations of amounts which, together with the
19 contributions of participants, interest earned on investments,
20 and other income will meet the cost of maintaining and
21 administering the System on a 90% funded basis in accordance
22 with actuarial recommendations.

23 (b) The Board shall determine the 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 and

1 the prescribed rate of interest, using the formula in
2 subsection (c).

3 (c) For State fiscal years 2018 through 2045 (except as
4 otherwise provided for fiscal year 2019), the minimum
5 contribution to the System to be made by the State for each
6 fiscal year shall be an amount determined by the System to be
7 sufficient to bring the total assets of the System up to 90% of
8 the total actuarial liabilities of the System by the end of
9 State fiscal year 2045. In making these determinations, the
10 required State contribution shall be calculated each year as a
11 level percentage of total payroll, including payroll that is
12 not deemed pensionable, but excluding payroll attributable to
13 participants in the defined contribution plan under Section
14 2-165.1, over the years remaining to and including fiscal year
15 2045 and shall be determined under the projected unit credit
16 actuarial cost method.

17 For State fiscal year 2019:

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

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

25 (3) For purposes of the recertification due on or
26 before October 1, 2018, the total required State

1 contribution for fiscal year 2019 shall be reduced by the
2 amount of the consideration payments made to Tier 1
3 employees who made the election under paragraph (1) of
4 subsection (a) of Section 2-110.3.

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

15 If Section 2-110.3 is determined to be unconstitutional or
16 otherwise invalid by a final unappealable decision of an
17 Illinois court or a court of competent jurisdiction, then the
18 changes made to this Section by this amendatory Act of the
19 100th General Assembly shall not take effect and are repealed
20 by operation of law.

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

1 required State contribution shall be calculated each year as a
2 level percentage of payroll over the years remaining to and
3 including fiscal year 2045 and shall be determined under the
4 projected unit credit actuarial cost method.

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

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$4,157,000.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$5,220,300.

16 For each of State fiscal years 2008 through 2009, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 from the required State contribution for State fiscal year
20 2007, so that by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$10,454,000 and shall be made from the proceeds of bonds sold
25 in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the General Revenue
3 Fund in fiscal year 2010, and (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

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

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

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

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

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

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

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

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

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

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
23 7-13-12.)

24 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

1 which has been held unconstitutional)

2 Sec. 2-126. Contributions by participants.

3 (a) Each participant shall contribute toward the cost of
4 his or her retirement annuity a percentage of each payment of
5 salary received by him or her for service as a member as
6 follows: for service between October 31, 1947 and January 1,
7 1959, 5%; for service between January 1, 1959 and June 30,
8 1969, 6%; for service between July 1, 1969 and January 10,
9 1973, 6 1/2%; for service after January 10, 1973, 7%; for
10 service after December 31, 1981, 8 1/2%.

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

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

24 (c) Beginning July 1, 1967, each participant shall
25 contribute 1% of salary towards the cost of automatic increase
26 in annuity provided in Section 2-119.1. These contributions

1 shall be made concurrently with contributions for retirement
2 annuity purposes.

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

20 (e) Notwithstanding any other provision of this Article,
21 the required contribution of a participant who first becomes a
22 participant on or after January 1, 2011 shall not exceed the
23 contribution that would be due under this Article if that
24 participant's highest salary for annuity purposes were
25 \$106,800, plus any increases in that amount under Section
26 2-108.1.

1 (f) Beginning July 1, 2018 or the effective date of the
2 Tier 1 employee's election under paragraph (1) of subsection
3 (a) of Section 2-110.3, whichever is later, in lieu of the
4 contributions otherwise required under this Section, each Tier
5 1 employee who made the election under paragraph (1) of
6 subsection (a) of Section 2-110.3 shall contribute 8.5% of each
7 payment of salary toward the cost of his or her retirement
8 annuity and 1.85% of each payment of salary toward the cost of
9 the survivor's annuity.

10 (g) Notwithstanding subsection (f) of this Section,
11 beginning July 1, 2018 or the effective date of the Tier 1
12 employee's election under paragraph (1) of subsection (a) of
13 Section 2-110.3, whichever is later, in lieu of the
14 contributions otherwise required under this Section, each Tier
15 1 employee who made the election under paragraph (1) of
16 subsection (a) of Section 2-110.3 and has elected to cease
17 making contributions for survivor's annuity under subsection
18 (b) of this Section, shall contribute 8.55% of each payment of
19 salary toward the cost of his or her retirement annuity.

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

21 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

24 Sec. 2-134. To certify required State contributions and
25 submit vouchers.

1 (a) The Board shall certify to the Governor on or before
2 December 15 of each year until December 15, 2011 the amount of
3 the required State contribution to the System for the next
4 fiscal year and shall specifically identify the System's
5 projected State normal cost for that fiscal year. The
6 certification shall include a copy of the actuarial
7 recommendations upon which it is based and shall specifically
8 identify the System's projected State normal cost for that
9 fiscal year.

10 On or before November 1 of each year, beginning November 1,
11 2012, the Board shall submit to the State Actuary, the
12 Governor, and the General Assembly a proposed certification of
13 the amount of the required State contribution to the System for
14 the next fiscal year, along with all of the actuarial
15 assumptions, calculations, and data upon which that proposed
16 certification is based. On or before January 1 of each year
17 beginning January 1, 2013, the State Actuary shall issue a
18 preliminary report concerning the proposed certification and
19 identifying, if necessary, recommended changes in actuarial
20 assumptions that the Board must consider before finalizing its
21 certification of the required State contributions. On or before
22 January 15, 2013 and every January 15 thereafter, the Board
23 shall certify to the Governor and the General Assembly the
24 amount of the required State contribution for the next fiscal
25 year. The Board's certification must note any deviations from
26 the State Actuary's recommended changes, the reason or reasons

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

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

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

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

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

1 amendatory Act of the 100th General Assembly. The State Actuary
2 shall review the assumptions and valuations underlying the
3 Board's revised certification and issue a preliminary report
4 concerning the proposed recertification and identifying, if
5 necessary, recommended changes in actuarial assumptions that
6 the Board must consider before finalizing its certification of
7 the required State contributions. The Board's final
8 certification must note any deviations from the State Actuary's
9 recommended changes, the reason or reasons for not following
10 the State Actuary's recommended changes, and the fiscal impact
11 of not following the State Actuary's recommended changes on the
12 required State contribution.

13 On or before May 1, 2018, the Board shall recalculate and
14 recertify to the Governor and the General Assembly the amount
15 of the required State contribution to the System for State
16 fiscal year 2019, taking into account the effect on the
17 System's liabilities of the elections made under Section
18 2-110.3.

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

24 (b) Beginning in State fiscal year 1996, on or as soon as
25 possible after the 15th day of each month the Board shall
26 submit vouchers for payment of State contributions to the

1 System, in a total monthly amount of one-twelfth of the
2 required annual State contribution certified under subsection
3 (a). From the effective date of this amendatory Act of the 93rd
4 General Assembly through June 30, 2004, the Board shall not
5 submit vouchers for the remainder of fiscal year 2004 in excess
6 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 (d) 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. If in
12 any month the amount remaining unexpended from all other
13 appropriations to the System for the applicable fiscal year
14 (including the appropriations to the System under Section 8.12
15 of the State Finance Act and Section 1 of the State Pension
16 Funds Continuing Appropriation Act) is less than the amount
17 lawfully vouchered under this Section, the difference shall be
18 paid from the General Revenue Fund under the continuing
19 appropriation authority provided in Section 1.1 of the State
20 Pension Funds Continuing Appropriation Act.

21 (c) The full amount of any annual appropriation for the
22 System for State fiscal year 1995 shall be transferred and made
23 available to the System at the beginning of that fiscal year at
24 the request of the Board. Any excess funds remaining at the end
25 of any fiscal year from appropriations shall be retained by the
26 System as a general reserve to meet the System's accrued

1 liabilities.

2 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
3 97-694, eff. 6-18-12.)

4 (40 ILCS 5/2-162)

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

7 Sec. 2-162. Application and expiration of new benefit
8 increases.

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

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

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

1 increase in cost to the System as it accrues.

2 Every new benefit increase is contingent upon the General
3 Assembly providing the additional funding required under this
4 subsection. The Commission on Government Forecasting and
5 Accountability shall analyze whether adequate additional
6 funding has been provided for the new benefit increase and
7 shall report its analysis to the Public Pension Division of the
8 Department of Insurance ~~Financial and Professional Regulation~~.

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

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

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

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

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

9 (40 ILCS 5/2-165.1 new)

10 Sec. 2-165.1. Defined contribution plan.

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

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

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

1 1 employee of this System could elect to cease accruing
2 benefits in the defined benefit plan under this Article and
3 begin accruing benefits for future service in the defined
4 contribution plan. Service credit under the defined
5 contribution plan may be used for determining retirement
6 eligibility under the defined benefit plan.

7 (2) Participants in the defined contribution plan
8 shall pay employee contributions at the same rate as Tier 1
9 employees in this System who do not participate in the
10 defined contribution plan.

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

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

25 (5) The defined contribution plan may provide for
26 participants in the plan to be eligible for defined

1 disability benefits. If it does, the System shall reduce
2 the employee contributions credited to the participant's
3 defined contribution plan account by an amount determined
4 by the System to cover the cost of offering such benefits.

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

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

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

17 (9) The System shall reduce the employee contributions
18 credited to the participant's defined contribution plan
19 account by an amount determined by the System to cover the
20 cost of offering these benefits and any applicable
21 administrative fees.

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

1 participate in the defined contribution plan is voluntary and
2 irrevocable.

3 (c) An eligible active Tier 1 employee may irrevocably
4 elect to participate in the defined contribution plan by filing
5 with the System a written application to participate that is
6 received by the System prior to its determination that 5% of
7 eligible persons have elected to participate in the defined
8 contribution plan.

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

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

22 Upon request for further information describing the
23 option, the System shall provide employees with information
24 from the System before exercising the option to join the plan,
25 including information on the impact to their vested benefits or
26 non-vested service. The individual consultation shall include

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

12 (e) In no event shall the System, its staff, its authorized
13 representatives, or the Board be liable for any information
14 given to an employee under this Section. The System may
15 coordinate with the Illinois Department of Central Management
16 Services and other retirement systems administering a defined
17 contribution plan in accordance with this amendatory Act of the
18 100th General Assembly to provide information concerning the
19 impact of the option set forth in this Section.

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

24 (g) The System shall report on its progress under this
25 Section, including the available details of the defined
26 contribution plan and the System's plans for informing eligible

1 Tier 1 employees about the plan, to the Governor and the
2 General Assembly on or before January 15, 2018.

3 (h) The Illinois State Board of Investments shall be the
4 plan sponsor for the defined contribution plan established
5 under this Section.

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

12 (j) If Section 2-110.3 is determined to be unconstitutional
13 or otherwise invalid by a final unappealable decision of an
14 Illinois court or a court of competent jurisdiction, then this
15 Section shall not take effect and is repealed by operation of
16 law.

17 (40 ILCS 5/2-166.1 new)

18 Sec. 2-166.1. Defined contribution plan; termination. If
19 the defined contribution plan is terminated or becomes
20 inoperative pursuant to law, then each participant in the plan
21 shall automatically be deemed to have been a contributing Tier
22 1 employee in the System's defined benefit plan during the time
23 in which he or she participated in the defined contribution
24 plan, and for that purpose the System shall be entitled to
25 recover the amounts in the participant's defined contribution

1 accounts.

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

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

5 Sec. 14-103.10. Compensation.

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

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

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

24 (1) for vacation,

25 (2) for accumulated unused sick leave,

1 (3) upon discharge or dismissal,

2 (4) for approved holidays.

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

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

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

23 (1) for vacation;

24 (2) for accumulated unused sick leave;

25 (3) upon discharge or dismissal; and

26 (4) for approved holidays.

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

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

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

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

16 (40 ILCS 5/14-103.41 new)

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

23 (40 ILCS 5/14-103.42 new)

24 Sec. 14-103.42. Future increase in income. "Future

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

13 (40 ILCS 5/14-103.43 new)

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

1 (40 ILCS 5/14-106.5 new)

2 Sec. 14-106.5. 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 retirement annuity as
7 provided in subsection (a-1) of Section 14-114 and to have
8 the amount of the automatic annual increases in his or her
9 retirement annuity and survivors or widow's annuity that
10 are otherwise provided for in this Article calculated,
11 instead, as provided in subsection (a-1) of Section 14-114;
12 or

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

14 The election required under this subsection (a) shall be
15 made by each active Tier 1 employee no earlier than January 1,
16 2019 and no later than March 31, 2019, except that:

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

21 (ii) a person who returns to active service as a Tier 1
22 employee under this Article on or after January 1, 2019 and
23 has not yet made an election under this Section must make
24 the election under this subsection (a) within 60 days after
25 returning to active service as a Tier 1 employee.

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

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

15 (a-10) All elections under subsection (a) that are made or
16 deemed to be made before July 1, 2019 shall take effect on July
17 1, 2019. Elections that are made or deemed to be made on or
18 after July 1, 2019 shall take effect on the first day of the
19 month following the month in which the election is made or
20 deemed to be made.

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

1 subsection (a) of this Section on the condition of not
2 constituting compensation under Section 14-103.10.

3 As adequate and legal consideration provided under this
4 amendatory Act of the 100th General Assembly for making an
5 election under paragraph (1) of subsection (a) of this Section,
6 each Tier 1 employee who has made an election under paragraph
7 (1) of subsection (a) of this Section shall receive a
8 consideration payment equal to 10% of the contributions made by
9 or on behalf of the employee before the effective date of that
10 election. The State Comptroller shall pay the consideration
11 payment to the Tier 1 employee out of funds appropriated for
12 that purpose under Section 1.9 of the State Pension Funds
13 Continuing Appropriation Act. The System shall calculate the
14 amount of each consideration payment and, by July 1, 2019,
15 shall certify to the State Comptroller the amount of the
16 consideration payment, together with the name, address, and any
17 other available payment information of the Tier 1 employee as
18 found in the records of the System. The System shall make
19 additional calculations and certifications of consideration
20 payments to the State Comptroller as it 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 a department
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 department expressly and irrevocably on
2 the condition of not constituting compensation under Section
3 14-103.10 and that the Tier 1 employee's acceptance of the
4 offered future increase in income shall constitute his or her
5 agreement to 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, group presentations, individual
23 consultation with a member or authorized representative of the
24 System in person or by telephone or other electronic means, or
25 any combination of those methods. The System shall not provide
26 advice or counseling with respect to which election a Tier 1

1 employee should make or specific to the legal or tax
2 circumstances of or consequences to the Tier 1 employee.

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

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

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

26 For purposes of legislative intent, the condition set forth

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

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

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

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

21 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

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

25 (a) Subject to the provisions of subsections (a-1), any ~~Any~~

1 person receiving a retirement annuity under this Article who
2 retires having attained age 60, or who retires before age 60
3 having at least 35 years of creditable service, or who retires
4 on or after January 1, 2001 at an age which, when added to the
5 number of years of his or her creditable service, equals at
6 least 85, shall, on January 1 next following the first full
7 year of retirement, have the amount of the then fixed and
8 payable monthly retirement annuity increased 3%. Any person
9 receiving a retirement annuity under this Article who retires
10 before attainment of age 60 and with less than (i) 35 years of
11 creditable service if retirement is before January 1, 2001, or
12 (ii) the number of years of creditable service which, when
13 added to the member's age, would equal 85, if retirement is on
14 or after January 1, 2001, shall have the amount of the fixed
15 and payable retirement annuity increased by 3% on the January 1
16 occurring on or next following (1) attainment of age 60, or (2)
17 the first anniversary of retirement, whichever occurs later.
18 However, for persons who receive the alternative retirement
19 annuity under Section 14-110, references in this subsection (a)
20 to attainment of age 60 shall be deemed to refer to attainment
21 of age 55. For a person receiving early retirement incentives
22 under Section 14-108.3 whose retirement annuity began after
23 January 1, 1992 pursuant to an extension granted under
24 subsection (e) of that Section, the first anniversary of
25 retirement shall be deemed to be January 1, 1993. For a person
26 who retires on or after June 28, 2001 and on or before October

1 1, 2001, and whose retirement annuity is calculated, in whole
2 or in part, under Section 14-110 or subsection (g) or (h) of
3 Section 14-108, the first anniversary of retirement shall be
4 deemed to be January 1, 2002.

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

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

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

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

21 (2) The amount of each automatic annual increase in
22 retirement annuity or survivors or widow's annuity
23 occurring on or after the effective date of that election
24 shall be calculated as a percentage of the originally
25 granted retirement annuity or survivors or widow's
26 annuity, equal to 3% or one-half the annual unadjusted

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

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

17 (b) The provisions of subsection (a) of this Section shall
18 be applicable to an employee only if the employee makes the
19 additional contributions required after December 31, 1969 for
20 the purpose of the automatic increases for not less than the
21 equivalent of one full year. If an employee becomes an
22 annuitant before his additional contributions equal one full
23 year's contributions based on his salary at the date of
24 retirement, the employee may pay the necessary balance of the
25 contributions to the system, without interest, and be eligible
26 for the increasing annuity authorized by this Section.

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

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

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

20 (e) Every person who receives the alternative retirement
21 annuity under Section 14-110 and who is eligible to receive the
22 3% increase under subsection (a) on January 1, 1986, shall also
23 receive on that date a one-time increase in retirement annuity
24 equal to the difference between (1) his actual retirement
25 annuity on that date, including any increases received under
26 subsection (a), and (2) the amount of retirement annuity he

1 would have received on that date if the amendments to
2 subsection (a) made by Public Act 84-162 had been in effect
3 since the date of his retirement.

4 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
5 92-651, eff. 7-11-02.)

6 (40 ILCS 5/14-131)

7 Sec. 14-131. Contributions by State.

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

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

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

24 The Board shall also determine a State contribution rate
25 for each fiscal year, expressed as a percentage of payroll,

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

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

17 (c) Contributions shall be made by the several departments
18 for each pay period by warrants drawn by the State Comptroller
19 against their respective funds or appropriations based upon
20 vouchers stating the amount to be so contributed. These amounts
21 shall be based on the full rate certified by the Board under
22 Section 14-135.08 for that fiscal year. From the effective date
23 of this amendatory Act of the 93rd General Assembly through the
24 payment of the final payroll from fiscal year 2004
25 appropriations, the several departments shall not make
26 contributions for the remainder of fiscal year 2004 but shall

1 instead make payments as required under subsection (a-1) of
2 Section 14.1 of the State Finance Act. The several departments
3 shall resume those contributions at the commencement of fiscal
4 year 2005.

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

12 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,
13 2016, and 2017 only, on or as soon as possible after the 15th
14 day of each month, the Board shall submit vouchers for payment
15 of State contributions to the System, in a total monthly amount
16 of one-twelfth of the fiscal year General Revenue Fund
17 contribution as certified by the System pursuant to Section
18 14-135.08 of the Illinois Pension Code.

19 (d) If an employee is paid from trust funds or federal
20 funds, the department or other employer shall pay employer
21 contributions from those funds to the System at the certified
22 rate, unless the terms of the trust or the federal-State
23 agreement preclude the use of the funds for that purpose, in
24 which case the required employer contributions shall be paid by
25 the State. From the effective date of this amendatory Act of
26 the 93rd General Assembly through the payment of the final

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

7 (e) For State fiscal years 2018 through 2045 (except as
8 otherwise provided for fiscal year 2020), the minimum
9 contribution to the System to be made by the State for each
10 fiscal year shall be an amount determined by the System to be
11 sufficient to bring the total assets of the System up to 90% of
12 the total actuarial liabilities of the System by the end of
13 State fiscal year 2045. In making these determinations, the
14 required State contribution shall be calculated each year as a
15 level percentage of total payroll, including payroll that is
16 not deemed pensionable, over the years remaining to and
17 including fiscal year 2045 and shall be determined under the
18 projected unit credit actuarial cost method.

19 For State fiscal year 2020:

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

22 (2) For purposes of the recertification due on or
23 before May 1, 2019, the recalculation of the required State
24 contribution for fiscal year 2020 shall take into account
25 the effect on the System's liabilities of the elections
26 made under Section 14-106.5.

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

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

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

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

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

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

26 For each of State fiscal years 2008 through 2009, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 from the required State contribution for State fiscal year
4 2007, so that by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

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

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

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

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

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under Section 14-135.08, shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

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

16 (f) After the submission of all payments for eligible
17 employees from personal services line items in fiscal year 2004
18 have been made, the Comptroller shall provide to the System a
19 certification of the sum of all fiscal year 2004 expenditures
20 for personal services that would have been covered by payments
21 to the System under this Section if the provisions of this
22 amendatory Act of the 93rd General Assembly had not been
23 enacted. Upon receipt of the certification, the System shall
24 determine the amount due to the System based on the full rate
25 certified by the Board under Section 14-135.08 for fiscal year
26 2004 in order to meet the State's obligation under this

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

14 (g) 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 (h) 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 (i) 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 2010 have been made, the
6 Comptroller shall provide to the System a certification of the
7 sum of all fiscal year 2010 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 2010 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 2010 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 2010 Shortfall" for purposes of this
19 Section, and the Fiscal Year 2010 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 2010
23 Overpayment" for purposes of this Section, and the Fiscal Year
24 2010 Overpayment shall be repaid by the System to the General
25 Revenue Fund as soon as practicable after the certification.

26 (j) After the submission of all payments for eligible

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

23 (k) For fiscal years 2012 through 2017 only, after the
24 submission of all payments for eligible employees from personal
25 services line items paid from the General Revenue Fund in the
26 fiscal year have been made, the Comptroller shall provide to

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

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

20 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

24 (a) Except as provided in subsection (a-5), each ~~Each~~
25 participating employee shall make contributions to the System,

1 based on the employee's compensation, as follows:

2 (1) Covered employees, except as indicated below, 3.5%
3 for retirement annuity, and 0.5% for a widow or survivors
4 annuity;

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

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

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

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

26 (6) Each security employee of the Department of

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

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

14 (1) Covered employees, except as indicated below,
15 3.15% for retirement annuity, and 0.45% for a widow or
16 survivors annuity;

17 (2) Noncovered employees, except as indicated below,
18 6.3% for retirement annuity and 0.9% for a widow or
19 survivors annuity;

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

24 (4) Covered employees serving in a position in which
25 "eligible creditable service" as defined in Section 14-110
26 may be earned, 7.2% for retirement annuity and 0.45% for a

1 widow or survivors annuity;

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

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

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

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

18 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

22 (a) To certify to the Governor and to each department, on
23 or before November 15 of each year until November 15, 2011, the
24 required rate for State contributions to the System for the
25 next State fiscal year, as determined under subsection (b) of

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

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

26 (a-10) For purposes of subsection (c-5) of Section 20 of

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

1 not following the State Actuary's recommended changes, and the
2 impact of not following the State Actuary's recommended
3 changes.

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

22 On or before May 1, 2004, the Board shall recalculate and
23 recertify to the Governor and to each department the amount of
24 the required State contribution to the System and the required
25 rates for State contributions to the System for State fiscal
26 year 2005, taking into account the amounts appropriated to and

1 received by the System under subsection (d) of Section 7.2 of
2 the General Obligation Bond Act.

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

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

16 As soon as practical after the effective date of this
17 amendatory Act of the 100th General Assembly, the Board shall
18 recalculate and recertify to the State Actuary, the Governor,
19 and the General Assembly the amount of the State contribution
20 to the System for State fiscal year 2018, taking into account
21 the changes in required State contributions made by this
22 amendatory Act of the 100th General Assembly. The State Actuary
23 shall review the assumptions and valuations underlying the
24 Board's revised certification and issue a preliminary report
25 concerning the proposed recertification and identifying, if
26 necessary, recommended changes in actuarial assumptions that

1 the Board must consider before finalizing its certification of
2 the required State contributions. The Board's final
3 certification must note any deviations from the State Actuary's
4 recommended changes, the reason or reasons for not following
5 the State Actuary's recommended changes, and the fiscal impact
6 of not following the State Actuary's recommended changes on the
7 required State contribution.

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

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

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

21 (40 ILCS 5/14-147.5 new)

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

23 (a) As used in this Section:

24 "Eligible person" means a person who:

25 (1) has terminated service;

1 (2) has accrued sufficient service credit to be
2 eligible to receive a retirement annuity under this
3 Article;

4 (3) has not received any retirement annuity under this
5 Article; and

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

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

14 (b) Before January 1, 2019, and annually thereafter, the
15 System shall calculate, using actuarial tables and other
16 assumptions adopted by the Board, the net present value of
17 pension benefits for each eligible person and shall offer each
18 eligible person the opportunity to irrevocably elect to receive
19 an amount determined by the System to be equal to 70% of the
20 net present value of his or her pension benefits in lieu of
21 receiving any pension benefit. The offer shall specify the
22 dollar amount that the eligible person will receive if he or
23 she so elects and shall expire when a subsequent offer is made
24 to an eligible person or when the System determines that 10% of
25 eligible persons in that year have made the election under this
26 subsection, whichever occurs first. The System shall make a

1 good faith effort to contact every eligible person to notify
2 him or her of the election and of the amount of the accelerated
3 pension benefit payment.

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

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

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

26 (1) Any benefits under the System earned as a result of

1 that return to active service shall be based solely on the
2 person's credits and creditable service arising from the
3 return to active service.

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

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

20 (f) Before January 1, 2020 and every January 1 thereafter,
21 the Board shall certify to the Illinois Finance Authority and
22 the General Assembly the amount by which the total amount of
23 accelerated pension benefit payments made under this Section
24 exceed the amount appropriated to the System for the purpose of
25 making those payments.

26 (g) The Board shall adopt any rules necessary to implement

1 this Section.

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

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

12 (40 ILCS 5/14-152.1)

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

15 Sec. 14-152.1. Application and expiration of new benefit
16 increases.

17 (a) As used in this Section, "new benefit increase" means
18 an increase in the amount of any benefit provided under this
19 Article, or an expansion of the conditions of eligibility for
20 any benefit under this Article, that results from an amendment
21 to this Code that takes effect after June 1, 2005 (the
22 effective date of Public Act 94-4). "New benefit increase",
23 however, does not include any benefit increase resulting from
24 the changes made to this Article by Public Act 96-37 or by this
25 amendatory Act of the 100th General Assembly ~~this amendatory~~

1 ~~Act of the 96th General Assembly.~~

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

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

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

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

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

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

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

18 (40 ILCS 5/14-155.1 new)

19 Sec. 14-155.1. Defined contribution plan.

20 (a) By July 1, 2019, the System shall prepare and implement
21 a voluntary defined contribution plan for up to 5% of eligible
22 active Tier 1 employees. The System shall determine the 5% cap
23 by the number of active Tier 1 employees on the effective date
24 of this Section. The defined contribution plan developed under
25 this Section shall be a plan that aggregates employer and

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

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

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

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

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

1 shall be no lower than 3% of compensation. The State shall
2 adjust this rate annually.

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

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

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

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

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

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

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

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

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

24 (d) The System shall make a good faith effort to contact
25 each active Tier 1 employee who is eligible to participate in
26 the defined contribution plan. The System shall mail

1 information describing the option to join the defined
2 contribution plan to each of these employees to his or her last
3 known address on file with the System. If the employee is not
4 responsive to other means of contact, it is sufficient for the
5 System to publish the details of the option on its website.

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

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

1 100th General Assembly to provide information concerning the
2 impact of the option set forth in this Section.

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

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

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

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

21 (j) If Section 14-106.5 is determined to be
22 unconstitutional or otherwise invalid by a final unappealable
23 decision of an Illinois court or a court of competent
24 jurisdiction, then this Section shall not take effect and is
25 repealed by operation of law.

1 (40 ILCS 5/14-155.2 new)

2 Sec. 14-155.2. Defined contribution plan for certain
3 covered employees.

4 (a) As used in this Section:

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

9 "Eligible covered employee" means a covered employee who
10 first becomes a participant under this Article on or after 6
11 months after the effective date of this amendatory Act of the
12 100th General Assembly.

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

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

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

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

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

10 (3) Employer contributions shall vest when those
11 contributions are paid into a participant's 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) 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 the benefits under this Section and any
3 applicable administrative fees.

4 (40 ILCS 5/14-156.1 new)

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

14 (40 ILCS 5/15-108.1)

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

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

23 "Tier 1 member" includes a person who first became a
24 participant under this System before January 1, 2011 and who

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

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

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

14 (40 ILCS 5/15-108.2)

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

1 1-103.1 of this Code.

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

3 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

4 Sec. 15-111. Earnings.

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

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

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

24 (2) "Earnings" includes transition pay paid to the
25 employee before the effective date of this amendatory Act

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

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

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

22 (b) For a Tier 2 member, the annual earnings shall not
23 exceed \$106,800; however, that amount shall annually
24 thereafter be increased by the lesser of (i) 3% of that amount,
25 including all previous adjustments, or (ii) one half the annual
26 unadjusted percentage increase (but not less than zero) in the

1 consumer price index-u for the 12 months ending with the
2 September preceding each November 1, including all previous
3 adjustments.

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

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

18 (40 ILCS 5/15-112.1 new)

19 Sec. 15-112.1. 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 "earnings", as defined in Section 15-111, or would qualify
24 as "earnings" but for the fact that it was offered to and
25 accepted by the Tier 1 employee under the condition set forth

1 in subsection (c) of Section 15-132.9. The term "future
2 increase in income" includes an increase to a Tier 1 employee's
3 base pay that is paid to the Tier 1 employee pursuant to an
4 extension, amendment, or renewal of any such employment
5 contract or collective bargaining agreement after the
6 effective date of this Section.

7 (40 ILCS 5/15-112.2 new)

8 Sec. 15-112.2. Base pay. As used in Section 15-112.1 of
9 this Code, "base pay" means the greater of either (i) the Tier
10 1 employee's annualized rate of earnings as of June 30, 2018,
11 or (ii) the Tier 1 employee's annualized rate of earnings
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 participating employee status as a Tier 1 employee
16 after June 30, 2018, however, "base pay" means the employee's
17 annualized rate of earnings as of the employee's last date of
18 service prior to July 1, 2018. The System shall calculate the
19 base pay of each Tier 1 employee pursuant to this Section.

20 (40 ILCS 5/15-132.9 new)

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

22 (a) Each Tier 1 employee shall make an irrevocable election
23 either:

24 (1) to agree to delay his or her eligibility for

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

7 (2) to not agree to the provisions of paragraph (1) of
8 this subsection.

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

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

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

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

1 required by that Section.

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

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

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

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

1 who has made an election under paragraph (1) of subsection (a)
2 of this Section on the condition of not constituting earnings
3 under Section 15-111.

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

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

1 under this Article to a Tier 1 employee who has made the
2 election under paragraph (2) of subsection (a) of this Section
3 shall be offered by the employer expressly and irrevocably on
4 the condition of not constituting earnings under Section 15-111
5 and that the Tier 1 employee's acceptance of the offered future
6 increase in income shall constitute his or her agreement to
7 that condition.

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

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

1 telephone or other electronic means, or any combination of
2 these methods. The System shall not provide advice or
3 counseling with respect to which election a Tier 1 employee
4 should make or specific to the legal or tax circumstances of or
5 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, an employer
21 under this Article is required to offer each future increase in
22 income expressly and irrevocably on the condition of not
23 constituting "earnings" under Section 15-111 to any Tier 1
24 employee who has made an election under paragraph (2) of
25 subsection (a) of this Section. The offer shall also provide
26 that the Tier 1 employee's acceptance of the offered future

1 increase in income shall constitute his or her agreement to the
2 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.

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

21 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

24 Sec. 15-136. Retirement annuities - Amount. The provisions
25 of this Section 15-136 apply only to those participants who are

1 participating in the traditional benefit package or the
2 portable benefit package and do not apply to participants who
3 are participating in the self-managed plan.

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

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

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

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

23 (ii) an annuity from employer contributions of an
24 amount equal to that which can be provided on an
25 actuarially equivalent basis from the accumulated normal
26 contributions made by the participant under Section

1 15-113.6 and Section 15-113.7 plus 1.4 times all other
2 accumulated normal contributions made by the participant;
3 and

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

7 With respect to a police officer or firefighter who retires
8 on or after August 14, 1998, the accumulated normal
9 contributions taken into account under clauses (i) and (ii) of
10 this Rule 2 shall include the additional normal contributions
11 made by the police officer or firefighter under Section
12 15-157(a).

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

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

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

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

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

1 firefighter, and 2 3/4% for each year of service as a police
2 officer or firefighter in excess of 20. The retirement annuity
3 for all other service shall be computed under Rule 1. A Tier 2
4 member is eligible for a retirement annuity calculated under
5 Rule 4 only if that Tier 2 member meets the service
6 requirements for that benefit calculation as prescribed under
7 this Rule 4 in addition to the applicable age requirement under
8 subsection (a-5) of Section 15-135.

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

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

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

24 (b) For a Tier 1 member, the retirement annuity provided
25 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each
26 month the participant is under age 60 at the time of

1 retirement. However, this reduction shall not apply in the
2 following cases:

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

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

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

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

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

1 (d) Subject to the provisions of subsection (d-1), a ~~A~~ Tier
2 1 member whose status as an employee terminates after August
3 14, 1969 shall receive automatic increases in his or her
4 retirement annuity as follows:

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

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

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

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

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

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

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

1 ending with the September preceding each November 1 is zero
2 or there is a decrease, then the annuity shall not be
3 increased.

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 board of the retirement
12 system by November 1 of each year.

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

26 (e) If, on January 1, 1987, or the date the retirement

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

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

24 (g) If, (1) by law, a function of a governmental unit, as
25 defined by Section 20-107 of this Code, is transferred in whole
26 or in part to an employer, and (2) a participant transfers

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

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

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

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

1 98-92, eff. 7-16-13.)

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

3 Sec. 15-155. Employer contributions.

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

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

16 (a-1) 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 15-200.1, 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 15-132.9.

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 15-132.9.

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 \$166,641,900.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2007 is
23 \$252,064,100.

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 \$702,514,000 and shall be made from the State Pensions Fund and
7 proceeds of bonds sold in fiscal year 2010 pursuant to Section
8 7.2 of the General Obligation Bond Act, less (i) the pro rata
9 share of bond sale expenses determined by the System's share of
10 total bond proceeds, (ii) any amounts received from the General
11 Revenue Fund in fiscal year 2010, (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 15-165 and shall be made from the State
18 Pensions Fund and proceeds of bonds sold in fiscal year 2011
19 pursuant to Section 7.2 of the General Obligation Bond Act,
20 less (i) the pro rata share of bond sale expenses determined by
21 the System's share of total bond proceeds, (ii) any amounts
22 received from the General Revenue Fund in fiscal year 2011, and
23 (iii) any reduction in bond proceeds due to the issuance of
24 discounted bonds, if 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 15-165, shall
19 not exceed an amount equal to (i) the amount of the required
20 State contribution that would have been calculated under this
21 Section 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 (a-2) For employees first hired on or after 6 months after
15 the effective date of this amendatory Act of the 100th General
16 Assembly who have elected the benefits under Section 1-161 of
17 this Code, the employer shall annually contribute an amount,
18 expressed as a percentage of payroll, equal to the defined
19 benefit normal cost of the defined benefit plan, less the
20 employee contribution, plus 2%. On an annual basis, the System
21 shall certify to each employer the amount of unfunded liability
22 accrued in the employer's account to be paid by the employer so
23 that the System is 90% funded by the end of State fiscal year
24 2045. The contributions shall be divided equally over a
25 12-month period and made monthly. The employer shall also
26 contribute an amount equal to the employer defined

1 contribution, as set on an individual employee basis, under
2 paragraph (2) of subsection (k) of Section 1-161 during each
3 pay period. The System shall have the authority to adopt rules
4 regarding implementation of employer contributions.

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

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

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

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

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

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

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

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

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

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

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

24 When assessing payment for any amount due under this
25 subsection (g), the System shall include earnings, to the
26 extent not established by a participant under Section 15-113.11

1 or 15-113.12, that would have been paid to the participant had
2 the participant not taken (i) periods of voluntary or
3 involuntary furlough occurring on or after July 1, 2015 and on
4 or before June 30, 2017 or (ii) periods of voluntary pay
5 reduction in lieu of furlough occurring on or after July 1,
6 2015 and on or before June 30, 2017. Determining earnings that
7 would have been paid to a participant had the participant not
8 taken periods of voluntary or involuntary furlough or periods
9 of voluntary pay reduction shall be the responsibility of the
10 employer, and shall be reported in a manner prescribed by the
11 System.

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

1 the unadjusted percentage increase in the consumer price
2 index-u for the applicable calendar year. This present value
3 shall be computed by the System on the basis of the actuarial
4 assumptions and tables used in the most recent actuarial
5 valuation of the System that is available at the time of the
6 computation. The System may require the employer to provide any
7 pertinent information or documentation.

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

23 The employer contributions required under this subsection
24 (g-1) may be paid in the form of a lump sum within 90 days after
25 receipt of the bill. If the employer contributions are not paid
26 within 90 days after receipt of the bill, then interest shall

1 be charged at a rate equal to the System's annual actuarially
2 assumed rate of return on investment compounded annually from
3 the 91st day after receipt of the bill. Payments must be
4 concluded within 3 years after the employer's receipt of the
5 bill.

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

15 (h) This subsection (h) applies only to payments made or
16 salary increases given on or after June 1, 2005 but before July
17 1, 2011. The changes made by Public Act 94-1057 shall not
18 require the System to refund any payments received before July
19 31, 2006 (the effective date of Public Act 94-1057).

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude earnings increases paid to
22 participants under contracts or collective bargaining
23 agreements entered into, amended, or renewed before June 1,
24 2005.

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude earnings increases paid to a

1 participant at a time when the participant is 10 or more years
2 from retirement eligibility under Section 15-135.

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

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude any earnings increase resulting
19 from (i) a promotion for which the employee moves from one
20 classification to a higher classification under the State
21 Universities Civil Service System, (ii) a promotion in academic
22 rank for a tenured or tenure-track faculty position, or (iii) a
23 promotion that the Illinois Community College Board has
24 recommended in accordance with subsection (k) of this Section.
25 These earnings increases shall be excluded only if the
26 promotion is to a position that has existed and been filled by

1 a member for no less than one complete academic year and the
2 earnings increase as a result of the promotion is an increase
3 that results in an amount no greater than the average salary
4 paid for other similar positions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (n) If Section 15-132.9 is determined to be
25 unconstitutional or otherwise invalid by a final unappealable
26 decision of an Illinois court or a court of competent

1 jurisdiction, then the changes made to this Section by this
2 amendatory Act of the 100th General Assembly shall not take
3 effect and are repealed by operation of law.

4 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
5 99-897, eff. 1-1-17.)

6 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

7 Sec. 15-157. Employee Contributions.

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

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

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

16 (b) Starting September 1, 1969, each participating
17 employee shall make additional contributions of 1/2 of 1% of
18 earnings to finance a portion of the cost of the annual
19 increases in retirement annuity provided under Section 15-136,
20 except that with respect to participants in the self-managed
21 plan this additional contribution shall be used to finance the
22 benefits obtained under that retirement program. Beginning
23 July 1, 2018 or the effective date of the Tier 1 employee's
24 election under paragraph (1) of subsection (a) of Section
25 15-132.9, whichever is later, each Tier 1 employee who made the
26 election under paragraph (1) of subsection (a) of Section

1 15-132.9 is no longer required to make contributions under this
2 subsection.

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

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

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

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

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

1 provision shall be made as of the date of the participant's
2 retirement.

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

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

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

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

17 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

1 recommendations upon which it is based and shall specifically
2 identify the System's projected State normal cost for that
3 fiscal year and the projected State cost for the self-managed
4 plan for that fiscal year.

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

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

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

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

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

17 (a-10) For purposes of subsection (c-5) of Section 20 of
18 the Budget Stabilization Act, on or before November 1 of each
19 year beginning November 1, 2019, the Board shall determine the
20 amount of the State contribution to the System that would have
21 been required for the next fiscal year if Section 1-161,
22 subsection (a-2) of Section 15-155, and the changes made to
23 Section 1-160 by this amendatory Act of the 100th General
24 Assembly had not taken effect, using the best and most recent
25 available data but based on the law in effect on May 31, 2019.
26 The Board shall submit to the State Actuary, the Governor, and

1 the General Assembly a proposed certification, along with the
2 relevant law, actuarial assumptions, calculations, and data
3 upon which that certification is based. On or before January 1,
4 2020 and every January 1 thereafter, the State Actuary shall
5 issue a preliminary report concerning the proposed
6 certification and identifying, if necessary, recommended
7 changes in actuarial assumptions that the Board must consider
8 before finalizing its certification. On or before January 15,
9 2020 and every January 1 thereafter, the Board shall certify to
10 the Governor and the General Assembly the amount of the State
11 contribution to the System that would have been required for
12 the next fiscal year if Section 1-161, subsection (a-2) of
13 Section 15-155, and the changes made to Section 1-160 by this
14 amendatory Act of the 100th General Assembly had not taken
15 effect, using the best and most recent available data but based
16 on the law in effect on May 31, 2019. The Board's certification
17 must note any deviations from the State Actuary's recommended
18 changes, the reason or reasons for not following the State
19 Actuary's recommended changes, and the impact of not following
20 the State Actuary's recommended changes.

21 (a-15) As soon as practical after the effective date of
22 this amendatory Act of the 100th General Assembly, the Board
23 shall recalculate and recertify to the State Actuary, the
24 Governor, and the General Assembly the amount of the State
25 contribution to the System for State fiscal year 2018, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 100th General Assembly. The State
2 Actuary shall review the assumptions and valuations underlying
3 the Board's revised certification and issue a preliminary
4 report concerning the proposed recertification and
5 identifying, if necessary, recommended changes in actuarial
6 assumptions that the Board must consider before finalizing its
7 certification of the required State contributions. The Board's
8 final certification must note any deviations from the State
9 Actuary's recommended changes, the reason or reasons for not
10 following the State Actuary's recommended changes, and the
11 fiscal impact of not following the State Actuary's recommended
12 changes on the required State contribution.

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

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

24 (b) The Board shall certify to the State Comptroller or
25 employer, as the case may be, from time to time, by its
26 chairperson and secretary, with its seal attached, the amounts

1 payable to the System from the various funds.

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

16 If in any month the amount remaining unexpended from all
17 other appropriations to the System for the applicable fiscal
18 year (including the appropriations to the System under Section
19 8.12 of the State Finance Act and Section 1 of the State
20 Pension Funds Continuing Appropriation Act) is less than the
21 amount lawfully vouchered under this Section, the difference
22 shall be paid from the General Revenue Fund under the
23 continuing appropriation authority provided in Section 1.1 of
24 the State Pension Funds Continuing Appropriation Act.

25 (d) So long as the payments received are the full amount
26 lawfully vouchered under this Section, payments received by the

1 System under this Section shall be applied first toward the
2 employer contribution to the self-managed plan established
3 under Section 15-158.2. Payments shall be applied second toward
4 the employer's portion of the normal costs of the System, as
5 defined in subsection (f) of Section 15-155. The balance shall
6 be applied toward the unfunded actuarial liabilities of the
7 System.

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

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

20 (40 ILCS 5/15-185.5 new)

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

22 (a) As used in this Section:

23 "Eligible person" means a person who:

24 (1) has terminated service;

25 (2) has accrued sufficient service credit to be

1 eligible to receive a retirement annuity under this
2 Article;

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

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

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

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

15 (b) Before January 1, 2018, and annually thereafter, the
16 System shall calculate, using actuarial tables and other
17 assumptions adopted by the Board, the net present value of
18 pension benefits for each eligible person and shall offer each
19 eligible person the opportunity to irrevocably elect to receive
20 an amount determined by the System to be equal to 70% of the
21 net present value of his or her pension benefits in lieu of
22 receiving any pension benefit. The offer shall specify the
23 dollar amount that the eligible person will receive if he or
24 she so elects and shall expire when a subsequent offer is made
25 to an eligible person or when the System determines that 10% of
26 eligible persons in that year have made the election under this

1 subsection, whichever occurs first. The System shall make a
2 good faith effort to contact every eligible person to notify
3 him or her of the election and of the amount of the accelerated
4 pension benefit payment.

5 Until the System determines that 10% of eligible persons in
6 that year have made the election under this subsection, an
7 eligible person may irrevocably elect to receive an accelerated
8 pension benefit payment in the amount that the System offers
9 under this subsection in lieu of receiving any pension benefit.

10 A person who elects to receive an accelerated pension benefit
11 payment under this Section may not elect to proceed under the
12 Retirement Systems Reciprocal Act with respect to service under
13 this Article.

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

24 (d) If a person who has received an accelerated pension
25 benefit payment under this Section returns to participating
26 employee status under this Article, then:

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

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

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

21 (f) Before January 1, 2019 and every January 1 thereafter,
22 the Board shall certify to the Illinois Finance Authority and
23 the General Assembly the amount by which the total amount of
24 accelerated pension benefit payments made under this Section
25 exceed the amount appropriated to the System for the purpose of
26 making those payments.

1 (g) The Board shall adopt any rules necessary to implement
2 this Section.

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

6 (i) Notwithstanding any other provision of this Section, in
7 no case shall the total amount of accelerated pension benefit
8 payments paid under this Section, Section 14-147.5, and Section
9 16-190.5 cause the Illinois Finance Authority to issue more
10 than the \$250,000,000 of State Pension Obligation Acceleration
11 Bonds authorized in subsection (c-5) of Section 801-40 of the
12 Illinois Finance Authority Act.

13 (40 ILCS 5/15-198)

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

16 Sec. 15-198. Application and expiration of new benefit
17 increases.

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

1 amendatory Act of the 100th General Assembly.

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

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

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

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

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

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

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

18 (40 ILCS 5/15-200.1 new)

19 Sec. 15-200.1. Defined contribution plan.

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

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

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

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

23 (2) Participants in the defined contribution plan
24 shall pay employee contributions at the same rate as other
25 participants under this Article as determined by the
26 System.

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

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

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

22 (6) The defined contribution plan shall provide a
23 variety of options for investments. These options shall
24 include investments handled by the System as well as
25 private sector investment options.

26 (7) The defined contribution plan shall provide a

1 variety of options for payouts to retirees and their
2 survivors.

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

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

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

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

25 When the System first determines that 5% of eligible
26 persons have elected to participate in the defined contribution

1 plan, the System shall provide notice to previously eligible
2 employees that the plan is no longer available and shall cease
3 accepting applications to participate.

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

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

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

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

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

18 (h) If a Tier 1 employee has not made an election under
19 Section 15-134.5 of this Code, then the plan prescribed under
20 this Section shall not apply to that Tier 1 employee and that
21 Tier 1 employee shall remain eligible to make the election
22 prescribed under Section 15-134.5.

23 (i) The intent of this amendatory Act of the 100th General
24 Assembly is to ensure that the State's normal cost of
25 participation in the defined contribution plan is similar, and
26 if possible equal, to the State's normal cost of participation

1 in the defined benefit plan, unless a lower State's normal cost
2 is necessary to ensure cost neutrality.

3 (j) If Section 15-132.9 is determined to be
4 unconstitutional or otherwise invalid by a final unappealable
5 decision of an Illinois court or a court of competent
6 jurisdiction, then this Section shall not take effect and is
7 repealed by operation of law.

8 (40 ILCS 5/15-201.1 new)

9 Sec. 15-201.1. Defined contribution plan; termination. If
10 the defined contribution plan is terminated or becomes
11 inoperative pursuant to law, then each participant in the plan
12 shall automatically be deemed to have been a contributing Tier
13 1 employee participating in the System's defined benefit plan
14 during the time in which he or she participated in the defined
15 contribution plan, and for that purpose the System shall be
16 entitled to recover the amounts in the participant's defined
17 contribution accounts.

18 (40 ILCS 5/16-107.1 new)

19 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
20 teacher under this Article who first became a member or
21 participant before January 1, 2011 under any reciprocal
22 retirement system or pension fund established under this Code
23 other than a retirement system or pension fund established
24 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for

1 the purposes of the election under Section 16-122.9, "Tier 1
2 employee" does not include a teacher under this Article who
3 would qualify as a Tier 1 employee but who has made an
4 irrevocable election on or before June 1, 2017 to retire from
5 service pursuant to the terms of an employment contract or a
6 collective bargaining agreement in effect on June 1, 2017,
7 excluding any extension, amendment, or renewal of that
8 agreement after that date, and has notified the System of that
9 election.

10 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

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

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

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

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

5 (40 ILCS 5/16-121.1 new)

6 Sec. 16-121.1. Future increase in income. "Future increase
7 in income" means an increase to a Tier 1 employee's base pay
8 that is offered by an employer to the Tier 1 employee for
9 service under this Article after June 30, 2018 that qualifies
10 as "salary", as defined in Section 16-121, or would qualify as
11 "salary" but for the fact that it was offered to and accepted
12 by the Tier 1 employee under the condition set forth in
13 subsection (c) of Section 16-122.9. The term "future increase
14 in income" includes an increase to a Tier 1 employee's base pay
15 that is paid to the Tier 1 employee pursuant to an extension,
16 amendment, or renewal of any such employment contract or
17 collective bargaining agreement after the effective date of
18 this Section.

19 (40 ILCS 5/16-121.2 new)

20 Sec. 16-121.2. Base pay. As used in Section 16-121.1 of
21 this Code, "base pay" means the greater of either (i) the Tier
22 1 employee's annualized rate of salary as of June 30, 2018, or
23 (ii) the Tier 1 employee's annualized rate of salary
24 immediately preceding the expiration, renewal, or amendment of

1 an employment contract or collective bargaining agreement in
2 effect on the effective date of this Section. For a person
3 returning to active service as a Tier 1 employee after June 30,
4 2018, however, "base pay" means the employee's annualized rate
5 of salary as of the employee's last date of service prior to
6 July 1, 2018. The System shall calculate the base pay of each
7 Tier 1 employee pursuant to this Section.

8 (40 ILCS 5/16-122.9 new)

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

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

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

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

23 The election required under this subsection (a) shall be
24 made by each active Tier 1 employee no earlier than January 1,
25 2018 and no later than March 31, 2018, except that:

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

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

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

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

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

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

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

12 As adequate and legal consideration provided under this
13 amendatory Act of the 100th General Assembly for making an
14 election under paragraph (1) of subsection (a) of this Section,
15 each Tier 1 employee who has made an election under paragraph
16 (1) of subsection (a) of this Section shall receive a
17 consideration payment equal to 10% of the contributions made by
18 or on behalf of the employee under paragraphs (1), (2), and (3)
19 of subsection (a) of Section 16-152 before the effective date
20 of that election. The State Comptroller shall pay the
21 consideration payment to the Tier 1 employee out of funds
22 appropriated for that purpose under Section 1.9 of the State
23 Pension Funds Continuing Appropriation Act. The System shall
24 calculate the amount of each consideration payment and, by July
25 1, 2018, shall certify to the State Comptroller the amount of
26 the consideration payment, together with the name, address, and

1 any other available payment information of the Tier 1 employee
2 as found in the records of the System. The System shall make
3 additional calculations and certifications of consideration
4 payments to the State Comptroller as the System deems
5 necessary.

6 (c) A Tier 1 employee who makes the election under
7 paragraph (2) of subsection (a) of this Section shall not be
8 subject to paragraph (1) of subsection (a) of this Section.
9 However, each future increase in income offered by an employer
10 under this Article to a Tier 1 employee who has made the
11 election under paragraph (2) of subsection (a) of this Section
12 shall be offered by the employer expressly and irrevocably on
13 the condition of not constituting salary under Section 16-121
14 and that the Tier 1 employee's acceptance of the offered future
15 increase in income shall constitute his or her agreement to
16 that condition.

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

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

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

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

1 election set forth in this Section.

2 (e) Notwithstanding any other provision of law, an employer
3 under this Article is required to offer each future increase in
4 income expressly and irrevocably on the condition of not
5 constituting "salary" under Section 16-121 to any Tier 1
6 employee who has made an election under paragraph (2) of
7 subsection (a) of this Section. The offer shall also provide
8 that the Tier 1 employee's acceptance of the offered future
9 increase in income shall constitute his or her agreement to the
10 condition set forth in this subsection.

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

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

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

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

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

3 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

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

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

19 (1) 1.5% of the originally granted retirement annuity
20 or disability retirement annuity multiplied by the number
21 of years elapsed, if any, from the date of retirement until
22 January 1, 1972, plus

23 (2) 2% of the originally granted annuity multiplied by
24 the number of years elapsed, if any, from the date of
25 retirement or January 1, 1972, whichever is later, until

1 January 1, 1978, plus

2 (3) 3% of the originally granted annuity multiplied by
3 the number of years elapsed from the date of retirement or
4 January 1, 1978, whichever is later, until the effective
5 date of the initial increase.

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

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

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

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

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

1 system by November 1 of each year.

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

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

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

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

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

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

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

12 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

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

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

25 (b) Except as otherwise provided in subsection (b-1), an An

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 Sec. 16-152. Contributions by members.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (a-10) For purposes of subsection (c-5) of Section 20 of
2 the Budget Stabilization Act, on or before November 1 of each
3 year beginning November 1, 2019, the Board shall determine the
4 amount of the State contribution to the System that would have
5 been required for the next fiscal year if Section 1-161,
6 subsection (b-4) of Section 16-158, and the changes made to
7 Section 1-160 by this amendatory Act of the 100th General
8 Assembly had not taken effect, using the best and most recent
9 available data but based on the law in effect on May 31, 2019.
10 The Board shall submit to the State Actuary, the Governor, and
11 the General Assembly a proposed certification, along with the
12 relevant law, actuarial assumptions, calculations, and data
13 upon which that certification is based. On or before January 1,
14 2020 and every January 1 thereafter, the State Actuary shall
15 issue a preliminary report concerning the proposed
16 certification and identifying, if necessary, recommended
17 changes in actuarial assumptions that the Board must consider
18 before finalizing its certification. On or before January 15,
19 2020 and every January 1 thereafter, the Board shall certify to
20 the Governor and the General Assembly the amount of the State
21 contribution to the System that would have been required for
22 the next fiscal year if if Section 1-161, subsection (b-4) of
23 Section 16-158, and the changes made to Section 1-160 by this
24 amendatory Act of the 100th General Assembly had not taken
25 effect, using the best and most recent available data but based
26 on the law in effect on May 31, 2019. The Board's certification

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

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

23 (a-20) On or before May 1, 2018, the Board shall
24 recalculate and recertify to the Governor and the General
25 Assembly the amount of the required State contribution to the
26 System for State fiscal year 2019, taking into account the

1 effect on the System's liabilities of the elections made under
2 Section 16-122.9.

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

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

11 (b-1) Beginning in State fiscal year 1996, on the 15th day
12 of each month, or as soon thereafter as may be practicable, the
13 Board shall submit vouchers for payment of State contributions
14 to the System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a-1). From the effective date of this amendatory Act of the
17 93rd General Assembly through June 30, 2004, the Board shall
18 not submit vouchers for the remainder of fiscal year 2004 in
19 excess of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (a) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

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

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

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

25 For State fiscal year 2019:

26 (1) The initial calculation and certification shall be

1 based on the amount determined above.

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

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

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

23 For State fiscal years 2012 through 2017 ~~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
26 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of
2 State fiscal year 2045. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of payroll over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

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

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$738,014,500.

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

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

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

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

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

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

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter, as calculated
26 under this Section and certified under subsection (a-1), shall

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

22 (b-4) For employees first hired on or after 6 months after
23 the effective date of this amendatory Act of the 100th General
24 Assembly who have elected the benefits under Section 1-161 of
25 this Code, the employer shall annually contribute an amount,
26 expressed as a percentage of payroll, equal to the defined

1 benefit normal cost of the defined benefit plan, less the
2 employee contribution, plus 2%. On an annual basis, the System
3 shall certify to each employer the amount of unfunded liability
4 accrued in the employer's account to be paid by the employer so
5 that the System is 90% funded by the end of State fiscal year
6 2045. The contributions shall be divided equally over a
7 12-month period and made monthly. The employer shall also
8 contribute an amount equal to the employer defined
9 contribution, as set on an individual employee basis, under
10 paragraph (2) of subsection (k) of Section 1-161 during each
11 pay period. The System shall have the authority to adopt rules
12 regarding implementation of employer contributions.

13 (c) Payment of the required State contributions and of all
14 pensions, retirement annuities, death benefits, refunds, and
15 other benefits granted under or assumed by this System, and all
16 expenses in connection with the administration and operation
17 thereof, are obligations of the State.

18 If members are paid from special trust or federal funds
19 which are administered by the employing unit, whether school
20 district or other unit, the employing unit shall pay to the
21 System from such funds the full accruing retirement costs based
22 upon that service, which, beginning July 1, 2014, shall be at a
23 rate, expressed as a percentage of salary, equal to the total
24 minimum contribution to the System to be made by the State for
25 that fiscal year, including both normal cost and unfunded
26 liability components, expressed as a percentage of payroll, as

1 determined by the System under subsection (b-3) of this
2 Section. Employer contributions, based on salary paid to
3 members from federal funds, may be forwarded by the
4 distributing agency of the State of Illinois to the System
5 prior to allocation, in an amount determined in accordance with
6 guidelines established by such agency and the System. Any
7 contribution for fiscal year 2015 collected as a result of the
8 change made by this amendatory Act of the 98th General Assembly
9 shall be considered a State contribution under subsection (b-3)
10 of this Section.

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

18 However, with respect to benefits granted under Section
19 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
20 of Section 16-106, the employer's contribution shall be 12%
21 (rather than 20%) of the member's highest annual salary rate
22 for each year of creditable service granted, and the employer
23 shall also pay the required employee contribution on behalf of
24 the teacher. For the purposes of Sections 16-133.4 and
25 16-133.5, a teacher as defined in paragraph (8) of Section
26 16-106 who is serving in that capacity while on leave of

1 absence from another employer under this Article shall not be
2 considered an employee of the employer from which the teacher
3 is on leave.

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

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

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

13 The school district or other employing unit may pay these
14 employer contributions out of any source of funding available
15 for that purpose and shall forward the contributions to the
16 System on the schedule established for the payment of member
17 contributions.

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

21 Each employer of teachers is entitled to a credit against
22 the contributions required under this subsection (e) with
23 respect to salaries paid to teachers for the period January 1,
24 2002 through June 30, 2003, equal to the amount paid by that
25 employer under subsection (a-5) of Section 6.6 of the State
26 Employees Group Insurance Act of 1971 with respect to salaries

1 paid to teachers for that period.

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

7 If an employer is required by a contract in effect on May
8 1, 1998 between the employer and an employee organization to
9 pay, on behalf of all its full-time employees covered by this
10 Article, all mandatory employee contributions required under
11 this Article, then the employer shall be excused from paying
12 the employer contribution required under this subsection (e)
13 for the balance of the term of that contract. The employer and
14 the employee organization shall jointly certify to the System
15 the existence of the contractual requirement, in such form as
16 the System may prescribe. This exclusion shall cease upon the
17 termination, extension, or renewal of the contract at any time
18 after May 1, 1998.

19 (f) For school years beginning on or after June 1, 2005 and
20 before July 1, 2018, if ~~if~~ the amount of a teacher's salary for
21 any school year used to determine final average salary exceeds
22 the member's annual full-time salary rate with the same
23 employer for the previous school year by more than 6%, the
24 teacher's employer shall pay to the System, in addition to all
25 other payments required under this Section and in accordance
26 with guidelines established by the System, the present value of

1 the increase in benefits resulting from the portion of the
2 increase in salary that is in excess of 6%. This present value
3 shall be computed by the System on the basis of the actuarial
4 assumptions and tables used in the most recent actuarial
5 valuation of the System that is available at the time of the
6 computation. If a teacher's salary for the 2005-2006 school
7 year is used to determine final average salary under this
8 subsection (f), then the changes made to this subsection (f) by
9 Public Act 94-1057 shall apply in calculating whether the
10 increase in his or her salary is in excess of 6%. For the
11 purposes of this Section, change in employment under Section
12 10-21.12 of the School Code on or after June 1, 2005 shall
13 constitute a change in employer. The System may require the
14 employer to provide any pertinent information or
15 documentation. The changes made to this subsection (f) by this
16 amendatory Act of the 94th General Assembly apply without
17 regard to whether the teacher was in service on or after its
18 effective date.

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

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

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

17 (f-1) For school years beginning on or after July 1, 2018,
18 if the amount of a teacher's salary for any school year used to
19 determine final average salary exceeds the member's annual
20 full-time salary rate with the same employer for the previous
21 school year by more than the unadjusted percentage increase in
22 the consumer price index-u for the calendar year immediately
23 preceding the beginning of the school year, published by the
24 Public Pension Division of the Department of Insurance by
25 November 1 of each year, then the teacher's employer shall pay
26 to the System, in addition to all other payments required under

1 this Section and in accordance with guidelines established by
2 the System, the present value of the increase in benefits
3 resulting from the portion of the increase in salary that is in
4 excess of the unadjusted percentage increase in the consumer
5 price index-u for the applicable calendar year. This present
6 value shall be computed by the System on the basis of the
7 actuarial assumptions and tables used in the most recent
8 actuarial valuation of the System that is available at the time
9 of the computation. The System may require the employer to
10 provide any pertinent information or documentation.

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

26 The employer contributions required under this subsection

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

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

18 (g) This subsection (g) applies only to payments made or
19 salary increases given on or after June 1, 2005 but before July
20 1, 2011. The changes made by Public Act 94-1057 shall not
21 require the System to refund any payments received before July
22 31, 2006 (the effective date of Public Act 94-1057).

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

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

5 When assessing payment for any amount due under subsection
6 (f), the System shall exclude salary increases resulting from
7 overload work, including summer school, when the school
8 district has certified to the System, and the System has
9 approved the certification, that (i) the overload work is for
10 the sole purpose of classroom instruction in excess of the
11 standard number of classes for a full-time teacher in a school
12 district during a school year and (ii) the salary increases are
13 equal to or less than the rate of pay for classroom instruction
14 computed on the teacher's current salary and work schedule.

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

1 the collective bargaining agreement for a similar position
2 requiring the same certification.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude any payment to the teacher from
5 the State of Illinois or the State Board of Education over
6 which the employer does not have discretion, notwithstanding
7 that the payment is included in the computation of final
8 average salary.

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

19 (h-1) When assessing payment for any amount due under
20 subsection (f-1), the System shall exclude earnings increases
21 paid to participants under contracts or collective bargaining
22 agreements entered into, amended, or renewed before the
23 effective date of this amendatory Act of the 100th General
24 Assembly.

25 (i) The System shall prepare a report and file copies of
26 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

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

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

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

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

14 (i-5) For school years beginning on or after July 1, 2018,
15 if the amount of a participant's salary for any school year,
16 determined on a full-time equivalent basis, exceeds \$140,000,
17 the participant's employer shall pay to the System, in addition
18 to all other payments required under this Section and in
19 accordance with guidelines established by the System, the
20 amount of earnings that exceed \$140,000 multiplied by the level
21 percentage of payroll used in that fiscal year as determined by
22 the System to be sufficient to bring the total assets of the
23 System up to 90% of the total actuarial liabilities of the
24 System by the end of State fiscal year 2045. This amount shall
25 be computed by the System on the basis of the actuarial
26 assumptions and tables used in the most recent actuarial

1 valuation of the System that is available at the time of the
2 computation. The System may require the employer to provide any
3 pertinent information or documentation.

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

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

23 (j) For purposes of determining the required State
24 contribution to the System, the value of the System's assets
25 shall be equal to the actuarial value of the System's assets,
26 which shall be calculated as follows:

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

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

12 (l) If Section 16-122.9 is determined to be
13 unconstitutional or otherwise invalid by a final unappealable
14 decision of an Illinois court or a court of competent
15 jurisdiction, then the changes made to this Section by this
16 amendatory Act of the 100th General Assembly shall not take
17 effect and are repealed by operation of law.

18 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
19 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
20 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

21 (40 ILCS 5/16-190.5 new)

22 Sec. 16-190.5. Accelerated pension benefit payment.

23 (a) As used in this Section:

24 "Eligible person" means a person who:

25 (1) has terminated service;

1 (2) has accrued sufficient service credit to be
2 eligible to receive a retirement annuity under this
3 Article;

4 (3) has not received any retirement annuity under this
5 Article; and

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

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

14 (b) Before January 1, 2018, and annually thereafter, the
15 System shall calculate, using actuarial tables and other
16 assumptions adopted by the Board, the net present value of
17 pension benefits for each eligible person and shall offer each
18 eligible person the opportunity to irrevocably elect to receive
19 an amount determined by the System to be equal to 70% of the
20 net present value of his or her pension benefits in lieu of
21 receiving any pension benefit. The offer shall specify the
22 dollar amount that the eligible person will receive if he or
23 she so elects and shall expire when a subsequent offer is made
24 to an eligible person or when the System determines that 10% of
25 eligible persons in that year have made the election under this
26 subsection, whichever occurs first. The System shall make a

1 good faith effort to contact every eligible person to notify
2 him or her of the election and of the amount of the accelerated
3 pension benefit payment.

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

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

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

26 (1) Any benefits under the System earned as a result of

1 that return to active service shall be based solely on the
2 person's credits and creditable service arising from the
3 return to active service.

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

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

20 (f) Before January 1, 2019 and every January 1 thereafter,
21 the Board shall certify to the Illinois Finance Authority and
22 the General Assembly the amount by which the total amount of
23 accelerated pension benefit payments made under this Section
24 exceed the amount appropriated to the System for the purpose of
25 making those payments.

26 (g) The Board shall adopt any rules necessary to implement

1 this Section.

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

5 (i) Notwithstanding any other provision of this Section, in
6 no case shall the total amount of accelerated pension benefit
7 payments paid under this Section, Section 14-147.5, and Section
8 15-185.5, and Section 16-190.5 cause the Illinois Finance
9 Authority to issue more than the \$250,000,000 of State Pension
10 Obligation Acceleration Bonds authorized in subsection (c-5)
11 of Section 801-40 of the Illinois Finance Authority Act.

12 (40 ILCS 5/16-203)

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

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

17 (a) As used in this Section, "new benefit increase" means
18 an increase in the amount of any benefit provided under this
19 Article, or an expansion of the conditions of eligibility for
20 any benefit under this Article, that results from an amendment
21 to this Code that takes effect after June 1, 2005 (the
22 effective date of Public Act 94-4). "New benefit increase",
23 however, does not include any benefit increase resulting from
24 the changes made to this Article by Public Act 95-910 or this
25 amendatory Act of the 100th ~~95th~~ 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; 95-910, eff. 8-26-08.)

17 (40 ILCS 5/16-205.1 new)

18 Sec. 16-205.1. 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. An active Tier
15 1 employee who elects to cease accruing benefits in his or
16 her defined benefit plan shall be prohibited from
17 purchasing service credit on or after the date of his or
18 her election. A Tier 1 employee making the irrevocable
19 election provided under this Section shall not receive
20 interest accruals to his or her benefit under paragraph (A)
21 of subsection (a) of Section 16-133 on or after the date of
22 his or her election.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 any other available source, including but not limited to labor
2 organizations, private counsel, and financial advisors.

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

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

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

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

26 (i) If Section 16-122.9 is determined to be

1 unconstitutional or otherwise invalid by a final unappealable
2 decision of an Illinois court or a court of competent
3 jurisdiction, then this Section shall not take effect and is
4 repealed by operation of law.

5 (40 ILCS 5/16-206.1 new)

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

15 (40 ILCS 5/17-106.05 new)

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

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

7 (40 ILCS 5/17-113.4 new)

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

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

20 (40 ILCS 5/17-113.5 new)

21 Sec. 17-113.5. Future increase in income. "Future increase
22 in income" means an increase to a Tier 1 employee's base pay
23 that is offered by an employer to the Tier 1 employee for
24 service under this Article after June 30, 2018 that qualifies

1 as "salary", as defined in Section 17-113.4, or would qualify
2 as "salary" but for the fact that it was offered to and
3 accepted by the Tier 1 employee under the condition set forth
4 in subsection (c) of Section 17-115.5. The term "future
5 increase in income" includes an increase to a Tier 1 employee's
6 base pay that is paid to the Tier 1 employee pursuant to an
7 extension, amendment, or renewal of any employment contract or
8 collective bargaining agreement after the effective date of
9 this Section.

10 (40 ILCS 5/17-113.6 new)

11 Sec. 17-113.6. Base pay. As used in Section 17-113.5 of
12 this Code, "base pay" means the greater of either (i) the Tier
13 1 employee's annualized rate of salary as of June 30, 2018, or
14 (ii) the Tier 1 employee's annualized rate of salary
15 immediately preceding the expiration, renewal, or amendment of
16 an employment contract or collective bargaining agreement in
17 effect on the effective date of this Section. For a person
18 returning to active service as a Tier 1 employee after June 30,
19 2018, however, "base pay" means the employee's annualized rate
20 of salary as of the employee's last date of service prior to
21 July 1, 2018. The Fund shall calculate the base pay of each
22 Tier 1 employee pursuant to this Section.

23 (40 ILCS 5/17-115.5 new)

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

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

3 (1) to agree to delay his or her eligibility for
4 automatic annual increases in service retirement pension
5 as provided in Section 17-119.2 and to have the amount of
6 the automatic annual increases in his or her service
7 retirement pension and survivor's pension that are
8 otherwise provided for in this Article calculated,
9 instead, as provided in Section 17-119.2; 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 January 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 January 1, 2018 and
20 has not yet made an election under this Section must make
21 the election under this subsection (a) within 60 days after
22 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 17-113.4.

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 Section 17-130 before the
6 effective date of that election. The State Comptroller shall
7 pay the consideration payment to the Tier 1 employee out of
8 funds appropriated for that purpose under Section 1.9 of the
9 State Pension Funds Continuing Appropriation Act. The Fund
10 shall calculate the amount of each consideration payment and,
11 by July 1, 2018, shall certify to the State Comptroller the
12 amount of the consideration payment, together with the name,
13 address, and any other available payment information of the
14 Tier 1 employee as found in the records of the Fund. The Fund
15 shall make additional calculations and certifications of
16 consideration payments to the State Comptroller as the Fund
17 deems necessary.

18 (c) A Tier 1 employee who makes the election under
19 paragraph (2) of subsection (a) of this Section shall not be
20 subject to paragraph (1) of subsection (a) of this Section.
21 However, each future increase in income offered by an employer
22 under this Article to a Tier 1 employee who has made the
23 election under paragraph (2) of subsection (a) of this Section
24 shall be offered by the employer expressly and irrevocably on
25 the condition of not constituting salary under Section 17-113.4
26 and that the Tier 1 employee's acceptance of the offered future

1 increase in income shall constitute his or her agreement to
2 that condition.

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

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

25 The Fund shall inform Tier 1 employees in the election
26 packet required under this subsection that the Tier 1 employee

1 may also wish to obtain information and counsel relating to the
2 election required under this Section from any other available
3 source, including, but not limited to, labor organizations and
4 private counsel.

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

13 (e) Notwithstanding any other provision of law, an employer
14 under this Article is required to offer each future increase in
15 income expressly and irrevocably on the condition of not
16 constituting "salary" under Section 17-113.4 to any Tier 1
17 employee who has made an election under paragraph (2) of
18 subsection (a) of this Section. The offer shall also provide
19 that the Tier 1 employee's acceptance of the offered future
20 increase in income shall constitute his or her agreement to the
21 condition set forth in this subsection.

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

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

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

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

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

14 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

15 Sec. 17-116. Service retirement pension.

16 (a) Each teacher having 20 years of service upon attainment
17 of age 55, or who thereafter attains age 55 shall be entitled
18 to a service retirement pension upon or after attainment of age
19 55; and each teacher in service on or after July 1, 1971, with
20 5 or more but less than 20 years of service shall be entitled
21 to receive a service retirement pension upon or after
22 attainment of age 62.

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

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

8 (2) For creditable service earned on or after July 1,
9 1998 by a member who has at least 30 years of creditable
10 service on July 1, 1998 and who does not elect to augment
11 service under Section 17-119.1: 2.3% of average salary for
12 each year of creditable service earned on or after July 1,
13 1998.

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

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

18 1. Average salary shall consist of the average annual
19 rate of salary for the 4 consecutive years of validated
20 service within the last 10 years of service when such
21 average annual rate was highest. In the determination of
22 average salary for retirement allowance purposes, for
23 members who commenced employment after August 31, 1979,
24 that part of the salary for any year shall be excluded
25 which exceeds the annual full-time salary rate for the
26 preceding year by more than 20%. In the case of a member

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

21 2. Proportionate credit shall be given for validated
22 service of less than one year.

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

25 4. For separation from service below age 60 to a
26 minimum age of 55, the pension shall be discounted at the

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

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

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

23 7. A member who is eligible to receive a retirement
24 pension of at least 74.6% of average salary and will attain
25 age 55 on or before December 31 during the year which
26 commences on July 1 shall be deemed to attain age 55 on the

1 preceding June 1.

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

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

15 Notwithstanding any other provision of this Section,
16 annual salary does not include any consideration payment made
17 to a Tier 1 employee.

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

19 (40 ILCS 5/17-119.2 new)

20 Sec. 17-119.2. Automatic annual increases in service
21 retirement pension and survivor's pension for certain Tier 1
22 employees. Notwithstanding any other provision of this
23 Article, for a Tier 1 employee who made the election under
24 paragraph (1) of subsection (a) of Section 17-115.5:

25 (1) The initial increase in service retirement pension

1 shall occur on the January 1 occurring either on or after
2 the attainment of age 67 or the fifth anniversary of the
3 pension start date, whichever is earlier.

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

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

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

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

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

25 (b) (i) Notwithstanding any other provision of this
26 Section, and notwithstanding any prior certification by the

1 Board under subsection (c) for fiscal year 2011, the Board of
2 Education's total required contribution to the Fund for fiscal
3 year 2011 under this Section is \$187,000,000.

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

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

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

21 (v) Beginning in fiscal year 2060, the minimum Board of
22 Education contribution for each fiscal year shall be the amount
23 needed to maintain the total assets of the Fund at 90% of the
24 total actuarial liabilities of the Fund.

25 (vi) Notwithstanding any other provision of this
26 subsection (b), for any fiscal year, the contribution to the

1 Fund from the Board of Education shall not be required to be in
2 excess of the amount calculated as needed to maintain the
3 assets (or cause the assets to be) at the 90% level by the end
4 of the fiscal year.

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

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

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

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

4 (d) As soon as practical after the effective date of this
5 amendatory Act of the 100th General Assembly, the Board shall
6 recalculate and recertify to the Board of Education the amount
7 of the required Board of Education contribution to the Fund for
8 fiscal year 2019, taking into account the changes in required
9 Board of Education contributions made by this amendatory Act of
10 the 100th General Assembly.

11 On or before May 1, 2018, the Board shall recalculate and
12 recertify to the Board of Education the amount of the required
13 Board of Education contribution to the Fund for fiscal year
14 2019, taking into account the effect on the Fund's liabilities
15 of the elections made under Section 17-115.5.

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

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

18 Sec. 17-130. Participants' contributions by payroll
19 deductions.

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

24 In addition, there shall be deducted from the salary of
25 each teacher 1% of his salary for survivors' and children's

1 pensions.

2 (a-5) Beginning on July 1, 2018 or the effective date of
3 the Tier 1 employee's election under paragraph (1) of Section
4 17-115.5, whichever is later, in lieu of the contributions
5 otherwise required under subsection (a), each Tier 1 employee
6 who made the election under paragraph (1) of Section 17-115.5
7 shall make contributions of 7.50% of salary for service or
8 disability retirement pension and 0.6% of salary for survivors'
9 and children's pensions.

10 (b) An Employer and any employer of eligible contributors
11 as defined in Section 17-106 is authorized to make the
12 necessary deductions from the salaries of its teachers. Such
13 amounts shall be included as a part of the Fund. An Employer
14 and any employer of eligible contributors as defined in Section
15 17-106 shall formulate such rules and regulations as may be
16 necessary to give effect to the provisions of this Section.

17 (c) All persons employed as teachers shall, by such
18 employment, accept the provisions of this Article and of
19 Sections 34-83 to 34-85, inclusive, of "The School Code",
20 approved March 18, 1961, as amended, and thereupon become
21 contributors to the Fund in accordance with the terms thereof.
22 The provisions of this Article and of those Sections shall
23 become a part of the contract of employment.

24 (d) A person who (i) was a member before July 1, 1998, (ii)
25 retires with more than 34 years of creditable service, and
26 (iii) does not elect to qualify for the augmented rate under

1 Section 17-119.1 shall be entitled, at the time of retirement,
2 to receive a partial refund of contributions made under this
3 Section for service occurring after the later of June 30, 1998
4 or attainment of 34 years of creditable service, in an amount
5 equal to 1.00% of the salary upon which those contributions
6 were based.

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

8 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

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

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

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

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

23 For State fiscal years 2012 through 2017 ~~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
26 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of
2 State fiscal year 2045. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of payroll over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

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

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$29,189,400.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$35,236,800.

18 For each of State fiscal years 2008 through 2009, the State
19 contribution to the System, as a percentage of the applicable
20 employee payroll, shall be increased in equal annual increments
21 from the required State contribution for State fiscal year
22 2007, so that by State fiscal year 2011, the State is
23 contributing at the rate otherwise required under this Section.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$78,832,000 and shall be made from the proceeds of bonds sold

1 in fiscal year 2010 pursuant to Section 7.2 of the General
2 Obligation Bond Act, less (i) the pro rata share of bond sale
3 expenses determined by the System's share of total bond
4 proceeds, (ii) any amounts received from the General Revenue
5 Fund in fiscal year 2010, and (iii) any reduction in bond
6 proceeds due to the issuance of discounted bonds, if
7 applicable.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2011 is
10 the amount recertified by the System on or before April 1, 2011
11 pursuant to Section 18-140 and shall be made from the proceeds
12 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
13 the General Obligation Bond Act, less (i) the pro rata share of
14 bond sale expenses determined by the System's share of total
15 bond proceeds, (ii) any amounts received from the General
16 Revenue Fund in fiscal year 2011, and (iii) any reduction in
17 bond proceeds due to the issuance of discounted bonds, if
18 applicable.

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

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

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

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter, as calculated
12 under this Section and certified under Section 18-140, shall
13 not exceed an amount equal to (i) the amount of the required
14 State contribution that would have been calculated under this
15 Section for that fiscal year if the System had not received any
16 payments under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act, minus (ii) the portion of the State's
18 total debt service payments for that fiscal year on the bonds
19 issued in fiscal year 2003 for the purposes of that Section
20 7.2, as determined and certified by the Comptroller, that is
21 the same as the System's portion of the total moneys
22 distributed under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act. In determining this maximum for State
24 fiscal years 2008 through 2010, however, the amount referred to
25 in item (i) shall be increased, as a percentage of the
26 applicable employee payroll, in equal increments calculated

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

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

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

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

23 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
24 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
25 7-13-12.)

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

2 Sec. 18-140. To certify required State contributions and
3 submit vouchers.

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

13 On or before November 1 of each year, beginning November 1,
14 2012, the Board shall submit to the State Actuary, the
15 Governor, and the General Assembly a proposed certification of
16 the amount of the required State contribution to the System for
17 the next fiscal year, along with all of the actuarial
18 assumptions, calculations, and data upon which that proposed
19 certification is based. On or before January 1 of each year
20 beginning January 1, 2013, the State Actuary shall issue a
21 preliminary report concerning the proposed certification and
22 identifying, if necessary, recommended changes in actuarial
23 assumptions that the Board must consider before finalizing its
24 certification of the required State contributions. On or before
25 January 15, 2013 and every January 15 thereafter, the Board
26 shall certify to the Governor and the General Assembly the

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

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

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

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

24 As soon as practical after the effective date of this
25 amendatory Act of the 100th General Assembly, the Board shall
26 recalculate and recertify to the State Actuary, the Governor,

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

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

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

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

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

15 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

18 Sec. 20-121. Calculation of proportional retirement
19 annuities.

20 (a) Upon retirement of the employee, a proportional
21 retirement annuity shall be computed by each participating
22 system in which pension credit has been established on the
23 basis of pension credits under each system. The computation
24 shall be in accordance with the formula or method prescribed by
25 each participating system which is in effect at the date of the

1 employee's latest withdrawal from service covered by any of the
2 systems in which he has pension credits which he elects to have
3 considered under this Article. However, the amount of any
4 retirement annuity payable under the self-managed plan
5 established under Section 15-158.2 of this Code or under the
6 defined contribution plan established under Article 2, 14, 15,
7 or 16 of this Code depends solely on the value of the
8 participant's vested account balances and is not subject to any
9 proportional adjustment under this Section.

10 (a-5) For persons who participate in a defined contribution
11 plan established under Article 2, 14, 15, or 16 of this Code to
12 whom the provisions of this Article apply, the pension credits
13 established under the defined contribution plan may be
14 considered in determining eligibility for or the amount of the
15 defined benefit retirement annuity that is payable by any other
16 participating system.

17 (b) Combined pension credit under all retirement systems
18 subject to this Article shall be considered in determining
19 whether the minimum qualification has been met and the formula
20 or method of computation which shall be applied, except as may
21 be otherwise provided with respect to vesting in State or
22 employer contributions in a defined contribution plan. If a
23 system has a step-rate formula for calculation of the
24 retirement annuity, pension credits covering previous service
25 which have been established under another system shall be
26 considered in determining which range or ranges of the

1 step-rate formula are to be applicable to the employee.

2 (c) Interest on pension credit shall continue to accumulate
3 in accordance with the provisions of the law governing the
4 retirement system in which the same has been established during
5 the time an employee is in the service of another employer, on
6 the assumption such employee, for interest purposes for pension
7 credit, is continuing in the service covered by such retirement
8 system.

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

10 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

25 For persons who participate in the self-managed plan

1 established under Section 15-158.2 or the portable benefit
2 package established under Section 15-136.4, pension credit
3 established under Article 15 may be considered in determining
4 eligibility for or the amount of the survivor's annuity that is
5 payable by any other participating system, but pension credit
6 established in any other system shall not result in any right
7 to a survivor's annuity under the Article 15 system.

8 For persons who participate in a defined contribution plan
9 established under Article 2, 14, 15, or 16 of this Code to whom
10 the provisions of this Article apply, the pension credits
11 established under the defined contribution plan may be
12 considered in determining eligibility for or the amount of the
13 defined benefit survivor's annuity that is payable by any other
14 participating system, but pension credits established in any
15 other system shall not result in any right to or increase in
16 the value of a survivor's annuity under the defined
17 contribution plan, which depends solely on the options chosen
18 and the value of the participant's vested account balances and
19 is not subject to any proportional adjustment under this
20 Section.

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

22 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

25 Sec. 20-124. Maximum benefits.

1 (a) In no event shall the combined retirement or survivors
2 annuities exceed the highest annuity which would have been
3 payable by any participating system in which the employee has
4 pension credits, if all of his pension credits had been
5 validated in that system.

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

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

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

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

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

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

8 (c) In the case of a participant in a defined contribution
9 plan established under Article 2, 14, 15, or 16 of this Code to
10 whom the provisions of this Article apply:

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

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

21 (iii) Benefits payable under a defined contribution
22 plan established under Article 2, 14, 15, or 16 of this
23 Code are not subject to proportionate reduction under this
24 Section.

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

1 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)
2 (Text of Section WITHOUT the changes made by P.A. 98-599,
3 which has been held unconstitutional)
4 Sec. 20-125. Return to employment - suspension of benefits.
5 If a retired employee returns to employment which is covered by
6 a system from which he is receiving a proportional annuity
7 under this Article, his proportional annuity from all
8 participating systems shall be suspended during the period of
9 re-employment, except that this suspension does not apply to
10 any distributions payable under the self-managed plan
11 established under Section 15-158.2 or under a defined
12 contribution plan established under Article 2, 14, 15, or 16 of
13 this Code.

14 The provisions of the Article under which such employment
15 would be covered shall govern the determination of whether the
16 employee has returned to employment, and if applicable the
17 exemption of temporary employment or employment not exceeding a
18 specified duration or frequency, for all participating systems
19 from which the retired employee is receiving a proportional
20 annuity under this Article, notwithstanding any contrary
21 provisions in the other Articles governing such systems.

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

23 (40 ILCS 5/2-165 rep.)

24 (40 ILCS 5/2-166 rep.)

25 (40 ILCS 5/14-155 rep.)

1 (40 ILCS 5/14-156 rep.)

2 (40 ILCS 5/15-200 rep.)

3 (40 ILCS 5/15-201 rep.)

4 (40 ILCS 5/16-205 rep.)

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

6 Section 50. The Illinois Pension Code is amended by
7 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
8 15-201, 16-205, and 16-206.

9 Section 55. The State Pension Funds Continuing
10 Appropriation Act is amended by adding Section 1.9 as follows:

11 (40 ILCS 15/1.9 new)

12 Sec. 1.9. Appropriation for consideration payment. There
13 is hereby appropriated from the General Revenue Fund to the
14 State Comptroller, on a continuing basis, all amounts necessary
15 for the payment of consideration payments under subsection (b)
16 of Sections 2-110.3, 14-106.5, 15-132.9, 16-122.9, and
17 17-115.5 of the Illinois Pension Code, in the amounts certified
18 to the State Comptroller by the respective retirement system or
19 pension fund.

20 Section 60. The School Code is amended by changing Sections
21 24-1, 24-8, and 34-18.53 as follows:

22 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

1 Sec. 24-1. Appointment-Salaries-Payment-School
2 month-School term.) School boards shall appoint all teachers,
3 determine qualifications of employment and fix the amount of
4 their salaries subject to any limitation set forth in this Act
5 and subject to any applicable restrictions in Section 16-122.9
6 of the Illinois Pension Code. They shall pay the wages of
7 teachers monthly, subject, however, to the provisions of
8 Section 24-21. The school month shall be the same as the
9 calendar month but by resolution the school board may adopt for
10 its use a month of 20 days, including holidays. The school term
11 shall consist of at least the minimum number of pupil
12 attendance days required by Section 10-19, any additional legal
13 school holidays, days of teachers' institutes, or equivalent
14 professional educational experiences, and one or two days at
15 the beginning of the school term when used as a teachers'
16 workshop.

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

18 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

19 Sec. 24-8. Minimum salary. In fixing the salaries of
20 teachers, school boards shall pay those who serve on a
21 full-time basis not less than a rate for the school year that
22 is based upon training completed in a recognized institution of
23 higher learning, as follows: for the school year beginning July
24 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
25 120 semester hours or more and a bachelor's degree, \$10,000;

1 150 semester hours or more and a master's degree, \$11,000.

2 Based upon previous public school experience in this State
3 or any other State, territory, dependency or possession of the
4 United States, or in schools operated by or under the auspices
5 of the United States, teachers who serve on a full-time basis
6 shall have their salaries increased to at least the following
7 amounts above the starting salary for a teacher in such
8 district in the same classification: with less than a
9 bachelor's degree, \$750 after 5 years; with 120 semester hours
10 or more and a bachelor's degree, \$1,000 after 5 years and
11 \$1,600 after 8 years; with 150 semester hours or more and a
12 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
13 \$2,750 after 13 years. However, any salary increase is subject
14 to any applicable restrictions in Section 16-122.9 of the
15 Illinois Pension Code.

16 For the purpose of this Section a teacher's salary shall
17 include any amount paid by the school district on behalf of the
18 teacher, as teacher contributions, to the Teachers' Retirement
19 System of the State of Illinois.

20 If a school board establishes a schedule for teachers'
21 salaries based on education and experience, not inconsistent
22 with this Section, all certificated nurses employed by that
23 board shall be paid in accordance with the provisions of such
24 schedule (subject to any applicable restrictions in Section
25 16-122.9 of the Illinois Pension Code).

26 For purposes of this Section, a teacher who submits a

1 certificate of completion to the school office prior to the
2 first day of the school term shall be considered to have the
3 degree stated in such certificate.

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

5 (105 ILCS 5/34-18.53 new)

6 Sec. 34-18.53. Future increase in income. The Board of
7 Education must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 17-113.5
9 of the Illinois Pension Code, to any person in a manner that
10 violates Section 17-115.5 of the Illinois Pension Code.

11 Section 65. The State Universities Civil Service Act is
12 amended by changing Section 36d as follows:

13 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

14 Sec. 36d. Powers and duties of the Merit Board. The Merit
15 Board shall have the power and duty-

16 (1) To approve a classification plan prepared under its
17 direction, assigning to each class positions of
18 substantially similar duties. The Merit Board shall have
19 power to delegate to its Director the duty of assigning
20 each position in the classified service to the appropriate
21 class in the classification plan approved by the Merit
22 Board.

23 (2) To prescribe the duties of each class of positions

1 and the qualifications required by employment in that
2 class.

3 (3) To prescribe the range of compensation for each
4 class or to fix a single rate of compensation for employees
5 in a particular class; and to establish other conditions of
6 employment which an employer and employee representatives
7 have agreed upon as fair and equitable. The Merit Board
8 shall direct the payment of the "prevailing rate of wages"
9 in those classifications in which, on January 1, 1952, any
10 employer is paying such prevailing rate and in such other
11 classes as the Merit Board may thereafter determine.
12 "Prevailing rate of wages" as used herein shall be the
13 wages paid generally in the locality in which the work is
14 being performed to employees engaged in work of a similar
15 character. Subject to any applicable restrictions in
16 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois
17 Pension Code, each ~~Each~~ employer covered by the University
18 System shall be authorized to negotiate with
19 representatives of employees to determine appropriate
20 ranges or rates of compensation or other conditions of
21 employment and may recommend to the Merit Board for
22 establishment the rates or ranges or other conditions of
23 employment which the employer and employee representatives
24 have agreed upon as fair and equitable, but excluding the
25 changes, the impact of changes, and the implementation of
26 the changes set forth in this amendatory Act of the 100th

1 General Assembly. Any rates or ranges established prior to
2 January 1, 1952, and hereafter, shall not be changed except
3 in accordance with the procedures herein provided.

4 (4) To recommend to the institutions and agencies
5 specified in Section 36e standards for hours of work,
6 holidays, sick leave, overtime compensation and vacation
7 for the purpose of improving conditions of employment
8 covered therein and for the purpose of insuring conformity
9 with the prevailing rate principal.

10 (5) To prescribe standards of examination for each
11 class, the examinations to be related to the duties of such
12 class. The Merit Board shall have power to delegate to the
13 Director and his staff the preparation, conduct and grading
14 of examinations. Examinations may be written, oral, by
15 statement of training and experience, in the form of tests
16 of knowledge, skill, capacity, intellect, aptitude; or, by
17 any other method, which in the judgment of the Merit Board
18 is reasonable and practical for any particular
19 classification. Different examining procedures may be
20 determined for the examinations in different
21 classifications but all examinations in the same
22 classification shall be uniform.

23 (6) To authorize the continuous recruitment of
24 personnel and to that end, to delegate to the Director and
25 his staff the power and the duty to conduct open and
26 continuous competitive examinations for all

1 classifications of employment.

2 (7) To cause to be established from the results of
3 examinations registers for each class of positions in the
4 classified service of the State Universities Civil Service
5 System, of the persons who shall attain the minimum mark
6 fixed by the Merit Board for the examination; and such
7 persons shall take rank upon the registers as candidates in
8 the order of their relative excellence as determined by
9 examination, without reference to priority of time of
10 examination.

11 (8) To provide by its rules for promotions in the
12 classified service. Vacancies shall be filled by promotion
13 whenever practicable. For the purpose of this paragraph, an
14 advancement in class shall constitute a promotion.

15 (9) To set a probationary period of employment of no
16 less than 6 months and no longer than 12 months for each
17 class of positions in the classification plan, the length
18 of the probationary period for each class to be determined
19 by the Director.

20 (10) To provide by its rules for employment at regular
21 rates of compensation of persons with physical
22 disabilities in positions in which the disability does not
23 prevent the individual from furnishing satisfactory
24 service.

25 (11) To make and publish rules, to carry out the
26 purpose of the State Universities Civil Service System and

1 for examination, appointments, transfers and removals and
2 for maintaining and keeping records of the efficiency of
3 officers and employees and groups of officers and employees
4 in accordance with the provisions of Sections 36b to 36q,
5 inclusive, and said Merit Board may from time to time make
6 changes in such rules.

7 (12) To appoint a Director and such assistants and
8 other clerical and technical help as may be necessary
9 efficiently to administer Sections 36b to 36q, inclusive.
10 To authorize the Director to appoint an assistant resident
11 at the place of employment of each employer specified in
12 Section 36e and this assistant may be authorized to give
13 examinations and to certify names from the regional
14 registers provided in Section 36k.

15 (13) To submit to the Governor of this state on or
16 before November 1 of each year prior to the regular session
17 of the General Assembly a report of the University System's
18 business and an estimate of the amount of appropriation
19 from state funds required for the purpose of administering
20 the University System.

21 (Source: P.A. 99-143, eff. 7-27-15.)

22 Section 70. The University of Illinois Act is amended by
23 adding Section 100 as follows:

24 (110 ILCS 305/100 new)

1 Sec. 100. Future increases in income. The University of
2 Illinois 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, 15-112.1, or 16-121.1 of the Illinois Pension Code,
5 to any person in a manner that violates Section 14-106.5,
6 15-132.9, or 16-122.9 of the Illinois Pension Code.

7 Section 75. The Southern Illinois University Management
8 Act is amended by adding Section 85 as follows:

9 (110 ILCS 520/85 new)

10 Sec. 85. Future increases in income. Southern Illinois
11 University 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, 15-112.1, or 16-121.1 of the Illinois Pension Code,
14 to any person in a manner that violates Section 14-106.5,
15 15-132.9, or 16-122.9 of the Illinois Pension Code.

16 Section 80. The Chicago State University Law is amended by
17 adding Section 5-195 as follows:

18 (110 ILCS 660/5-195 new)

19 Sec. 5-195. Future increases in income. Chicago State
20 University must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section
22 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 90. The Eastern Illinois University Law is amended
4 by adding Section 10-195 as follows:

5 (110 ILCS 665/10-195 new)

6 Sec. 10-195. Future increases in income. Eastern 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 95. The Governors State University Law is amended
13 by adding Section 15-195 as follows:

14 (110 ILCS 670/15-195 new)

15 Sec. 15-195. Future increases in income. Governors 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 100. The Illinois State University Law is amended

1 by adding Section 20-200 as follows:

2 (110 ILCS 675/20-200 new)

3 Sec. 20-200. Future increases in income. Illinois State
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 105. The Northeastern Illinois University Law is
10 amended by adding Section 25-195 as follows:

11 (110 ILCS 680/25-195 new)

12 Sec. 25-195. Future increases in income. Northeastern
13 Illinois University must not pay, offer, or agree to pay any
14 future 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 110. The Northern Illinois University Law is
19 amended by adding Section 30-205 as follows:

20 (110 ILCS 685/30-205 new)

21 Sec. 30-205. Future increases in income. Northern Illinois

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 115. The Western Illinois University Law is amended
7 by adding Section 35-200 as follows:

8 (110 ILCS 690/35-200 new)

9 Sec. 35-200. Future increases in income. Western Illinois
10 University must not pay, offer, or agree to pay any future
11 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 120. The Public Community College Act is amended by
16 changing Sections 3-26 and 3-42 as follows:

17 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

18 Sec. 3-26. (a) To make appointments and fix the salaries of
19 a chief administrative officer, who shall be the executive
20 officer of the board, other administrative personnel, and all
21 teachers, but subject to any applicable restrictions in Section
22 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.

1 In making these appointments and fixing the salaries, the board
2 may make no discrimination on account of sex, race, creed,
3 color or national origin.

4 (b) Upon the written request of an employee, to withhold
5 from the compensation of that employee the membership dues of
6 such employee payable to any specified labor organization as
7 defined in the Illinois Educational Labor Relations Act. Under
8 such arrangement, an amount shall be withheld for each regular
9 payroll period which is equal to the prorata share of the
10 annual membership dues plus any payments or contributions and
11 the board shall pay such withholding to the specified labor
12 organization within 10 working days from the time of the
13 withholding.

14 (Source: P.A. 83-1014.)

15 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

16 Sec. 3-42. To employ such personnel as may be needed, to
17 establish policies governing their employment and dismissal,
18 and to fix the amount of their compensation, subject to any
19 applicable restrictions in Section 14-106.5, 15-132.9, or
20 16-122.9 of the Illinois Pension Code. In the employment,
21 establishment of policies and fixing of compensation the board
22 may make no discrimination on account of sex, race, creed,
23 color or national origin.

24 Residence within any community college district or outside
25 any community college district shall not be considered:

1 (a) in determining whether to retain or not retain any
2 employee of a community college employed prior to July 1,
3 1977 or prior to the adoption by the community college
4 board of a resolution making residency within the community
5 college district of some or all employees a condition of
6 employment, whichever is later;

7 (b) in assigning, promoting or transferring any
8 employee of a community college to an office or position
9 employed prior to July 1, 1977 or prior to the adoption by
10 the community college board of a resolution making
11 residency within the community college district of some or
12 all employees a condition of employment, whichever is
13 later; or

14 (c) in determining the salary or other compensation of
15 any employee of a community college.

16 (Source: P.A. 80-248.)

17 Section 125. The Illinois Educational Labor Relations Act
18 is amended by changing Sections 4, 14, and 17 and by adding
19 Section 10.6 as follows:

20 (115 ILCS 5/4) (from Ch. 48, par. 1704)

21 Sec. 4. Employer rights. Employers shall not be required to
22 bargain over matters of inherent managerial policy, which shall
23 include such areas of discretion or policy as the functions of
24 the employer, standards of services, its overall budget, the

1 organizational structure and selection of new employees and
2 direction of employees. Employers, however, shall be required
3 to bargain collectively with regard to policy matters directly
4 affecting wages (but subject to any applicable restrictions in
5 Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
6 Illinois Pension Code), hours and terms and conditions of
7 employment as well as the impact thereon upon request by
8 employee representatives, but excluding the changes, the
9 impact of changes, and the implementation of the changes set
10 forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of
11 the Illinois Pension Code. To preserve the rights of employers
12 and exclusive representatives which have established
13 collective bargaining relationships or negotiated collective
14 bargaining agreements prior to the effective date of this Act,
15 employers shall be required to bargain collectively with regard
16 to any matter concerning wages (but subject to any applicable
17 restrictions in Section 14-106.5, 15-132.9, 16-122.9, or
18 17-115.5 of the Illinois Pension Code), hours or conditions of
19 employment about which they have bargained for and agreed to in
20 a collective bargaining agreement prior to the effective date
21 of this Act, but excluding the changes, the impact of changes,
22 and the implementation of the changes set forth in Section
23 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
24 Pension Code.

25 (Source: P.A. 83-1014.)

1 (115 ILCS 5/10.6 new)

2 Sec. 10.6. No collective bargaining or interest
3 arbitration regarding certain changes to the Illinois Pension
4 Code.

5 (a) Notwithstanding any other provision of this Act,
6 employers shall not be required to bargain over matters
7 affected by the changes, the impact of the changes, and the
8 implementation of the changes to Article 14, 15, 16, or 17 of
9 the Illinois Pension Code made by the addition of Section
10 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
11 Pension Code, which are deemed to be prohibited subjects of
12 bargaining. Notwithstanding any provision of this Act, the
13 changes, impact of the changes, or implementation of the
14 changes to Article 14, 15, 16, or 17 of the Illinois Pension
15 Code made by the addition of Section 14-106.5, 15-132.9,
16 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
17 subject to interest arbitration or any award issued pursuant to
18 interest arbitration. The provisions of this Section shall not
19 apply to an employment contract or collective bargaining
20 agreement that is in effect on the effective date of this
21 amendatory Act of the 100th General Assembly. However, any such
22 contract or agreement that is modified, amended, renewed, or
23 superseded after the effective date of this amendatory Act of
24 the 100th General Assembly shall be subject to the provisions
25 of this Section. The provisions of this Section shall not apply
26 to the ability of any employer and employee representative to

1 bargain collectively with regard to the pick up of employee
2 contributions pursuant to Section 14-133.1, 15-157.1,
3 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

4 (b) Nothing in this Section shall be construed as otherwise
5 limiting any of the obligations and requirements applicable to
6 employers under any of the provisions of this Act, including,
7 but not limited to, the requirement to bargain collectively
8 with regard to policy matters directly affecting wages, hours,
9 and terms and conditions of employment as well as the impact
10 thereon upon request by employee representatives, except for
11 the matters set forth in subsection (a) of this Section that
12 are deemed prohibited subjects of bargaining. Nothing in this
13 Section shall be construed as otherwise limiting any of the
14 rights of employees or employee representatives under the
15 provisions of this Act, except for the matters set forth in
16 subsection (a) of this Section that are deemed prohibited
17 subjects of bargaining.

18 (c) In case of any conflict between this Section and any
19 other provisions of this Act or any other law, the provisions
20 of this Section shall control.

21 (115 ILCS 5/14) (from Ch. 48, par. 1714)

22 Sec. 14. Unfair labor practices.

23 (a) Educational employers, their agents or representatives
24 are prohibited from:

25 (1) Interfering, restraining or coercing employees in

1 the exercise of the rights guaranteed under this Act.

2 (2) Dominating or interfering with the formation,
3 existence or administration of any employee organization.

4 (3) Discriminating in regard to hire or tenure of
5 employment or any term or condition of employment to
6 encourage or discourage membership in any employee
7 organization.

8 (4) Discharging or otherwise discriminating against an
9 employee because he or she has signed or filed an
10 affidavit, authorization card, petition or complaint or
11 given any information or testimony under this Act.

12 (5) Subject to and except as provided in Section 10.6,
13 refusing ~~Refusing~~ to bargain collectively in good faith
14 with an employee representative which is the exclusive
15 representative of employees in an appropriate unit,
16 including but not limited to the discussing of grievances
17 with the exclusive representative; provided, however, that
18 if an alleged unfair labor practice involves
19 interpretation or application of the terms of a collective
20 bargaining agreement and said agreement contains a
21 grievance and arbitration procedure, the Board may defer
22 the resolution of such dispute to the grievance and
23 arbitration procedure contained in said agreement.
24 However, no actions of the employer taken to implement or
25 otherwise comply with the provisions of subsection (a) of
26 Section 10.6 shall constitute or give rise to an unfair

1 labor practice under this Act.

2 (6) Refusing to reduce a collective bargaining
3 agreement to writing and signing such agreement.

4 (7) Violating any of the rules and regulations
5 promulgated by the Board regulating the conduct of
6 representation elections.

7 (8) Refusing to comply with the provisions of a binding
8 arbitration award.

9 (9) Expending or causing the expenditure of public
10 funds to any external agent, individual, firm, agency,
11 partnership or association in any attempt to influence the
12 outcome of representational elections held pursuant to
13 paragraph (c) of Section 7 of this Act; provided, that
14 nothing in this subsection shall be construed to limit an
15 employer's right to be represented on any matter pertaining
16 to unit determinations, unfair labor practice charges or
17 pre-election conferences in any formal or informal
18 proceeding before the Board, or to seek or obtain advice
19 from legal counsel. Nothing in this paragraph shall be
20 construed to prohibit an employer from expending or causing
21 the expenditure of public funds on, or seeking or obtaining
22 services or advice from, any organization, group or
23 association established by, and including educational or
24 public employers, whether or not covered by this Act, the
25 Illinois Public Labor Relations Act or the public
26 employment labor relations law of any other state or the

1 federal government, provided that such services or advice
2 are generally available to the membership of the
3 organization, group, or association, and are not offered
4 solely in an attempt to influence the outcome of a
5 particular representational election.

6 (b) Employee organizations, their agents or
7 representatives or educational employees are prohibited from:

8 (1) Restraining or coercing employees in the exercise
9 of the rights guaranteed under this Act, provided that a
10 labor organization or its agents shall commit an unfair
11 labor practice under this paragraph in duty of fair
12 representation cases only by intentional misconduct in
13 representing employees under this Act.

14 (2) Restraining or coercing an educational employer in
15 the selection of his representative for the purposes of
16 collective bargaining or the adjustment of grievances.

17 (3) Refusing to bargain collectively in good faith with
18 an educational employer, if they have been designated in
19 accordance with the provisions of this Act as the exclusive
20 representative of employees in an appropriate unit.

21 (4) Violating any of the rules and regulations
22 promulgated by the Board regulating the conduct of
23 representation elections.

24 (5) Refusing to reduce a collective bargaining
25 agreement to writing and signing such agreement.

26 (6) Refusing to comply with the provisions of a binding

1 arbitration award.

2 (c) The expressing of any views, argument, opinion or the
3 dissemination thereof, whether in written, printed, graphic or
4 visual form, shall not constitute or be evidence of an unfair
5 labor practice under any of the provisions of this Act, if such
6 expression contains no threat of reprisal or force or promise
7 of benefit.

8 (d) The actions of a Financial Oversight Panel created
9 pursuant to Section 1A-8 of the School Code due to a district
10 violating a financial plan shall not constitute or be evidence
11 of an unfair labor practice under any of the provisions of this
12 Act. Such actions include, but are not limited to, reviewing,
13 approving, or rejecting a school district budget or a
14 collective bargaining agreement.

15 (Source: P.A. 89-572, eff. 7-30-96.)

16 (115 ILCS 5/17) (from Ch. 48, par. 1717)

17 Sec. 17. Effect on other laws. In case of any conflict
18 between the provisions of this Act and any other law (other
19 than Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
20 Illinois Pension Code), executive order or administrative
21 regulation, the provisions of this Act shall prevail and
22 control. The provisions of this Act are subject to any
23 applicable restrictions in Section 14-106.5, 15-132.9,
24 16-122.9, or 17-115.5 of the Illinois Pension Code, as well as
25 the changes, impact of changes, and implementation of changes

1 set forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5
2 of the Illinois Pension Code. Nothing in this Act shall be
3 construed to replace or diminish the rights of employees
4 established by Section 36d of "An Act to create the State
5 Universities Civil Service System", approved May 11, 1905, as
6 amended or modified.

7 (Source: P.A. 83-1014.)

8 Section 900. The State Mandates Act is amended by adding
9 Section 8.41 as follows:

10 (30 ILCS 805/8.41 new)

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

15 Section 970. Severability. Except as otherwise provided in
16 this Act, the provisions of this Act are severable under
17 Section 1.31 of the Statute on Statutes.

18 Section 999. Effective date. This Act takes effect upon
19 becoming law."