



Rep. Robert Martwick

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1 AMENDMENT TO SENATE BILL 779

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 779, AS AMENDED, by  
3 replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Illinois Pension Code is amended by  
6 changing Sections 1-160, 14-103.10, 14-103.12, 14-104,  
7 14-104.3, 14-107, 14-108, 14-114, 14-121, 14-130, 14-133,  
8 14-133.1, 14-135.08, 15-108.2, 15-111, 15-112, 15-113, 15-118,  
9 15-134.5, 15-135, 15-136, 15-136.3, 15-139, 15-139.1,  
10 15-145.1, 15-146, 15-154, 15-155, 15-157, 15-157.1, 15-158.2,  
11 15-165, 16-111, 16-111.1, 16-127, 16-136, 16-136.2, 16-136.4,  
12 16-143.2, 16-152, 16-152.1, 16-154, 16-155, 16-158, 16-189.1,  
13 16-191, and 16-197 and by adding Sections 14-103.40a,  
14 14-103.41, 14-103.42, 14-103.43, 14-103.44, 14-155.1,  
15 14-155.2, 15-103.4, 15-108.3, 15-134.6, 15-154.3, 15-155.1,  
16 15-158.24, 15-158.25, 16-106.4a, 16-106.7, and 16-139 as  
17 follows:

1 (40 ILCS 5/1-160)

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

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

24 This Section does not apply to a person who participates in  
25 the Hybrid Plan under Article 14 with respect to his or her

1 participation in the Hybrid Plan under that Article ~~first~~  
2 ~~becomes a member or participant under Article 14 on or after~~  
3 ~~the implementation date of the plan created under Section 1-161~~  
4 ~~for that Article, unless that person elects under subsection~~  
5 ~~(b) of Section 1-161 to instead receive the benefits provided~~  
6 ~~under this Section and the applicable provisions of that~~  
7 ~~Article.~~

8 This Section does not apply to a person who participates in  
9 the Optional Hybrid Plan under Article 16 with respect to his  
10 or her participation in the Optional Hybrid Plan under that  
11 Article ~~first becomes a member or participant under Article 16~~  
12 ~~on or after the implementation date of the plan created under~~  
13 ~~Section 1-161 for that Article, unless that person elects under~~  
14 ~~subsection (b) of Section 1-161 to instead receive the benefits~~  
15 ~~provided under this Section and the applicable provisions of~~  
16 ~~that Article.~~

17 ~~This Section does not apply to a person who elects under~~  
18 ~~subsection (c-5) of Section 1-161 to receive the benefits under~~  
19 ~~Section 1-161.~~

20 This Section does not apply to a person who first becomes a  
21 member or participant of an affected pension fund on or after 6  
22 months after the resolution or ordinance date, as defined in  
23 Section 1-162, unless that person elects under subsection (c)  
24 of Section 1-162 to receive the benefits provided under this  
25 Section and the applicable provisions of the Article under  
26 which he or she is a member or participant.

1           (b) "Final average salary" means the average monthly (or  
2     annual) salary obtained by dividing the total salary or  
3     earnings calculated under the Article applicable to the member  
4     or participant during the 96 consecutive months (or 8  
5     consecutive years) of service within the last 120 months (or 10  
6     years) of service in which the total salary or earnings  
7     calculated under the applicable Article was the highest by the  
8     number of months (or years) of service in that period. For the  
9     purposes of a person who first becomes a member or participant  
10    of any retirement system or pension fund to which this Section  
11    applies on or after January 1, 2011, in this Code, "final  
12    average salary" shall be substituted for the following:

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

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

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

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

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

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

24           (b-5) Beginning on January 1, 2011, for all purposes under  
25    this Code (including without limitation the calculation of  
26    benefits and employee contributions), the annual earnings,

1 salary, or wages (based on the plan year) of a member or  
2 participant to whom this Section applies shall not exceed  
3 \$106,800; however, that amount shall annually thereafter be  
4 increased by the lesser of (i) 3% of that amount, including all  
5 previous adjustments, or (ii) one-half the annual unadjusted  
6 percentage increase (but not less than zero) in the consumer  
7 price index-u for the 12 months ending with the September  
8 preceding each November 1, including all previous adjustments.

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 (c) A member or participant is entitled to a retirement  
19 annuity upon written application if he or she has attained age  
20 67 (beginning January 1, 2015, age 65 with respect to service  
21 under Article 12 of this Code that is subject to this Section)  
22 and has at least 10 years of service credit and is otherwise  
23 eligible under the requirements of the applicable Article.

24 A member or participant who has attained age 62 (beginning  
25 January 1, 2015, age 60 with respect to service under Article  
26 12 of this Code that is subject to this Section) and has at

1 least 10 years of service credit and is otherwise eligible  
2 under the requirements of the applicable Article may elect to  
3 receive the lower retirement annuity provided in subsection (d)  
4 of this Section. The option prescribed by the preceding  
5 sentence shall not apply to a noncovered employee who made the  
6 election under subsection (c) of Section 14-155.1.

7 (c-5) A person who first becomes a member or a participant  
8 under Article 8 or Article 11 of this Code on or after the  
9 effective date of this amendatory Act of the 100th General  
10 Assembly, notwithstanding any other provision of this Code to  
11 the contrary, is entitled to a retirement annuity upon written  
12 application if he or she has attained age 65 and has at least  
13 10 years of service credit under Article 8 or Article 11 of  
14 this Code and is otherwise eligible under the requirements of  
15 Article 8 or Article 11 of this Code, whichever is applicable.

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

24 (d-5) The retirement annuity of a person who first becomes  
25 a member or a participant under Article 8 or Article 11 of this  
26 Code on or after the effective date of this amendatory Act of

1 the 100th General Assembly who is retiring at age 60 with at  
2 least 10 years of service credit under Article 8 or Article 11  
3 shall be reduced by one-half of 1% for each full month that the  
4 member's age is under age 65.

5 (d-10) Each person who first became a member or participant  
6 under Article 8 or Article 11 of this Code on or after January  
7 1, 2011 and prior to the effective date of this amendatory Act  
8 of the 100th General Assembly shall make an irrevocable  
9 election either:

10 (i) to be eligible for the reduced retirement age  
11 provided in subsections (c-5) and (d-5) of this Section,  
12 the eligibility for which is conditioned upon the member or  
13 participant agreeing to the increases in employee  
14 contributions for age and service annuities provided in  
15 subsection (a-5) of Section 8-174 of this Code (for service  
16 under Article 8) or subsection (a-5) of Section 11-170 of  
17 this Code (for service under Article 11); or

18 (ii) to not agree to item (i) of this subsection  
19 (d-10), in which case the member or participant shall  
20 continue to be subject to the retirement age provisions in  
21 subsections (c) and (d) of this Section and the employee  
22 contributions for age and service annuity as provided in  
23 subsection (a) of Section 8-174 of this Code (for service  
24 under Article 8) or subsection (a) of Section 11-170 of  
25 this Code (for service under Article 11).

26 The election provided for in this subsection shall be made

1 between October 1, 2017 and November 15, 2017. A person subject  
2 to this subsection who makes the required election shall remain  
3 bound by that election. A person subject to this subsection who  
4 fails for any reason to make the required election within the  
5 time specified in this subsection shall be deemed to have made  
6 the election under item (ii).

7 (e) Any retirement annuity or supplemental annuity shall be  
8 subject to annual increases on the January 1 occurring either  
9 on or after the attainment of age 67 (beginning January 1,  
10 2015, age 65 with respect to service under Article 12 of this  
11 Code that is subject to this Section and beginning on the  
12 effective date of this amendatory Act of the 100th General  
13 Assembly, age 65 with respect to persons who: (i) first became  
14 members or participants under Article 8 or Article 11 of this  
15 Code on or after the effective date of this amendatory Act of  
16 the 100th General Assembly; or (ii) first became members or  
17 participants under Article 8 or Article 11 of this Code on or  
18 after January 1, 2011 and before the effective date of this  
19 amendatory Act of the 100th General Assembly and made the  
20 election under item (i) of subsection (d-10) of this Section)  
21 or the first anniversary of the annuity start date, whichever  
22 is later. Each annual increase shall be calculated at 3% or  
23 one-half the annual unadjusted percentage increase (but not  
24 less than zero) in the consumer price index-u for the 12 months  
25 ending with the September preceding each November 1, whichever  
26 is less, of the originally granted retirement annuity. If the



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

5 For the purposes of Section 1-103.1 of this Code, the  
6 changes made to this Section by this amendatory Act of the  
7 100th General Assembly are applicable without regard to whether  
8 the employee was in active service on or after the effective  
9 date of this amendatory Act of the 100th General Assembly.

10 (f) The initial survivor's or widow's annuity of an  
11 otherwise eligible survivor or widow of a retired member or  
12 participant who first became a member or participant on or  
13 after January 1, 2011 shall be in the amount of 66 2/3% of the  
14 retired member's or participant's retirement annuity at the  
15 date of death. In the case of the death of a member or  
16 participant who has not retired and who first became a member  
17 or participant on or after January 1, 2011, eligibility for a  
18 survivor's or widow's annuity shall be determined by the  
19 applicable Article of this Code. The initial benefit shall be  
20 66 2/3% of the earned annuity without a reduction due to age. A  
21 child's annuity of an otherwise eligible child shall be in the  
22 amount prescribed under each Article if applicable. Any  
23 survivor's or widow's annuity shall be increased (1) on each  
24 January 1 occurring on or after the commencement of the annuity  
25 if the deceased member died while receiving a retirement  
26 annuity or (2) in other cases, on each January 1 occurring

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

11 (g) The benefits in Section 14-110 apply only if the person  
12 is a State policeman, a fire fighter in the fire protection  
13 service of a department, or a security employee of the  
14 Department of Corrections or the Department of Juvenile  
15 Justice, as those terms are defined in subsection (b) of  
16 Section 14-110. A person who meets the requirements of this  
17 Section is entitled to an annuity calculated under the  
18 provisions of Section 14-110, in lieu of the regular or minimum  
19 retirement annuity, only if the person has withdrawn from  
20 service with not less than 20 years of eligible creditable  
21 service and has attained age 60, regardless of whether the  
22 attainment of age 60 occurs while the person is still in  
23 service.

24 (h) If a person who first becomes a member or a participant  
25 of a retirement system or pension fund subject to this Section  
26 on or after January 1, 2011 is receiving a retirement annuity

1 or retirement pension under that system or fund and becomes a  
2 member or participant under any other system or fund created by  
3 this Code and is employed on a full-time basis, except for  
4 those members or participants exempted from the provisions of  
5 this Section under subsection (a) of this Section, then the  
6 person's retirement annuity or retirement pension under that  
7 system or fund shall be suspended during that employment. Upon  
8 termination of that employment, the person's retirement  
9 annuity or retirement pension payments shall resume and be  
10 recalculated if recalculation is provided for under the  
11 applicable Article of this Code.

12 If a person who first becomes a member of a retirement  
13 system or pension fund subject to this Section on or after  
14 January 1, 2012 and is receiving a retirement annuity or  
15 retirement pension under that system or fund and accepts on a  
16 contractual basis a position to provide services to a  
17 governmental entity from which he or she has retired, then that  
18 person's annuity or retirement pension earned as an active  
19 employee of the employer shall be suspended during that  
20 contractual service. A person receiving an annuity or  
21 retirement pension under this Code shall notify the pension  
22 fund or retirement system from which he or she is receiving an  
23 annuity or retirement pension, as well as his or her  
24 contractual employer, of his or her retirement status before  
25 accepting contractual employment. A person who fails to submit  
26 such notification shall be guilty of a Class A misdemeanor and

1 required to pay a fine of \$1,000. Upon termination of that  
2 contractual employment, the person's retirement annuity or  
3 retirement pension payments shall resume and, if appropriate,  
4 be recalculated under the applicable provisions of this Code.

5 (i) (Blank).

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

9 (k) All earnings credits for a noncovered employee under  
10 Article 14 of this Code who makes the election under subsection  
11 (c) of Section 14-155.1 shall be considered in the  
12 determination of final average salary for any benefits payable  
13 under this Section.

14 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17.)

15 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

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

18 Sec. 14-103.10. Compensation.

19 (a) For periods of service prior to January 1, 1978, the  
20 full rate of salary or wages payable to an employee for  
21 personal services performed if he worked the full normal  
22 working period for his position, subject to the following  
23 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
24 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
25 inclusive, \$625 per month or \$7,500 per year; (3) beginning

1 July 1, 1957, no limitation.

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

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

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

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

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

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

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

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

18 (g) For all purposes under this Code (including without  
19 limitation the calculation of benefits and employee  
20 contributions), beginning on the effective date of  
21 participation in the Hybrid Plan, the compensation of a Hybrid  
22 Plan member shall not at any time exceed the federal Social  
23 Security Wage Base then in effect.

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

25 (40 ILCS 5/14-103.12) (from Ch. 108 1/2, par. 14-103.12)

1           Sec. 14-103.12. Final average compensation.

2           (a) For retirement and survivor annuities, "final average  
3 compensation" means the monthly compensation obtained by  
4 dividing the total compensation of an employee during the  
5 period of: (1) the 48 consecutive months of service within the  
6 last 120 months of service in which the total compensation was  
7 the highest, or (2) the total period of service, if less than  
8 48 months, by the number of months of service in such period;  
9 provided that for purposes of a retirement annuity the average  
10 compensation for the last 12 months of the 48-month period  
11 shall not exceed the final average compensation by more than  
12 25%.

13           (b) For death and disability benefits, in the case of a  
14 full-time employee, "final average compensation" means the  
15 greater of (1) the rate of compensation of the employee at the  
16 date of death or disability multiplied by 1 in the case of a  
17 salaried employee, by 174 in the case of an hourly employee,  
18 and by 22 in the case of a per diem employee, or (2) for  
19 benefits commencing on or after January 1, 1991, final average  
20 compensation as determined under subsection (a).

21           For purposes of this paragraph, full or part-time status  
22 shall be certified by the employing agency. Final rate of  
23 compensation for a part-time employee shall be the total  
24 compensation earned during the last full calendar month prior  
25 to the date of death or disability.

26           (c) Notwithstanding the provisions of subsection (a), for

1 the purpose of calculating retirement and survivor annuities of  
2 persons with at least 20 years of eligible creditable service  
3 as defined in Section 14-110, "final average compensation"  
4 means the monthly rate of compensation received by the person  
5 on the last day of eligible creditable service (but not to  
6 exceed 115% of the average monthly compensation received by the  
7 person for the last 24 months of service, unless the person was  
8 in service as a State policeman before the effective date of  
9 this amendatory Act of 1997), or the average monthly  
10 compensation received by the person for the last 48 months of  
11 service prior to retirement, whichever is greater.

12 (d) Notwithstanding the provisions of subsection (a), for a  
13 person who was receiving, on the date of retirement or death, a  
14 disability benefit calculated under subdivision (b)(2) of this  
15 Section, the final average compensation used to calculate the  
16 disability benefit may be used for purposes of calculating the  
17 retirement and survivor annuities.

18 (e) In computing the final average compensation, periods of  
19 military leave shall not be considered.

20 (f) The changes to this Section made by this amendatory Act  
21 of 1997 (redefining final average compensation for members  
22 under the alternative formula) apply to members who retire on  
23 or after January 1, 1998, without regard to whether employment  
24 terminated before the effective date of this amendatory Act of  
25 1997.

26 (g) For a member on leave of absence without pay who



1 purchases service credit for such period of leave pursuant to  
2 subsection (l) of Section 14-104, earnings are assumed to be  
3 equal to the rate of compensation in effect immediately prior  
4 to the leave. If no contributions are required to establish  
5 service credit for the period of leave, the member may elect to  
6 establish earnings credit for the leave period within 48 months  
7 after returning to work by making the employee and employer  
8 contributions required by subsection (l) of Section 14-104,  
9 based on the rate of compensation in effect immediately prior  
10 to the leave, plus interest at the actuarially assumed rate. In  
11 determining the contributions required for establishing  
12 service credit under this subsection (g), the interest shall be  
13 calculated from the beginning of the leave of absence to the  
14 date of payment.

15 (h) For a Hybrid Plan member, "final average compensation"  
16 means the monthly compensation obtained by dividing the total  
17 compensation of a Hybrid Plan member during the period of (1)  
18 the final 120 consecutive months of service or (2) the total  
19 period of service, if less than 120 months, by the number of  
20 months of service in such period.

21 (Source: P.A. 96-525, eff. 8-14-09.)

22 (40 ILCS 5/14-103.40a new)

23 Sec. 14-103.40a. Tier 1 member. "Tier 1 member": A member  
24 of this System who first became a member or participant before  
25 January 1, 2011 under any reciprocal retirement system or

1 pension fund established under this Code other than a  
2 retirement system or pension fund established under Article 2,  
3 3, 4, 5, 6, or 18 of this Code.

4 (40 ILCS 5/14-103.41 new)

5 Sec. 14-103.41. Hybrid Plan. "Hybrid Plan": The defined  
6 benefit and defined contribution retirement program maintained  
7 under the System as referenced in Section 14-155.1 of the Code.

8 (40 ILCS 5/14-103.42 new)

9 Sec. 14-103.42. Hybrid Plan member. "Hybrid Plan member": A  
10 noncovered employee who elects to participate in the Hybrid  
11 Plan. "Hybrid Plan member" also includes a noncovered employee  
12 who begins participation in the Hybrid Plan in the manner  
13 prescribed by subsection (d) of Section 14-155.1.

14 (40 ILCS 5/14-103.43 new)

15 Sec. 14-103.43. Consumer price index-w. "Consumer price  
16 index-w": The index published by the Bureau of Labor Statistics  
17 of the United States Department of Labor that measures the  
18 average change in prices of goods and services purchased by  
19 Urban Wage Earners and Clerical Workers, United States city  
20 average, all items, 1982-84 = 100. The new amount resulting  
21 from each annual adjustment shall be determined by the Public  
22 Pension Division of the Department of Insurance and made  
23 available to the boards of the retirement systems and pension

1 funds by November 1 of each year.

2 (40 ILCS 5/14-103.44 new)

3 Sec. 14-103.44. Hybrid Plan total normal cost rate. "Hybrid  
4 Plan total normal cost rate": The total normal cost of the  
5 benefits of all members of the System making contributions to  
6 the defined benefit portion of the Hybrid Plan, expressed as a  
7 percentage of pensionable payroll.

8 (40 ILCS 5/14-104) (from Ch. 108 1/2, par. 14-104)

9 Sec. 14-104. Service for which contributions permitted.  
10 The provisions of this Section shall not apply to a Hybrid Plan  
11 member.

12 Contributions provided for in this Section shall cover the  
13 period of service granted. Except as otherwise provided in this  
14 Section, the contributions shall be based upon the employee's  
15 compensation and contribution rate in effect on the date he  
16 last became a member of the System; provided that for all  
17 employment prior to January 1, 1969 the contribution rate shall  
18 be that in effect for a noncovered employee on the date he last  
19 became a member of the System. Except as otherwise provided in  
20 this Section, contributions permitted under this Section shall  
21 include regular interest from the date an employee last became  
22 a member of the System to the date of payment.

23 These contributions must be paid in full before retirement  
24 either in a lump sum or in installment payments in accordance

1 with such rules as may be adopted by the board.

2 (a) Any member may make contributions as required in this  
3 Section for any period of service, subsequent to the date of  
4 establishment, but prior to the date of membership.

5 (b) Any employee who had been previously excluded from  
6 membership because of age at entry and subsequently became  
7 eligible may elect to make contributions as required in this  
8 Section for the period of service during which he was  
9 ineligible.

10 (c) An employee of the Department of Insurance who, after  
11 January 1, 1944 but prior to becoming eligible for membership,  
12 received salary from funds of insurance companies in the  
13 process of rehabilitation, liquidation, conservation or  
14 dissolution, may elect to make contributions as required in  
15 this Section for such service.

16 (d) Any employee who rendered service in a State office to  
17 which he was elected, or rendered service in the elective  
18 office of Clerk of the Appellate Court prior to the date he  
19 became a member, may make contributions for such service as  
20 required in this Section. Any member who served by appointment  
21 of the Governor under the Civil Administrative Code of Illinois  
22 and did not participate in this System may make contributions  
23 as required in this Section for such service.

24 (e) Any person employed by the United States government or  
25 any instrumentality or agency thereof from January 1, 1942  
26 through November 15, 1946 as the result of a transfer from

1 State service by executive order of the President of the United  
2 States shall be entitled to prior service credit covering the  
3 period from January 1, 1942 through December 31, 1943 as  
4 provided for in this Article and to membership service credit  
5 for the period from January 1, 1944 through November 15, 1946  
6 by making the contributions required in this Section. A person  
7 so employed on January 1, 1944 but whose employment began after  
8 January 1, 1942 may qualify for prior service and membership  
9 service credit under the same conditions.

10 (f) An employee of the Department of Labor of the State of  
11 Illinois who performed services for and under the supervision  
12 of that Department prior to January 1, 1944 but who was  
13 compensated for those services directly by federal funds and  
14 not by a warrant of the Auditor of Public Accounts paid by the  
15 State Treasurer may establish credit for such employment by  
16 making the contributions required in this Section. An employee  
17 of the Department of Agriculture of the State of Illinois, who  
18 performed services for and under the supervision of that  
19 Department prior to June 1, 1963, but was compensated for those  
20 services directly by federal funds and not paid by a warrant of  
21 the Auditor of Public Accounts paid by the State Treasurer, and  
22 who did not contribute to any other public employee retirement  
23 system for such service, may establish credit for such  
24 employment by making the contributions required in this  
25 Section.

26 (g) Any employee who executed a waiver of membership within

1 60 days prior to January 1, 1944 may, at any time while in the  
2 service of a department, file with the board a rescission of  
3 such waiver. Upon making the contributions required by this  
4 Section, the member shall be granted the creditable service  
5 that would have been received if the waiver had not been  
6 executed.

7 (h) Until May 1, 1990, an employee who was employed on a  
8 full-time basis by a regional planning commission for at least  
9 5 continuous years may establish creditable service for such  
10 employment by making the contributions required under this  
11 Section, provided that any credits earned by the employee in  
12 the commission's retirement plan have been terminated.

13 (i) Any person who rendered full time contractual services  
14 to the General Assembly as a member of a legislative staff may  
15 establish service credit for up to 8 years of such services by  
16 making the contributions required under this Section, provided  
17 that application therefor is made not later than July 1, 1991.

18 (j) By paying the contributions otherwise required under  
19 this Section, plus an amount determined by the Board to be  
20 equal to the employer's normal cost of the benefit plus  
21 interest, but with all of the interest calculated from the date  
22 the employee last became a member of the System or November 19,  
23 1991, whichever is later, to the date of payment, an employee  
24 may establish service credit for a period of up to 4 years  
25 spent in active military service for which he does not qualify  
26 for credit under Section 14-105, provided that (1) he was not

1 dishonorably discharged from such military service, and (2) the  
2 amount of service credit established by a member under this  
3 subsection (j), when added to the amount of military service  
4 credit granted to the member under subsection (b) of Section  
5 14-105, shall not exceed 5 years. The change in the manner of  
6 calculating interest under this subsection (j) made by this  
7 amendatory Act of the 92nd General Assembly applies to credit  
8 purchased by an employee on or after its effective date and  
9 does not entitle any person to a refund of contributions or  
10 interest already paid. In compliance with Section 14-152.1 of  
11 this Act concerning new benefit increases, any new benefit  
12 increase as a result of the changes to this subsection (j) made  
13 by Public Act 95-483 is funded through the employee  
14 contributions provided for in this subsection (j). Any new  
15 benefit increase as a result of the changes made to this  
16 subsection (j) by Public Act 95-483 is exempt from the  
17 provisions of subsection (d) of Section 14-152.1.

18 (k) An employee who was employed on a full-time basis by  
19 the Illinois State's Attorneys Association Statewide Appellate  
20 Assistance Service LEAA-ILEC grant project prior to the time  
21 that project became the State's Attorneys Appellate Service  
22 Commission, now the Office of the State's Attorneys Appellate  
23 Prosecutor, an agency of State government, may establish  
24 creditable service for not more than 60 months service for such  
25 employment by making contributions required under this  
26 Section.

1           (1) By paying the contributions otherwise required under  
2 this Section, plus an amount determined by the Board to be  
3 equal to the employer's normal cost of the benefit plus  
4 interest, a member may establish service credit for periods of  
5 less than one year spent on authorized leave of absence from  
6 service, provided that (1) the period of leave began on or  
7 after January 1, 1982 and (2) any credit established by the  
8 member for the period of leave in any other public employee  
9 retirement system has been terminated. A member may establish  
10 service credit under this subsection for more than one period  
11 of authorized leave, and in that case the total period of  
12 service credit established by the member under this subsection  
13 may exceed one year. In determining the contributions required  
14 for establishing service credit under this subsection, the  
15 interest shall be calculated from the beginning of the leave of  
16 absence to the date of payment.

17           (1-5) By paying the contributions otherwise required under  
18 this Section, plus an amount determined by the Board to be  
19 equal to the employer's normal cost of the benefit plus  
20 interest, a member may establish service credit for periods of  
21 up to 2 years spent on authorized leave of absence from  
22 service, provided that during that leave the member represented  
23 or was employed as an officer or employee of a statewide labor  
24 organization that represents members of this System. In  
25 determining the contributions required for establishing  
26 service credit under this subsection, the interest shall be



1 calculated from the beginning of the leave of absence to the  
2 date of payment.

3 (m) Any person who rendered contractual services to a  
4 member of the General Assembly as a worker in the member's  
5 district office may establish creditable service for up to 3  
6 years of those contractual services by making the contributions  
7 required under this Section. The System shall determine a  
8 full-time salary equivalent for the purpose of calculating the  
9 required contribution. To establish credit under this  
10 subsection, the applicant must apply to the System by March 1,  
11 1998.

12 (n) Any person who rendered contractual services to a  
13 member of the General Assembly as a worker providing  
14 constituent services to persons in the member's district may  
15 establish creditable service for up to 8 years of those  
16 contractual services by making the contributions required  
17 under this Section. The System shall determine a full-time  
18 salary equivalent for the purpose of calculating the required  
19 contribution. To establish credit under this subsection, the  
20 applicant must apply to the System by March 1, 1998.

21 (o) A member who participated in the Illinois Legislative  
22 Staff Internship Program may establish creditable service for  
23 up to one year of that participation by making the contribution  
24 required under this Section. The System shall determine a  
25 full-time salary equivalent for the purpose of calculating the  
26 required contribution. Credit may not be established under this

1 subsection for any period for which service credit is  
2 established under any other provision of this Code.

3 (p) By paying the contributions otherwise required under  
4 this Section, plus an amount determined by the Board to be  
5 equal to the employer's normal cost of the benefit plus  
6 interest, a member may establish service credit for a period of  
7 up to 8 years during which he or she was employed by the  
8 Visually Handicapped Managers of Illinois in a vending program  
9 operated under a contractual agreement with the Department of  
10 Rehabilitation Services or its successor agency.

11 This subsection (p) applies without regard to whether the  
12 person was in service on or after the effective date of this  
13 amendatory Act of the 94th General Assembly. In the case of a  
14 person who is receiving a retirement annuity on that effective  
15 date, the increase, if any, shall begin to accrue on the first  
16 annuity payment date following receipt by the System of the  
17 contributions required under this subsection (p).

18 (q) By paying the required contributions under this  
19 Section, plus an amount determined by the Board to be equal to  
20 the employer's normal cost of the benefit plus interest, an  
21 employee who was laid off but returned to any State employment  
22 may establish creditable service for the period of the layoff,  
23 provided that (1) the applicant applies for the creditable  
24 service under this subsection (q) within 6 months after July  
25 27, 2010 (the effective date of Public Act 96-1320), (2) the  
26 applicant does not receive credit for that period under any

1 other provision of this Code, (3) at the time of the layoff,  
2 the applicant is not in an initial probationary status  
3 consistent with the rules of the Department of Central  
4 Management Services, and (4) the total amount of creditable  
5 service established by the applicant under this subsection (q)  
6 does not exceed 3 years. For service established under this  
7 subsection (q), the required employee contribution shall be  
8 based on the rate of compensation earned by the employee on the  
9 date of returning to employment after the layoff and the  
10 contribution rate then in effect, and the required interest  
11 shall be calculated at the actuarially assumed rate from the  
12 date of returning to employment after the layoff to the date of  
13 payment. Funding for any new benefit increase, as defined in  
14 Section 14-152.1 of this Act, that is created under this  
15 subsection (q) will be provided by the employee contributions  
16 required under this subsection (q).

17 (r) A member who participated in the University of Illinois  
18 Government Public Service Internship Program (GPSI) may  
19 establish creditable service for up to 2 years of that  
20 participation by making the contribution required under this  
21 Section, plus an amount determined by the Board to be equal to  
22 the employer's normal cost of the benefit plus interest. The  
23 System shall determine a full-time salary equivalent for the  
24 purpose of calculating the required contribution. Credit may  
25 not be established under this subsection for any period for  
26 which service credit is established under any other provision

1 of this Code.

2 (s) A member who worked as a nurse under a contractual  
3 agreement for the Department of Public Aid, or its successor  
4 agency, the Department of Human Services, in the Client  
5 Assessment Unit and was subsequently determined to be a State  
6 employee by the United States Internal Revenue Service and the  
7 Illinois Labor Relations Board may establish creditable  
8 service for those contractual services by making the  
9 contributions required under this Section. To establish credit  
10 under this subsection, the applicant must apply to the System  
11 by July 1, 2008.

12 The Department of Human Services shall pay an employer  
13 contribution based upon an amount determined by the Board to be  
14 equal to the employer's normal cost of the benefit, plus  
15 interest.

16 In compliance with Section 14-152.1 added by Public Act  
17 94-4, the cost of the benefits provided by Public Act 95-583  
18 are offset by the required employee and employer contributions.

19 (t) Any person who rendered contractual services on a  
20 full-time basis to the Illinois Institute of Natural Resources  
21 and the Illinois Department of Energy and Natural Resources may  
22 establish creditable service for up to 4 years of those  
23 contractual services by making the contributions required  
24 under this Section, plus an amount determined by the Board to  
25 be equal to the employer's normal cost of the benefit plus  
26 interest at the actuarially assumed rate from the first day of

1 the service for which credit is being established to the date  
2 of payment. To establish credit under this subsection (t), the  
3 applicant must apply to the System within 6 months after July  
4 27, 2010 (the effective date of Public Act 96-1320).

5 (u) By paying the required contributions under this  
6 Section, plus an amount determined by the Board to be equal to  
7 the employer's normal cost of the benefit, plus interest, a  
8 member may establish creditable service and earnings credit for  
9 periods of furlough beginning on or after July 1, 2008. To  
10 receive this credit, the participant must (i) apply in writing  
11 to the System before December 31, 2011 and (ii) not receive  
12 compensation for the furlough period. For service established  
13 under this subsection, the required employee contribution  
14 shall be based on the rate of compensation earned by the  
15 employee immediately following the date of the first furlough  
16 day in the time period specified in this subsection (u), and  
17 the required interest shall be calculated at the actuarially  
18 assumed rate from the date of the furlough to the date of  
19 payment.

20 (v) Any member who rendered full-time contractual services  
21 to an Illinois Veterans Home operated by the Department of  
22 Veterans' Affairs may establish service credit for up to 8  
23 years of such services by making the contributions required  
24 under this Section, plus an amount determined by the Board to  
25 be equal to the employer's normal cost of the benefit, plus  
26 interest at the actuarially assumed rate. To establish credit

1 under this subsection, the applicant must apply to the System  
2 no later than 6 months after July 27, 2010 (the effective date  
3 of Public Act 96-1320).

4 (Source: P.A. 96-97, eff. 7-27-09; 96-718, eff. 8-25-09;  
5 96-775, eff. 8-28-09; 96-961, eff. 7-2-10; 96-1000, eff.  
6 7-2-10; 96-1320, eff. 7-27-10; 96-1535, eff. 3-4-11; 97-333,  
7 8-12-11.)

8 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

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

11 Sec. 14-104.3. Notwithstanding provisions contained in  
12 Section 14-103.10, any member who at the time of retirement and  
13 after December 6, 1983 receives compensation in a lump sum for  
14 accumulated vacation, sickness, or personal business may  
15 receive service credit for such periods by making contributions  
16 within 90 days of withdrawal, based on the rate of compensation  
17 in effect immediately prior to retirement and the contribution  
18 rate then in effect. Any Hybrid Plan member who receives  
19 compensation in a lump sum for accumulated vacation, sickness,  
20 or personal business may not receive service credit for such  
21 periods. Exercising the option provided in this Section shall  
22 not change a member's date of withdrawal or final average  
23 compensation for purposes of computing the amount or effective  
24 date of a retirement annuity. Any annuitant who establishes  
25 service credit as herein provided shall have his retirement

1 annuity adjusted retroactively to the date of retirement.

2 (Source: P.A. 83-1362.)

3 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

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

6 Sec. 14-107. Retirement annuity - service and age -  
7 conditions.

8 (a) A member is entitled to a retirement annuity after  
9 having at least 8 years of creditable service.

10 (b) A member who has at least 35 years of creditable  
11 service may claim his or her retirement annuity at any age. A  
12 member having at least 8 years of creditable service but less  
13 than 35 may claim his or her retirement annuity upon or after  
14 attainment of age 60 or, beginning January 1, 2001, any lesser  
15 age which, when added to the number of years of his or her  
16 creditable service, equals at least 85. A member upon or after  
17 attainment of age 55 having at least 25 years of creditable  
18 service (30 years if retirement is before January 1, 2001) may  
19 elect to receive the lower retirement annuity provided in  
20 paragraph (c) of Section 14-108 of this Code. For purposes of  
21 the rule of 85, portions of years shall be counted in whole  
22 months.

23 (c) Notwithstanding subsections (a) and (b) of this  
24 Section, a Hybrid Plan member is entitled to an unreduced  
25 retirement annuity upon application if he or she has attained

1 the normal retirement age determined by the Social Security  
2 Administration for that Hybrid Plan member's year of birth, but  
3 no earlier than 67 years of age, and has at least 10 years of  
4 service credit and is otherwise eligible under the requirements  
5 of this Code.

6 (d) A Hybrid Plan member that has at least 10 years of  
7 service credit and is otherwise eligible under the requirements  
8 of this Code may elect to receive a lower retirement annuity  
9 beginning at any time within the 60-month period preceding the  
10 attainment of his or her normal retirement age determined by  
11 the Social Security Administration for that Hybrid Plan  
12 member's year of birth, but no earlier than 62 years of age.  
13 The retirement annuity shall be reduced by one-half of 1% for  
14 each full month that the member's age is under the greater of  
15 age 67 or the normal retirement age determined by the Social  
16 Security Administration for that Hybrid Plan member's year of  
17 birth.

18 (e) The allowance shall begin with the first full calendar  
19 month specified in the member's application therefor, the first  
20 day of which shall not be before the date of withdrawal as  
21 approved by the board. Regardless of the date of withdrawal,  
22 the allowance need not begin within one year of application  
23 therefor.

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



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

3           Sec. 14-108. Amount of retirement annuity. A member who has  
4           contributed to the System for at least 12 months shall be  
5           entitled to a prior service annuity for each year of certified  
6           prior service credited to him, except that a member shall  
7           receive 1/3 of the prior service annuity for each year of  
8           service for which contributions have been made and all of such  
9           annuity shall be payable after the member has made  
10          contributions for a period of 3 years. Proportionate amounts  
11          shall be payable for service of less than a full year after  
12          completion of at least 12 months.

13          The total period of service to be considered in  
14          establishing the measure of prior service annuity shall include  
15          service credited in the Teachers' Retirement System of the  
16          State of Illinois and the State Universities Retirement System  
17          for which contributions have been made by the member to such  
18          systems; provided that at least 1 year of the total period of 3  
19          years prescribed for the allowance of a full measure of prior  
20          service annuity shall consist of membership service in this  
21          system for which credit has been granted.

22          (a) In the case of a member who retires on or after January  
23          1, 1998 and is a noncovered employee, the retirement annuity  
24          for membership service and prior service shall be 2.2% of final  
25          average compensation for each year of service. Any service  
26          credit established as a covered employee shall be computed as

1 stated in paragraph (b).

2 (b) In the case of a member who retires on or after January  
3 1, 1998 and is a covered employee, the retirement annuity for  
4 membership service and prior service shall be computed as  
5 stated in paragraph (a) for all service credit established as a  
6 noncovered employee; for service credit established as a  
7 covered employee it shall be 1.67% of final average  
8 compensation for each year of service.

9 (b-5) Notwithstanding Section 14-110 and subsection (a) of  
10 this Section, the amount of the retirement annuity to which a  
11 Hybrid Plan member is entitled shall be computed by multiplying  
12 1.25% for each year of service credit by his or her final  
13 average compensation. This subsection (b-5) shall only apply to  
14 service accumulated on or after the Hybrid Plan member begins  
15 participating in the Hybrid Plan.

16 (b-6) A Hybrid Plan member who made the election under  
17 subsection (c) of Section 14-155.1 shall receive a retirement  
18 annuity from the System based on the sum of his or her total  
19 accrued service credit as follows:

20 (i) The applicable percentage rate of the final average  
21 compensation multiplied by each year of service prior to  
22 the member's election to participate in the Hybrid Plan.  
23 The final average compensation for the purposes of this  
24 item (i) shall be the amount specified in subsection (b) of  
25 Section 1-160 and shall be limited as described under  
26 subsection (b-5) of Section 1-160.

1           (ii) 1.25% of the final average compensation  
2           multiplied by each year of service as a Hybrid Plan member.  
3           The final average compensation for the purposes of this  
4           item (ii) shall be the amount specified in subsection (h)  
5           of Section 14-103.12 and shall be limited as described  
6           under subsection (g) of Section 14-103.10.

7           All compensation credits for a noncovered employee under  
8           this Code who makes the election under subsection (c) of  
9           Section 14-155.1 shall be considered in the determination of  
10           final average compensation for any benefits payable under this  
11           Code.

12           (b-7) The retirement annuity of a Hybrid Plan member that  
13           is a State policeman or a fire fighter in the fire protection  
14           service of a department, as those terms are defined in  
15           subsection (b) of Section 14-110 shall not exceed 80% of final  
16           average compensation.

17           (c) For a member retiring after attaining age 55 but before  
18           age 60 with at least 30 but less than 35 years of creditable  
19           service if retirement is before January 1, 2001, or with at  
20           least 25 but less than 30 years of creditable service if  
21           retirement is on or after January 1, 2001, the retirement  
22           annuity shall be reduced by 1/2 of 1% for each month that the  
23           member's age is under age 60 at the time of retirement.

24           (d) A retirement annuity shall not exceed 75% of final  
25           average compensation, subject to such extension as may result  
26           from the application of Section 14-114 or Section 14-115. This

1 subsection shall not apply to a Hybrid Plan member that is a  
2 State policeman or a fire fighter in the fire protection  
3 service of a department, as those terms are defined in  
4 subsection (b) of Section 14-110.

5 (e) The retirement annuity payable to any covered employee  
6 who is a member of the System and in service on January 1,  
7 1969, or in service thereafter in 1969 as a result of  
8 legislation enacted by the Illinois General Assembly  
9 transferring the member to State employment from county  
10 employment in a county Department of Public Aid in counties of  
11 3,000,000 or more population, under a plan of coordination with  
12 the Old Age, Survivors and Disability provisions thereof, if  
13 not fully insured for Old Age Insurance payments under the  
14 Federal Old Age, Survivors and Disability Insurance provisions  
15 at the date of acceptance of a retirement annuity, shall not be  
16 less than the amount for which the member would have been  
17 eligible if coordination were not applicable.

18 (f) The retirement annuity payable to any covered employee  
19 who is a member of the System and in service on January 1,  
20 1969, or in service thereafter in 1969 as a result of the  
21 legislation designated in the immediately preceding paragraph,  
22 if fully insured for Old Age Insurance payments under the  
23 Federal Social Security Act at the date of acceptance of a  
24 retirement annuity, shall not be less than an amount which when  
25 added to the Primary Insurance Benefit payable to the member  
26 upon attainment of age 65 under such Federal Act, will equal

1 the annuity which would otherwise be payable if the coordinated  
2 plan of coverage were not applicable.

3 (g) In the case of a member who is a noncovered employee,  
4 the retirement annuity for membership service as a security  
5 employee of the Department of Corrections or security employee  
6 of the Department of Human Services shall be: if retirement  
7 occurs on or after January 1, 2001, 3% of final average  
8 compensation for each year of creditable service; or if  
9 retirement occurs before January 1, 2001, 1.9% of final average  
10 compensation for each of the first 10 years of service, 2.1%  
11 for each of the next 10 years of service, 2.25% for each year  
12 of service in excess of 20 but not exceeding 30, and 2.5% for  
13 each year in excess of 30; except that the annuity may be  
14 calculated under subsection (a) rather than this subsection (g)  
15 if the resulting annuity is greater.

16 (h) In the case of a member who is a covered employee, the  
17 retirement annuity for membership service as a security  
18 employee of the Department of Corrections or security employee  
19 of the Department of Human Services shall be: if retirement  
20 occurs on or after January 1, 2001, 2.5% of final average  
21 compensation for each year of creditable service; if retirement  
22 occurs before January 1, 2001, 1.67% of final average  
23 compensation for each of the first 10 years of service, 1.90%  
24 for each of the next 10 years of service, 2.10% for each year  
25 of service in excess of 20 but not exceeding 30, and 2.30% for  
26 each year in excess of 30.

1           (i) For the purposes of this Section and Section 14-133 of  
2 this Act, the term "security employee of the Department of  
3 Corrections" and the term "security employee of the Department  
4 of Human Services" shall have the meanings ascribed to them in  
5 subsection (c) of Section 14-110.

6           (j) The retirement annuity computed pursuant to paragraphs  
7 (g) or (h) shall be applicable only to those security employees  
8 of the Department of Corrections and security employees of the  
9 Department of Human Services who have at least 20 years of  
10 membership service and who are not eligible for the alternative  
11 retirement annuity provided under Section 14-110. However,  
12 persons transferring to this System under Section 14-108.2 or  
13 14-108.2c who have service credit under Article 16 of this Code  
14 may count such service toward establishing their eligibility  
15 under the 20-year service requirement of this subsection; but  
16 such service may be used only for establishing such  
17 eligibility, and not for the purpose of increasing or  
18 calculating any benefit.

19           (k) (Blank).

20           (l) The changes to this Section made by this amendatory Act  
21 of 1997 (changing certain retirement annuity formulas from a  
22 stepped rate to a flat rate) apply to members who retire on or  
23 after January 1, 1998, without regard to whether employment  
24 terminated before the effective date of this amendatory Act of  
25 1997. An annuity shall not be calculated in steps by using the  
26 new flat rate for some steps and the superseded stepped rate

1 for other steps of the same type of service.

2 (m) For the purposes of this Section, "applicable  
3 percentage rate" means the benefit formula rate applicable to a  
4 noncovered employee as determined by either subsection (b) of  
5 Section 14-108 or subsection (a) of Section 14-110 based upon  
6 the type of service performed by that noncovered employee prior  
7 to the date of the election.

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

9 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

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

13 (a) Any person receiving a retirement annuity under this  
14 Article who retires having attained age 60, or who retires  
15 before age 60 having at least 35 years of creditable service,  
16 or who retires on or after January 1, 2001 at an age which,  
17 when added to the number of years of his or her creditable  
18 service, equals at least 85, shall, on January 1 next following  
19 the first full year of retirement, have the amount of the then  
20 fixed and payable monthly retirement annuity increased 3%. Any  
21 person receiving a retirement annuity under this Article who  
22 retires before attainment of age 60 and with less than (i) 35  
23 years of creditable service if retirement is before January 1,  
24 2001, or (ii) the number of years of creditable service which,  
25 when added to the member's age, would equal 85, if retirement

1 is on or after January 1, 2001, shall have the amount of the  
2 fixed and payable retirement annuity increased by 3% on the  
3 January 1 occurring on or next following (1) attainment of age  
4 60, or (2) the first anniversary of retirement, whichever  
5 occurs later. However, for persons who receive the alternative  
6 retirement annuity under Section 14-110, references in this  
7 subsection (a) to attainment of age 60 shall be deemed to refer  
8 to attainment of age 55. For a person receiving early  
9 retirement incentives under Section 14-108.3 whose retirement  
10 annuity began after January 1, 1992 pursuant to an extension  
11 granted under subsection (e) of that Section, the first  
12 anniversary of retirement shall be deemed to be January 1,  
13 1993. For a person who retires on or after June 28, 2001 and on  
14 or before October 1, 2001, and whose retirement annuity is  
15 calculated, in whole or in part, under Section 14-110 or  
16 subsection (g) or (h) of Section 14-108, the first anniversary  
17 of retirement shall be deemed to be January 1, 2002.

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

21 Beginning January 1, 1990, all automatic annual increases  
22 payable under this Section shall be calculated as a percentage  
23 of the total annuity payable at the time of the increase,  
24 including previous increases granted under this Article.

25 (b) The provisions of subsection (a) of this Section shall  
26 be applicable to an employee only if the employee makes the



1 additional contributions required after December 31, 1969 for  
2 the purpose of the automatic increases for not less than the  
3 equivalent of one full year. If an employee becomes an  
4 annuitant before his additional contributions equal one full  
5 year's contributions based on his salary at the date of  
6 retirement, the employee may pay the necessary balance of the  
7 contributions to the system, without interest, and be eligible  
8 for the increasing annuity authorized by this Section.

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

14 (d) In addition to other increases which may be provided by  
15 this Section, on January 1, 1981 any annuitant who was  
16 receiving a retirement annuity on or before January 1, 1971  
17 shall have his retirement annuity then being paid increased \$1  
18 per month for each year of creditable service. On January 1,  
19 1982, any annuitant who began receiving a retirement annuity on  
20 or before January 1, 1977, shall have his retirement annuity  
21 then being paid increased \$1 per month for each year of  
22 creditable service.

23 On January 1, 1987, any annuitant who began receiving a  
24 retirement annuity on or before January 1, 1977, shall have the  
25 monthly retirement annuity increased by an amount equal to 8¢  
26 per year of creditable service times the number of years that

1 have elapsed since the annuity began.

2 (e) Every person who receives the alternative retirement  
3 annuity under Section 14-110 and who is eligible to receive the  
4 3% increase under subsection (a) on January 1, 1986, shall also  
5 receive on that date a one-time increase in retirement annuity  
6 equal to the difference between (1) his actual retirement  
7 annuity on that date, including any increases received under  
8 subsection (a), and (2) the amount of retirement annuity he  
9 would have received on that date if the amendments to  
10 subsection (a) made by Public Act 84-162 had been in effect  
11 since the date of his retirement.

12 (f) The retirement annuity of a Hybrid Plan member shall  
13 receive annual increases on the January 1 on or after the  
14 attainment of the applicable retirement age determined by the  
15 Social Security Administration (but no earlier than age 67) or  
16 the first anniversary of the annuity start date, whichever is  
17 later. Each annual increase shall be one-half the annual  
18 unadjusted percentage increase (but not less than zero) in the  
19 consumer price index-w for the 12 months ending with the  
20 September preceding each November 1 of the originally granted  
21 retirement annuity. If the annual unadjusted percentage change  
22 in the consumer price index-w for the 12 months ending with the  
23 September preceding each November 1 is zero or there is a  
24 decrease, then the annuity shall not be increased.

25 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
26 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

2 Sec. 14-121. Amount of survivors annuity. A survivors  
3 annuity beneficiary shall be entitled upon death of the member  
4 to a single sum payment of \$1,000, payable pro rata among all  
5 persons entitled thereto, together with a survivors annuity  
6 payable at the rates and under the conditions specified in this  
7 Article.

8 (a) If the survivors annuity beneficiary is a spouse, the  
9 survivors annuity shall be 30% of final average compensation  
10 subject to a maximum payment of \$400 per month.

11 (b) If an eligible child or children under the care of a  
12 spouse also survives the member, such spouse as natural  
13 guardian of the child or children shall receive, in addition to  
14 the foregoing annuity, 20% of final average compensation on  
15 account of each such child and 10% of final average  
16 compensation divided pro rata among such children, subject to a  
17 maximum payment on account of all survivor annuity  
18 beneficiaries of \$600 per month, or 80% of the member's final  
19 average compensation, whichever is the lesser.

20 (c) If the survivors annuity beneficiary or beneficiaries  
21 consists of an unmarried child or children, the amount of  
22 survivors annuity shall be 20% of final average compensation to  
23 each child, and 10% of final average compensation divided pro  
24 rata among all such children entitled to such annuity, subject  
25 to a maximum payment to all children combined of \$600 per month

1 or 80% of the member's final average compensation, whichever is  
2 the lesser.

3 (d) If the survivors annuity beneficiary is one or more  
4 dependent parents, the annuity shall be 20% of final average  
5 compensation to each parent and 10% of final average  
6 compensation divided pro rata among the parents who qualify for  
7 this annuity, subject to a maximum payment to both dependent  
8 parents of \$400 per month.

9 (e) The survivors annuity to the spouse, children or  
10 dependent parents of a member whose death occurs after the date  
11 of last withdrawal, or after retirement, or while in service  
12 following reentry into service after retirement but before  
13 completing 1 1/2 years of additional creditable service, shall  
14 not exceed the lesser of 80% of the member's earned retirement  
15 annuity at the date of death or the maximum previously  
16 established in this Section.

17 (f) In applying the limitation prescribed on the combined  
18 payments to 2 or more survivors annuity beneficiaries, the  
19 annuity on account of each beneficiary shall be reduced pro  
20 rata until such time as the number of beneficiaries makes the  
21 reduction no longer applicable.

22 (g) Except as otherwise provided in this subsection (g), a  
23 survivors annuity payable on account of any covered employee  
24 who has been a covered employee for at least 18 months at date  
25 of death or last withdrawal, whichever is the later, shall be  
26 reduced by 1/2 of the survivors benefits to which his

1 beneficiaries are eligible under the federal Social Security  
2 Act, except that (1) the survivors annuity payable under this  
3 Article shall not be reduced by any increase under that Act  
4 which occurs after the offset required by this subsection is  
5 first applied to that annuity, (2) for benefits granted on or  
6 after January 1, 1992, the offset under this subsection (g)  
7 shall not exceed 50% of the amount of survivors annuity  
8 otherwise payable.

9 Beginning July 1, 2009, the offset under this subsection  
10 (g) shall no longer be applied to any survivors annuity of any  
11 person who began receiving retirement benefits or a survivors  
12 annuity prior to January 1, 1998.

13 Beginning July 1, 2009, the offset under this subsection  
14 (g) shall no longer be applied to the survivors annuity of any  
15 person who began receiving a survivors annuity on or after  
16 January 1, 1998 and before the effective date of this  
17 amendatory Act of the 95th General Assembly.

18 Any person who began receiving retirement benefits after  
19 January 1, 1998 and before the effective date of this  
20 amendatory Act of the 95th General Assembly may, during a  
21 one-time election period established by the System, elect to  
22 reduce his or her retirement annuity by 3.825% in exchange for  
23 not having the offset under this subsection (g) applied to his  
24 or her survivors annuity.

25 Any employee in service on the effective date of this  
26 amendatory Act of the 95th General Assembly may, at the time of

1 retirement, elect to reduce his or her retirement annuity by  
2 3.825% in exchange for not having the offset under this  
3 subsection (g) applied to his or her survivors annuity.

4 If a survivors annuity is payable to the widow of an  
5 employee based on the employee's death in service, then the  
6 offset under this subsection (g) shall no longer be applied to  
7 the survivors annuity.

8 A retiree who elects to reduce his or her retirement  
9 annuity under this subsection (g) in exchange for not having  
10 the offset applied may make an irrevocable election to  
11 eliminate the reduction of his or her retirement annuity if  
12 there is a change in marital status due to death or divorce,  
13 but the retiree is not entitled to reimbursement of any benefit  
14 reduction prior to the election.

15 (h) The minimum payment to a beneficiary hereunder shall be  
16 \$60 per month, which shall be reduced in accordance with the  
17 limitation prescribed on the combined payments to all  
18 beneficiaries of a member.

19 (i) Subject to the conditions set forth in Section 14-120,  
20 the minimum total survivors annuity benefit payable to the  
21 survivors annuity beneficiaries of a deceased member or  
22 annuitant whose death occurs on or after January 1, 1984, shall  
23 be 50% of the amount of retirement annuity that was or would  
24 have been payable to the deceased on the date of death,  
25 regardless of the age of the deceased on such date. If the  
26 minimum total benefit provided by this subsection exceeds the

1 maximum otherwise imposed by this Section, the minimum total  
2 benefit shall nevertheless be payable. Any increase in the  
3 total survivors annuity benefit resulting from the operation of  
4 this subsection shall be divided among the survivors annuity  
5 beneficiaries of the deceased in proportion to their shares of  
6 the total survivors annuity benefit otherwise payable under  
7 this Section.

8 (j) Any survivors annuity beneficiary whose annuity  
9 terminates due to any condition specified in this Article other  
10 than death shall be entitled to a refund of the excess, if any,  
11 of the accumulated contributions of the member plus credited  
12 interest over all payments to the member and beneficiary or  
13 beneficiaries, exclusive of the single sum payment of \$1,000,  
14 provided no future survivors or reversionary annuity benefits  
15 are payable.

16 (k) Upon the death of the last eligible recipient of a  
17 survivors annuity the excess, if any, of the member's  
18 accumulated contributions plus credited interest over all  
19 annuity payments to the member and survivors exclusive of the  
20 single sum payment of \$1000, shall be paid to the named  
21 beneficiary of the last eligible survivor, or if none has been  
22 named, to the estate of the last eligible survivor, provided no  
23 reversionary annuity is payable.

24 (l) On January 1, 1981, any survivor who was receiving a  
25 survivors annuity on or before January 1, 1971, shall have his  
26 survivors annuity then being paid increased by 1% for each full

1 year which has elapsed from the date the annuity began. On  
2 January 1, 1982, any survivor who began receiving a survivor's  
3 annuity after January 1, 1971, but before January 1, 1981,  
4 shall have his survivor's annuity then being paid increased by  
5 1% for each full year that has elapsed from the date the  
6 annuity began. On January 1, 1987, any survivor who began  
7 receiving a survivor's annuity on or before January 1, 1977,  
8 shall have the monthly survivor's annuity increased by \$1 for  
9 each full year which has elapsed since the date the survivor's  
10 annuity began.

11 (m) Beginning January 1, 1990, every survivor's annuity  
12 shall be increased (1) on each January 1 occurring on or after  
13 the commencement of the annuity if the deceased member died  
14 while receiving a retirement annuity, or (2) in other cases, on  
15 each January 1 occurring on or after the first anniversary of  
16 the commencement of the annuity, by an amount equal to 3% of  
17 the current amount of the annuity, including any previous  
18 increases under this Article. Such increases shall apply  
19 without regard to whether the deceased member was in service on  
20 or after the effective date of Public Act 86-1488, but shall  
21 not accrue for any period prior to January 1, 1990.

22 (n) Notwithstanding the provisions of this Section, the  
23 initial survivor's annuity of an eligible survivor of a Hybrid  
24 Plan member shall be calculated as provided under this  
25 subsection.

26 (1) In the case of the death of a member receiving a



1       retirement annuity, the initial survivor's annuity shall  
2       be in the amount of 66 2/3% of such retirement annuity.

3       (2) In the case of the death of a Hybrid Plan member  
4       who has not retired, the initial survivor's annuity shall  
5       be in the amount of 66 2/3% of the deceased Hybrid Plan  
6       member's earned retirement annuity.

7       If 2 or more persons are eligible to receive survivor's  
8       annuities based on the same deceased Hybrid Plan member, the  
9       calculation of the survivor's benefits shall be based on the  
10      total calculation of the survivor's annuity and divided pro  
11      rata.

12      The initial survivor's annuity of an eligible survivor to  
13      whom this subsection (n) applies shall be increased on each  
14      January 1 occurring on or after the commencement of the  
15      annuity. Each annual increase shall be one-half the annual  
16      unadjusted percentage increase (but not less than zero) in the  
17      consumer price index-w for the 12 months ending with the  
18      September preceding each November 1 of the originally granted  
19      survivor's annuity. If the annual unadjusted percentage change  
20      in the consumer price index-w for the 12 months ending with the  
21      September preceding each November 1 is zero or there is a  
22      decrease, then the annuity shall not be increased.

23      (Source: P.A. 95-1043, eff. 3-26-09.)

24           (40 ILCS 5/14-130) (from Ch. 108 1/2, par. 14-130)

25           Sec. 14-130. Refunds; rules.

1           (a) Upon withdrawal a member is entitled to receive, upon  
2 written request, a refund of the member's contributions,  
3 including credits granted while in receipt of disability  
4 benefits, without credited interest. The board, in its  
5 discretion may withhold payment of the refund of a member's  
6 contributions for a period not to exceed 1 year after the  
7 member has ceased to be an employee.

8           In the case of a Hybrid Plan member, this Section shall  
9 apply solely to the defined benefit portion of the Hybrid Plan.

10           For purposes of this Section, a member will be considered  
11 to have withdrawn from service if a change in, or transfer of,  
12 his position results in his becoming ineligible for continued  
13 membership in this System and eligible for membership in  
14 another public retirement system under this Act.

15           (b) A member receiving a refund forfeits and relinquishes  
16 all accrued rights in the System, including all accumulated  
17 creditable service. If the person again becomes a member of the  
18 System and establishes at least 2 years of creditable service,  
19 the member may repay all the moneys previously refunded or a  
20 portion of the moneys previously refunded representing  
21 contributions for one or more whole months of creditable  
22 service. If a member repays a portion of moneys previously  
23 refunded, he or she may later repay some or all of the  
24 remaining portion of those previously refunded moneys.  
25 However, a former member may restore credits previously  
26 forfeited by acceptance of a refund without returning to

1 service by applying in writing and repaying to the System, by  
2 April 1, 1993, the amount of the refund plus regular interest  
3 calculated from the date of refund to the date of repayment.

4 The repayment of refunds issued prior to January 1, 1984  
5 shall consist of the amount refunded plus 5% interest per annum  
6 compounded annually for the period from the date of the refund  
7 to the end of the month in which repayment is made. The  
8 repayment of refunds issued after January 1, 1984 shall consist  
9 of the amount refunded plus regular interest for the period  
10 from the date of refund to the end of the month in which  
11 repayment is made. The repayment of the refund of a person who  
12 accepts an alternative retirement cancellation payment under  
13 Section 14-108.5 shall consist of the entire amount paid to the  
14 person under subsection (c) of Section 14-108.5 plus regular  
15 interest for the period from the date of the refund to the end  
16 of the month in which repayment is made. However, in the case  
17 of a refund that is repaid in a lump sum between January 1,  
18 1991 and July 1, 1991, repayment shall consist of the amount  
19 refunded plus interest at the rate of 2.5% per annum compounded  
20 annually from the date of the refund to the end of the month in  
21 which repayment is made.

22 Upon repayment, the member shall receive credit for the  
23 service for which the refund has been repaid, and the  
24 corresponding member contributions and regular interest that  
25 was forfeited by acceptance of the refund, as well as regular  
26 interest for the period of non-membership. Such repayment shall

1 be made in full before retirement either in a lump sum or in  
2 installment payments in accordance with such rules as may be  
3 adopted by the board.

4 For a Hybrid Plan member who made the election under  
5 subsection (c) of Section 14-155.1, the amount repaid shall be  
6 restored in the proportions attributable to service associated  
7 with the plan prescribed by Section 1-160 and as a Hybrid Plan  
8 member, respectively.

9 (b-5) The Board may adopt rules governing the repayment of  
10 refunds and establishment of credits in cases involving awards  
11 of back pay or reinstatement. The rules may authorize repayment  
12 of a refund in installment payments and may waive the payment  
13 of interest on refund amounts repaid in full within a specified  
14 period.

15 (c) A member no longer in service who is unmarried and does  
16 not have an eligible survivors annuity beneficiary on the date  
17 of application therefor is entitled to a refund of  
18 contributions for widow's annuity or survivors annuity  
19 purposes, or both, as the case may be, without interest. A  
20 widow's annuity or survivors annuity shall not be payable upon  
21 the death of a person who has received this refund, unless  
22 prior to that death the amount of the refund has been repaid to  
23 the System, together with regular interest from the date of the  
24 refund to the date of repayment.

25 (d) Any member who has service credit in any position for  
26 which an alternative retirement annuity is provided and in

1 relation to which an increase in the rate of employee  
2 contribution is required, shall be entitled to a refund,  
3 without interest, of that part of the member's employee  
4 contribution which results from that increase in the employee  
5 rate if the member does not qualify for that alternative  
6 retirement annuity at the time of retirement.

7 (Source: P.A. 93-839, eff. 7-30-04; 94-455, eff. 8-4-05.)

8 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

12 (a) Each participating employee shall make contributions  
13 to the System, based on the employee's compensation, as  
14 follows:

15 (1) Covered employees, except as indicated below, 3.5%  
16 for retirement annuity, and 0.5% for a widow or survivors  
17 annuity;

18 (2) Noncovered employees, except as indicated below,  
19 7% for retirement annuity and 1% for a widow or survivors  
20 annuity;

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

1 in 2004 and thereafter;

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

8 (5) Each security employee of the Department of  
9 Corrections or of the Department of Human Services who is a  
10 covered employee, 0.5% for a widow or survivors annuity  
11 plus the following amount for retirement annuity: 5%  
12 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
13 in 2004 and thereafter;

14 (6) Each security employee of the Department of  
15 Corrections or of the Department of Human Services who is  
16 not a covered employee, 1% for a widow or survivors annuity  
17 plus the following amount for retirement annuity: 8.5%  
18 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
19 11.5% in 2004 and thereafter.

20 (a-5) Notwithstanding subsection (a), for the first plan  
21 year containing the implementation date of the Hybrid Plan, a  
22 Hybrid Plan member shall make contributions to the System at  
23 5.4% of compensation for the retirement annuity, and 0.8% of  
24 compensation for the survivor's annuity. For each plan year  
25 thereafter, each Hybrid Plan member shall contribute the lesser  
26 of 5.4% of compensation or 87.1% of the total normal cost of

1 the defined benefit portion of the Hybrid Plan, rounded to the  
2 nearest tenth of a percent, for the retirement annuity.  
3 Additionally, for each plan year thereafter, each Hybrid Plan  
4 member shall contribute the lesser of 0.8% of compensation or  
5 12.9% of the total normal cost of the defined benefit portion  
6 of the Hybrid Plan, rounded to the nearest tenth of a percent,  
7 for the survivor's annuity.

8 (a-10) Prior to the date of the plan election under Section  
9 14-155.1, a noncovered employee eligible to make that election  
10 shall contribute at the applicable rates provided under  
11 subsection (a) of this Section. If a noncovered employee elects  
12 to participate in the Hybrid Plan, any excess employee  
13 contributions made prior to the date of the election shall be  
14 credited to the employee's defined contribution account under  
15 Section 14-155.2.

16 (a-15) By the January 15 occurring on or after the  
17 implementation date of the Hybrid Plan under Section 14-155.1,  
18 and by every January 15 thereafter, the Board must certify the  
19 Hybrid Plan total normal cost rate. By the January 15 occurring  
20 on or after the implementation date of the Hybrid Plan under  
21 Section 14-155.1, and by every January 15 thereafter, if the  
22 employee contribution rate differs from the certified Hybrid  
23 Plan total normal cost rate under subsection (c) of Section  
24 14-135.08, then the total employee contribution rate under  
25 subsection (a-10) shall be equal to the lesser of the certified  
26 Hybrid Plan total normal cost rate or 6.2%, but not less than

1 0%, beginning July 1 of that year.

2 (a-20) A Hybrid Plan member shall not make contributions on  
3 compensation that exceeds the limitation prescribed under  
4 subsection (g) of Section 14-103.10.

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

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

13 (40 ILCS 5/14-133.1) (from Ch. 108 1/2, par. 14-133.1)

14 Sec. 14-133.1. Pickup of contributions.

15 (a) Each department shall pick up the employee  
16 contributions required by Section 14-133 and employee  
17 contributions required under subsection (b) of Section  
18 14-155.2 to the extent so designated under the defined  
19 contribution plan under that Section for all compensation  
20 earned after December 31, 1981, and the contributions so picked  
21 up shall be treated as employer contributions in determining  
22 tax treatment under the United States Internal Revenue Code;  
23 however, each department shall continue to withhold federal and  
24 State income taxes based upon these contributions until the  
25 Internal Revenue Service or the federal courts rule that



1 pursuant to Section 414(h) of the United States Internal  
2 Revenue Code, these contributions shall not be included as  
3 gross income of the employee until such time as they are  
4 distributed or made available.

5 The department shall pay these employee contributions from  
6 the same fund which is used in paying earnings to the employee.  
7 The department may pick up these contributions by a reduction  
8 in the cash salary of the employee or by an offset against a  
9 future salary increase or by a combination of a reduction in  
10 salary and offset against a future salary increase. If employee  
11 contributions are picked up they shall be treated for all  
12 purposes of this Article 14 in the same manner and to the same  
13 extent as employee contributions made prior to the date picked  
14 up.

15 (b) Subject to the requirements of federal law, an employee  
16 of a department may elect to have the department pick up  
17 optional contributions that the employee has elected to pay to  
18 the System, and the contributions so picked up shall be treated  
19 as employer contributions for the purposes of determining  
20 federal tax treatment. The department shall pick up the  
21 contributions by a reduction in the cash salary of the employee  
22 and shall pay the contributions from the same fund that is used  
23 to pay earnings to the employee. The election to have optional  
24 contributions picked up is irrevocable and the optional  
25 contributions may not thereafter be prepaid, by direct payment  
26 or otherwise. If the provision authorizing the optional

1 contribution requires payment by a stated date (rather than the  
2 date of withdrawal or retirement), that requirement shall be  
3 deemed to have been satisfied if (i) on or before the stated  
4 date the employee executes a valid irrevocable election to have  
5 the contributions picked up under this subsection, and (ii) the  
6 picked-up contributions are in fact paid to the System as  
7 provided in the election.

8 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98.)

9 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

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

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

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

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

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

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

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

1 By November 1, 2017, the Board shall submit ~~recalculate and~~  
2 ~~recertify~~ to the State Actuary, the Governor, and the General  
3 Assembly a proposed recertification of the amount of the  
4 required State contribution to the System for State fiscal year  
5 2018, taking into account the changes in the required State  
6 contributions made by Public Act 100-23 ~~this amendatory Act of~~  
7 ~~the 100th General Assembly~~. On or before January 1, 2018, the  
8 ~~The~~ State Actuary shall review the assumptions and valuations  
9 underlying the Board's revised certification and issue a  
10 preliminary report concerning the proposed recertification and  
11 identifying, if necessary, recommended changes in actuarial  
12 assumptions that the Board must consider before finalizing its  
13 recertification ~~certification~~ of the required State  
14 contributions. On or before January 15, 2018, the Board shall  
15 recertify to the Governor and the General Assembly the amount  
16 of the required State contribution for State fiscal year 2018.  
17 The Board's recertification ~~final certification~~ must note any  
18 deviations from the State Actuary's recommended changes, the  
19 reason or reasons for not following the State Actuary's  
20 recommended changes, and the fiscal impact of not following the  
21 State Actuary's recommended changes on the required State  
22 contribution.

23 (c) On or before November 1 of each year, beginning with  
24 the November 1 occurring after the implementation date of the  
25 Hybrid Plan, the Board shall submit to the State Actuary, the  
26 Governor, and the General Assembly a proposed certification of

1 the Hybrid Plan total normal cost rate as defined in Section  
2 14-103.44, along with all of the actuarial assumptions,  
3 calculations, and data upon which the proposed certification is  
4 based. On or before January 1 of each year, beginning with the  
5 January 1 occurring after the implementation date of the Hybrid  
6 Plan, the State Actuary shall issue a preliminary report  
7 concerning the proposed certification and identifying, if  
8 necessary, recommended changes in actuarial assumptions that  
9 the Board must consider before finalizing its certification of  
10 the Hybrid Plan total normal cost rate. On or before the  
11 January 15 occurring after the implementation date of the  
12 Hybrid Plan and each January 15 thereafter, the Board shall  
13 certify to the Governor and the General Assembly the Hybrid  
14 Plan total normal cost rate as defined under Section 14-103.44.  
15 The Board's certification must note, any deviations from the  
16 State Actuary's recommended changes, the reason or reasons for  
17 not following the State Actuary's recommended changes, and the  
18 fiscal impact of not following the State Actuary's recommended  
19 changes on the required State contribution.

20 (Source: P.A. 100-23, eff. 7-6-17.)

21 (40 ILCS 5/14-155.1 new)

22 Sec. 14-155.1. Hybrid Plan.

23 (a) Effective on the date of the implementation date of the  
24 Hybrid Plan, each eligible noncovered employee shall be given  
25 the choice to participate in the Hybrid Plan.

1       Notwithstanding any other provision of this Code to the  
2 contrary, the provisions of this Section apply to a noncovered  
3 employee who first becomes a member on or after the  
4 implementation date of the Hybrid Plan and who does not make  
5 the election under subsection (b). The provisions of this  
6 Section also apply to service credit earned on or after the  
7 date of an election made under subsection (c) of this Section.  
8 However, the provisions of this Section do not apply to a  
9 covered employee or to a Tier 1 member.

10       As used in this Section and Section 1-160, "implementation  
11 date" means the earliest date upon which the Board authorizes  
12 members to begin participating in the Hybrid Plan. The Board  
13 shall endeavor to make such participation available as soon as  
14 possible after the effective date of this Section and shall  
15 establish an implementation date by Board resolution. The Board  
16 shall obtain a favorable ruling from the U.S. Internal Revenue  
17 Service prior to allowing any member to make an election under  
18 this Section.

19       (b) In lieu of the benefits provided under this Section, a  
20 member eligible for the plan under this Section may irrevocably  
21 elect the benefits under Section 1-160 and the benefits  
22 otherwise applicable to that member. The election must be made  
23 within 90 days after the System notifies the member of his or  
24 her participation in the System. The System shall establish  
25 procedures for making this election.

26       (c) A noncovered employee eligible to participate in the

1 Hybrid Plan who was a member of the System prior to the  
2 implementation date of the Hybrid Plan may irrevocably elect to  
3 begin participating in the Hybrid Plan effective on the  
4 beginning of the first payroll period immediately following his  
5 or her election. The election under this subsection must be  
6 made within 90 days after the plan's implementation date and in  
7 accordance with rules prescribed by the Board. For a noncovered  
8 employee eligible to participate in the Hybrid Plan that  
9 returns to service after the implementation date, the election  
10 must be made within 90 days after the System notifies the  
11 member of his or her eligibility to elect to participate in the  
12 Hybrid Plan. All service credit earned after the date of the  
13 election shall be calculated in accordance with the provisions  
14 of the Hybrid Plan. For a noncovered employee making the  
15 election under this subsection, all service completed under the  
16 System shall count for purposes of determining retirement  
17 eligibility and vesting under both the Hybrid Plan and the plan  
18 provided by Section 1-160.

19 For a noncovered employee who makes the election under this  
20 subsection (c), no period of service within a plan year shall  
21 result in more than one year of combined service credit. If  
22 service credit must be reduced to satisfy this subsection (c),  
23 then service credits established under the Hybrid Plan shall be  
24 forfeited first.

25 (d) A noncovered employee who first begins participating in  
26 the System on or after the implementation date of the Hybrid



1 Plan shall participate in the plan prescribed under Section  
2 1-160 until he or she makes an election or is deemed to have  
3 made an election under this Section. If a member who first  
4 becomes a participant in the System on or after the  
5 implementation date of the Hybrid Plan does not make an  
6 election in accordance with the timeline prescribed under this  
7 Section, then he or she shall begin participation in the Hybrid  
8 Plan by default beginning on the first payroll period  
9 immediately following the event that caused him or her to  
10 default into the Hybrid Plan.

11 (e) A noncovered employee eligible to participate in the  
12 Hybrid Plan shall be provided with information prescribed by  
13 the System that describes the retirement program choices.

14 (f) The System shall obtain a favorable ruling from the  
15 U.S. Internal Revenue Service prior to allowing any member to  
16 make the election under this Section.

17 (g) The elections under subsections (b) and (c) of this  
18 Section are one-time, irrevocable elections. If an employee  
19 terminates employment after making an irrevocable election  
20 under either of those subsections, then upon his or her  
21 subsequent re-employment as a noncovered employee with a  
22 department covered by this Article, such election shall  
23 automatically apply to him or her.

24 If an employee is enrolled in the Hybrid Plan by default as  
25 provided in subsection (d) of this Section, such action shall  
26 be deemed an irrevocable election. If such employee terminates

1 employment after that deemed election, then upon his or her  
2 subsequent re-employment as a noncovered employee with a  
3 department covered by this Article, that election shall  
4 automatically apply to him or her.

5 (h) In no event shall the System, its staff, its authorized  
6 representatives, or the Board be liable for any election under  
7 this Article.

8 (40 ILCS 5/14-155.2 new)

9 Sec. 14-155.2. Defined contribution portion of the Hybrid  
10 Plan.

11 (a) The System shall prepare and implement a defined  
12 contribution program for individuals who elect to participate  
13 in the Hybrid Plan pursuant to Section 14-155.1. The defined  
14 contribution portion of the Hybrid Plan shall consist of one or  
15 more defined contribution plans (and may include existing plans  
16 maintained by other State entities) that each meet the  
17 definition of an "eligible retirement plan" as that term is  
18 defined under Section 402(c)(8)(B) of the Internal Revenue Code  
19 of 1986, as amended.

20 No person shall begin participating in the defined  
21 contribution program, except for a defined contribution plan  
22 under the defined contribution program that has received a  
23 determination letter before the effective date of this  
24 amendatory Act of the 100th General Assembly or, in the case of  
25 plans established after the effective date of this amendatory

1 Act of the 100th General Assembly, until such plan has been  
2 determined by the U.S. Internal Revenue Service to satisfy the  
3 applicable requirements of the Internal Revenue Code of 1986,  
4 as amended, for its type of eligible retirement plan (whether  
5 by determination letter, opinion letter, or private letter  
6 ruling); except that in the case of an arrangement of a type  
7 for which an Internal Revenue Service approval process is not  
8 available as of the implementation date (such as a plan  
9 described in Section 403(b) that is not a prototype or volume  
10 submitter plan as defined in Internal Revenue Service  
11 guidance), participants may commence participation in such  
12 plan as of the implementation date specified by the Board  
13 without regard to the fact that Internal Revenue Service  
14 approval of the arrangement cannot be obtained.

15 (b) Each participant shall contribute 4% of his or her  
16 compensation to the defined contribution plan.

17 (c) Employer contributions shall begin on the first pay  
18 period following the date the participant has been employed  
19 with the same employer for at least one year. For a Hybrid Plan  
20 member who has been employed with the same employer for at  
21 least one year on the date of his or her election, employer  
22 contributions shall begin on the first pay period that begins  
23 after the System receives notice of the member's election. The  
24 rate of employer contributions, expressed as a percentage of  
25 earnings, may be set for individual employees, but shall be no  
26 higher than 6% of earnings and shall be no lower than 2% of

1 earnings.

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

4 (e) The defined contribution plan shall provide a variety  
5 of options for investments.

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

8 (g) To the extent authorized under federal law and as  
9 authorized by the System, the defined contribution plan shall  
10 allow former participants in the plan to transfer or roll over  
11 employee and employer contributions, and the earnings thereon,  
12 into other "eligible retirement plans" as defined, and as  
13 permitted, under Section 402(c)(8) of the Internal Revenue Code  
14 of 1986, as amended.

15 (h) The System shall reduce the employee contributions  
16 credited to the participant's defined contribution plan  
17 account by an amount determined by the System to cover the cost  
18 of offering the benefits under this Section and any applicable  
19 administrative fees.

20 (i) The Board may delegate the administrative function of  
21 the defined contribution program to another State entity.

22 (40 ILCS 5/15-103.4 new)

23 Sec. 15-103.4. Optional Hybrid Plan. "Optional Hybrid  
24 Plan": The combined defined benefit and defined contribution  
25 retirement program maintained under the System as referenced in

1 Sections 15-158.24 and 15-158.25.

2 (40 ILCS 5/15-108.2)

3 Sec. 15-108.2. Tier 2 defined benefit member. "Tier 2  
4 defined benefit member": A person who first becomes a  
5 participant under this Article on or after January 1, 2011 ~~and~~  
6 ~~before 6 months after the effective date of this amendatory Act~~  
7 ~~of the 100th General Assembly~~, other than a person in the  
8 self-managed plan or the Optional Hybrid Plan established under  
9 ~~Section 15-158.2 or a person who makes the election under~~  
10 ~~subsection (c) of Section 1-161~~, unless the person is otherwise  
11 a Tier 1 member. The changes made to this Section by Public Act  
12 98-596 ~~this amendatory Act of the 98th General Assembly~~ are a  
13 correction of existing law and are intended to be retroactive  
14 to January 1, 2011 (the effective date of Public Act 96-889),  
15 notwithstanding the provisions of Section 1-103.1 of this Code.  
16 (Source: P.A. 100-23, eff. 7-6-17.)

17 (40 ILCS 5/15-108.3 new)

18 Sec. 15-108.3. Tier 2 hybrid plan member. "Tier 2 hybrid  
19 plan member": A person who participates in the Optional Hybrid  
20 Plan.

21 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

22 Sec. 15-111. Earnings.

23 (a) "Earnings": Subject to Section 15-111.5, an amount paid

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

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

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

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

1 lump sum, by withholding from additional transition pay  
2 accruing before January 1, 2001, or in any other manner  
3 approved by the System. Upon payment of the employee  
4 contributions on transition pay, the corresponding  
5 employer contributions become an obligation of the State.

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

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

23 (b-5) For all purposes under this Article, for a Tier 2  
24 hybrid plan member, the annual earnings shall not exceed the  
25 federal Social Security Wage base then in effect. The earnings  
26 limit under this subsection (b-5) shall begin on the first day

1 of the first pay period following the effective date of the  
2 employee's election or deemed election under subsection (g) of  
3 Section 15-134.5 or Section 15-134.6.

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

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

9 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)  
10 Sec. 15-112. Final rate of earnings. "Final rate of  
11 earnings":

12 (a) This subsection (a) applies only to a Tier 1 member.

13 For an employee who is paid on an hourly basis or who  
14 receives an annual salary in installments during 12 months of  
15 each academic year, the average annual earnings during the 48  
16 consecutive calendar month period ending with the last day of  
17 final termination of employment or the 4 consecutive academic  
18 years of service in which the employee's earnings were the  
19 highest, whichever is greater. For any other employee, the  
20 average annual earnings during the 4 consecutive academic years  
21 of service in which his or her earnings were the highest. For  
22 an employee with less than 48 months or 4 consecutive academic  
23 years of service, the average earnings during his or her entire  
24 period of service. The earnings of an employee with more than  
25 36 months of service under item (a) of Section 15-113.1 prior



1 to the date of becoming a participant are, for such period,  
2 considered equal to the average earnings during the last 36  
3 months of such service.

4 (b) This subsection (b) applies to a Tier 2 defined benefit  
5 member.

6 For an employee who is paid on an hourly basis or who  
7 receives an annual salary in installments during 12 months of  
8 each academic year, the average annual earnings obtained by  
9 dividing by 8 the total earnings of the employee during the 96  
10 consecutive months in which the total earnings were the highest  
11 within the last 120 consecutive calendar month period ending  
12 with the last day of final ~~months prior to~~ termination of  
13 employment or the 8 consecutive academic years of service in  
14 which the employee's earnings were the highest out of the last  
15 10 consecutive academic years prior to the last day of final  
16 termination of employment, whichever is greater.

17 For any other employee, the average annual earnings during  
18 the 8 consecutive academic years within the 10 years prior to  
19 termination in which the employee's earnings were the highest.  
20 For an employee with less than 96 consecutive months or 8  
21 consecutive academic years of service, whichever is necessary,  
22 the average earnings during his or her entire period of  
23 service.

24 (b-5) This subsection (b-5) applies to a Tier 2 hybrid plan  
25 member.

26 For an employee who is paid on an hourly basis or who

1 receives an annual salary in installments during 12 months of  
2 each academic year, the average annual earnings during the last  
3 120 consecutive calendar month period ending with the last day  
4 of final termination of employment or the last 10 consecutive  
5 academic years of service prior to the last day of final  
6 termination of employment, whichever is greater.

7 For any other employee, the average annual earnings during  
8 the 10 consecutive academic years of service prior to the last  
9 day of final termination of employment.

10 For an employee with less than 120 consecutive months or 10  
11 consecutive academic years of service, whichever is necessary,  
12 the average earnings during his or her entire period of  
13 service.

14 (c) For an employee on leave of absence with pay, or on  
15 leave of absence without pay who makes contributions during  
16 such leave, earnings are assumed to be equal to the basic  
17 compensation on the date the leave began.

18 (d) For an employee on disability leave, earnings are  
19 assumed to be equal to the basic compensation on the date  
20 disability occurs or the average earnings during the 24 months  
21 immediately preceding the month in which disability occurs,  
22 whichever is greater.

23 (e) For a Tier 1 member who retires on or after the  
24 effective date of this amendatory Act of 1997 with at least 20  
25 years of service as a firefighter or police officer under this  
26 Article, the final rate of earnings shall be the annual rate of

1 earnings received by the participant on his or her last day as  
2 a firefighter or police officer under this Article, if that is  
3 greater than the final rate of earnings as calculated under the  
4 other provisions of this Section.

5 (f) If a Tier 1 member is an employee for at least 6 months  
6 during the academic year in which his or her employment is  
7 terminated, the annual final rate of earnings shall be 25% of  
8 the sum of (1) the annual basic compensation for that year, and  
9 (2) the amount earned during the 36 months immediately  
10 preceding that year, if this is greater than the final rate of  
11 earnings as calculated under the other provisions of this  
12 Section.

13 (g) In the determination of the final rate of earnings for  
14 an employee, that part of an employee's earnings for any  
15 academic year beginning after June 30, 1997, which exceeds the  
16 employee's earnings with that employer for the preceding year  
17 by more than 20 percent shall be excluded; in the event that an  
18 employee has more than one employer this limitation shall be  
19 calculated separately for the earnings with each employer. In  
20 making such calculation, only the basic compensation of  
21 employees shall be considered, without regard to vacation or  
22 overtime or to contracts for summer employment.

23 (h) The following are not considered as earnings in  
24 determining final rate of earnings: (1) severance or separation  
25 pay, (2) retirement pay, (3) payment for unused sick leave, and  
26 (4) payments from an employer for the period used in

1 determining final rate of earnings for any purpose other than  
2 (i) services rendered, (ii) leave of absence or vacation  
3 granted during that period, and (iii) vacation of up to 56 work  
4 days allowed upon termination of employment; except that, if  
5 the benefit has been collectively bargained between the  
6 employer and the recognized collective bargaining agent  
7 pursuant to the Illinois Educational Labor Relations Act,  
8 payment received during a period of up to 2 academic years for  
9 unused sick leave may be considered as earnings in accordance  
10 with the applicable collective bargaining agreement, subject  
11 to the 20% increase limitation of this Section. Any unused sick  
12 leave considered as earnings under this Section shall not be  
13 taken into account in calculating service credit under Section  
14 15-113.4.

15 (i) Intermittent periods of service shall be considered as  
16 consecutive in determining final rate of earnings.

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

18 (40 ILCS 5/15-113) (from Ch. 108 1/2, par. 15-113)

19 Sec. 15-113. Service. "Service":

20 (a) The periods defined in Sections 15-113.1 through  
21 15-113.9 and ~~Sections~~ ~~Section~~ 15-113.11 through 15-113.12.

22 (b) For Tier 2 hybrid plan members, service shall not  
23 include the periods defined in subsection (c) of Section  
24 15-113.1, Section 15-113.2, Section 15-113.3, and Sections  
25 15-113.5 through 15-113.12.

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

2 (40 ILCS 5/15-118) (from Ch. 108 1/2, par. 15-118)

3 Sec. 15-118. Annuity. "Annuity":

4 (a) For Tier 1 members and Tier 2 defined benefit members:

5 A series of monthly payments, payable as of the first day of  
6 each calendar month during the annuity payment period, the  
7 first payment to be made as of the first day of the calendar  
8 month coincidental with or next following the first day of the  
9 annuity payment period and the last payment to be made as of  
10 the first day of the calendar month in which the annuitant dies  
11 or the annuity payment period ends. An annuitant may authorize  
12 the board to deduct from the annuity, premiums due under any  
13 group hospital-medical insurance program which is sponsored or  
14 approved by any employer.

15 (b) For Tier 2 hybrid plan members: A series of monthly  
16 payments, payable from the defined benefit portion of the  
17 Optional Hybrid Plan, as of the first day of each calendar  
18 month during the annuity payment period, the first payment to  
19 be made as of the first day of the calendar month coincidental  
20 with or next following the first day of the annuity payment  
21 period and the last payment to be made as of the first day of  
22 the calendar month in which the annuitant dies or the annuity  
23 payment period ends. An annuitant may authorize the board to  
24 deduct from the annuity, premiums due under any group  
25 hospital-medical insurance program which is sponsored or

1 approved by any employer.

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

3 (40 ILCS 5/15-134.5)

4 Sec. 15-134.5. Retirement program elections for Tier 1  
5 members and for individuals who first become participants prior  
6 to the implementation date of the Optional Hybrid Plan.

7 (a) All participating employees are participants under the  
8 traditional benefit package prior to January 1, 1998.

9 Effective as of the date that an employer elects, as  
10 described in Section 15-158.2, to offer to its employees the  
11 portable benefit package and the self-managed plan as  
12 alternatives to the traditional benefit package, each of that  
13 employer's eligible employees (as defined in subsection (b))  
14 shall be given the choice to elect which retirement program he  
15 or she wishes to participate in with respect to all periods of  
16 covered employment occurring on and after the effective date of  
17 the employee's election. The retirement program election made  
18 by an eligible employee must be made in writing, in the manner  
19 prescribed by the System, and within the time period described  
20 in subsection (d) or (d-1).

21 Subject to subsection (g) of this Section, the ~~The~~ employee  
22 election authorized by this Section is a one-time, irrevocable  
23 election. If an employee terminates employment after making the  
24 election provided under this subsection (a), then upon his or  
25 her subsequent re-employment with an employer the original

1 election shall automatically apply to him or her, provided that  
2 the employer is then a participating employer as described in  
3 Section 15-158.2.

4 An eligible employee who fails to make this election shall,  
5 by default, participate in the traditional benefit package.

6 (b) "Eligible employee" means an employee (as defined in  
7 Section 15-107) who is either a currently eligible employee or  
8 a newly eligible employee. For purposes of this Section, a  
9 "currently eligible employee" is an employee who is employed by  
10 an employer on the effective date on which the employer offers  
11 to its employees the portable benefit package and the  
12 self-managed plan as alternatives to the traditional benefit  
13 package. A "newly eligible employee" is an employee who first  
14 becomes employed by an employer after the effective date on  
15 which the employer offers its employees the portable benefit  
16 package and the self-managed plan as alternatives to the  
17 traditional benefit package. A newly eligible employee  
18 participates in the traditional benefit package until he or she  
19 makes an election to participate in the portable benefit  
20 package or the self-managed plan. If an employee does not elect  
21 to participate in the portable benefit package or the  
22 self-managed plan, he or she shall continue to participate in  
23 the traditional benefit package by default.

24 (c) An eligible employee who at the time he or she is first  
25 eligible to make the election described in subsection (a) does  
26 not have sufficient age and service to qualify for a retirement

1 annuity under Section 15-135 may elect to participate in the  
2 traditional benefit package, the portable benefit package, or  
3 the self-managed plan. An eligible employee who has sufficient  
4 age and service to qualify for a retirement annuity under  
5 Section 15-135 at the time he or she is first eligible to make  
6 the election described in subsection (a) may elect to  
7 participate in the traditional benefit package or the portable  
8 benefit package, but may not elect to participate in the  
9 self-managed plan.

10 (d) A currently eligible employee must make this election  
11 within one year after the effective date of the employer's  
12 adoption of the self-managed plan.

13 A newly eligible employee must make this election within 6  
14 months after the date on which the System receives the report  
15 of status certification from the employer. If an employee  
16 elects to participate in the self-managed plan, no employer  
17 contributions shall be remitted to the self-managed plan when  
18 the employee's account balance transfer is made. Employer  
19 contributions to the self-managed plan shall commence as of the  
20 first pay period that begins after the System receives the  
21 employee's election.

22 (d-1) A newly eligible employee who, prior to the effective  
23 date of this amendatory Act of the 91st General Assembly, fails  
24 to make the election within the period provided under  
25 subsection (d) and participates by default in the traditional  
26 benefit package may make a late election to participate in the



1 portable benefit package or the self-managed plan instead of  
2 the traditional benefit package at any time within 6 months  
3 after the effective date of this amendatory Act of the 91st  
4 General Assembly.

5 (e) If a currently eligible employee elects the portable  
6 benefit package, that election shall not become effective until  
7 the one-year anniversary of the date on which the election is  
8 filed with the System, provided the employee remains  
9 continuously employed by the employer throughout the one-year  
10 waiting period, and any benefits payable to or on account of  
11 the employee before such one-year waiting period has ended  
12 shall not be determined under the provisions applicable to the  
13 portable benefit package but shall instead be determined in  
14 accordance with the traditional benefit package. If a currently  
15 eligible employee who has elected the portable benefit package  
16 terminates employment covered by the System before the one-year  
17 waiting period has ended, then no benefits shall be determined  
18 under the portable benefit package provisions while he or she  
19 is inactive in the System and upon re-employment with an  
20 employer covered by the System he or she shall begin a new  
21 one-year waiting period before the provisions of the portable  
22 benefit package become effective.

23 (f) An eligible employee shall be provided with written  
24 information prepared or prescribed by the System which  
25 describes the employee's retirement program choices. The  
26 eligible employee shall be offered an opportunity to receive

1 counseling from the System prior to making his or her election.  
2 This counseling may consist of videotaped materials, group  
3 presentations, benefit estimators, individual consultation  
4 with an employee or authorized representative of the System in  
5 person or by telephone or other electronic means, or any  
6 combination of these methods.

7 (g) An employee who is a Tier 2 defined benefit member  
8 shall be given the choice to elect to participate in the  
9 Optional Hybrid Plan with respect to all periods of covered  
10 employment occurring on or after the effective date of the  
11 employee's election. The election must be made in writing, in  
12 the manner prescribed by the System, and shall occur under the  
13 deadlines and procedures established by the System. If an  
14 employee elects to participate in the Optional Hybrid Plan, no  
15 employer contributions shall be remitted to the defined  
16 contribution portion of the Optional Hybrid Plan when the  
17 employee's initial account balance transfer is made. Employer  
18 contributions under the defined benefit portion of the Optional  
19 Hybrid Plan shall commence as of the first pay period following  
20 the effective date of the employee's election under this  
21 subsection (g).

22 (1) The employee election authorized under this  
23 subsection (g) is a one-time, irrevocable election. If an  
24 employee terminates employment after making the election  
25 provided under this subsection (g), then upon his or her  
26 subsequent re-employment with an employer under this

1 Article, the election made under this subsection (g) shall  
2 continue to apply. An employee who fails to make this  
3 election shall, by default, continue to be a Tier 2 defined  
4 benefit member.

5 (2) Written information prepared by the System  
6 describing the retirement program choices under this  
7 subsection (g) shall be made available to employees. An  
8 employee shall be offered an opportunity to receive  
9 counseling from the System prior to making his or her  
10 election. This counseling may consist of videotaped  
11 materials, group presentations, benefit estimators,  
12 individual consultation with an employee or authorized  
13 representative of the System in person or by telephone or  
14 other electronic means, or any combination of these  
15 methods.

16 (3) The System shall obtain a favorable ruling from the  
17 U.S. Internal Revenue Service prior to allowing any  
18 participant to make the election under this subsection (g).

19 (4) In no event shall the System, its staff, its  
20 authorized representatives, or the Board be liable for any  
21 election under this Article.

22 (h) This Section applies to Tier 1 members and to  
23 individuals who first become participants of the System prior  
24 to the implementation date of the Optional Hybrid Plan.

25 (Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

1 (40 ILCS 5/15-134.6 new)

2 Sec. 15-134.6. Retirement program elections for  
3 individuals who are not otherwise Tier 1 members who first  
4 become participants on or after the implementation date of the  
5 Optional Hybrid Plan.

6 This Section shall apply to individuals who are not  
7 otherwise Tier 1 members who first become participants of the  
8 System on or after the implementation date of the Optional  
9 Hybrid Plan.

10 (a) An employee who first becomes a participant of the  
11 System on or after the implementation date of the Optional  
12 Hybrid Plan shall be given the choice to elect which retirement  
13 program he or she wishes to participate in with respect to all  
14 periods of covered employment occurring on or after the  
15 effective date of the employee's election. The retirement  
16 program election made by an employee must be made in writing,  
17 in the manner prescribed by the System, and within the time  
18 period described in subsection (b). Employees may have the  
19 choice among the following retirement programs:

20 (1) the Traditional Benefit Package as a Tier 2 defined  
21 benefit member;

22 (2) the Portable Benefit Package as a Tier 2 defined  
23 benefit member;

24 (3) the Self-Managed Plan; or

25 (4) the Optional Hybrid Plan.

26 (b) Employees who first become participants of the System

1 on or after the implementation date shall make an election  
2 within 90 calendar days from the date on which the System  
3 receives the report of status certification from the employer.  
4 If an employee elects to participate in the Self-Managed Plan  
5 or the Optional Hybrid Plan, no employer contributions shall be  
6 remitted to the Self-Managed Plan or the defined contribution  
7 portion of the Optional Hybrid Plan when the employee's initial  
8 account balance transfer is made. Employer contributions to the  
9 Self-Managed Plan or the defined benefit portion of the  
10 Optional Hybrid Plan shall commence as of the first pay period  
11 following the effective date of the employee's election or  
12 deemed election under subsection (a) of this Section.

13 (c) The employee election authorized under this Section is  
14 a one-time, irrevocable election. If an employee terminates  
15 employment after making the election provided under subsection  
16 (a), then upon his or her subsequent re-employment with an  
17 employer under this Article, the election or deemed election  
18 made under subsection (a) shall continue to apply. An employee  
19 who fails to make this election shall, by default, participate  
20 in the Optional Hybrid Plan as a Tier 2 hybrid plan member.

21 (d) Written information prepared by the System describing  
22 the retirement program choices under subsection (a) shall be  
23 made available to employees. An employee shall be offered an  
24 opportunity to receive counseling from the System prior to  
25 making his or her election. This counseling may consist of  
26 videotaped materials, group presentations, benefit estimators,

1 individual consultation with an employee or authorized  
2 representative of the System in person or by telephone or other  
3 electronic means, or any combination of these methods.

4 (e) If the employee elects to participate in the Optional  
5 Hybrid Plan under this Section, any portion of employee  
6 contributions made at a rate above the rate of employee  
7 contributions for Tier 2 hybrid plan members shall be  
8 transferred to the employee's defined contribution account  
9 under Section 15-158.25.

10 (f) For the period beginning with the date of employment  
11 until the first pay period following the effective date of the  
12 employee's election or deemed election under this Section, the  
13 rate of employer contributions for the employee shall be the  
14 employer normal cost rate for Tier 2 defined benefit plan  
15 members.

16 (g) The System shall obtain a favorable ruling from the  
17 U.S. Internal Revenue Service prior to allowing any participant  
18 to make the election under this Section.

19 (h) In no event shall the System, its staff, its authorized  
20 representatives, or the Board be liable for any election under  
21 this Article.

22 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

25 Sec. 15-135. Retirement annuities - Conditions.

1 (a) This subsection (a) applies only to a Tier 1 member. A  
2 participant who retires in one of the following specified years  
3 with the specified amount of service is entitled to a  
4 retirement annuity at any age under the retirement program  
5 applicable to the participant:

6 35 years if retirement is in 1997 or before;

7 34 years if retirement is in 1998;

8 33 years if retirement is in 1999;

9 32 years if retirement is in 2000;

10 31 years if retirement is in 2001;

11 30 years if retirement is in 2002 or later.

12 A participant with 8 or more years of service after  
13 September 1, 1941, is entitled to a retirement annuity on or  
14 after attainment of age 55.

15 A participant with at least 5 but less than 8 years of  
16 service after September 1, 1941, is entitled to a retirement  
17 annuity on or after attainment of age 62.

18 A participant who has at least 25 years of service in this  
19 system as a police officer or firefighter is entitled to a  
20 retirement annuity on or after the attainment of age 50, if  
21 Rule 4 of Section 15-136 is applicable to the participant.

22 (a-5) A Tier 2 defined benefit member is entitled to a  
23 retirement annuity ~~upon written application~~ if he or she has  
24 attained age 67 and has at least 10 years of service credit and  
25 is otherwise eligible under the requirements of this Article. A  
26 Tier 2 defined benefit member who has attained age 62 and has

1 at least 10 years of service credit and is otherwise eligible  
2 under the requirements of this Article may elect to receive the  
3 lower retirement annuity provided in subsection (b-5) of  
4 Section 15-136 of this Article.

5 (a-10) A Tier 2 hybrid plan member is entitled to a  
6 retirement annuity without an age reduction if he or she has  
7 attained the normal retirement age determined by the Social  
8 Security Administration for that member's year of birth, but no  
9 earlier than 67 years of age, and has at least 10 years of  
10 service credit and is otherwise eligible under the requirements  
11 of this Article. A Tier 2 hybrid plan member who is no more  
12 than 5 years away from the normal retirement age determined by  
13 the Social Security Administration for that member's year of  
14 birth, but is not younger than 62 years of age, and is  
15 otherwise eligible under the requirements of this Article may  
16 elect to receive the lower retirement annuity provided in  
17 subsection (b-10) of Section 15-136 of this Article.

18 (b) The annuity payment period shall begin on the date  
19 specified by the participant or the recipient of a disability  
20 retirement annuity submitting a written application. For a  
21 participant, the date on which the annuity payment period  
22 begins, ~~which date~~ shall not be prior to termination of  
23 employment or more than one year before the application is  
24 received by the board; however, if the participant is not an  
25 employee of an employer participating in this System or in a  
26 participating system as defined in Article 20 of this Code on



1 April 1 of the calendar year next following the calendar year  
2 in which the participant attains age 70 1/2, the annuity  
3 payment period shall begin on that date regardless of whether  
4 an application has been filed. For a recipient of a disability  
5 retirement annuity, the date on which the annuity payment  
6 period begins shall not be prior to the discontinuation of the  
7 disability retirement annuity under Section 15-153.2.

8 (c) An annuity is not payable if the amount provided under  
9 Section 15-136 is less than \$10 per month.

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

12 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

15 Sec. 15-136. Retirement annuities - Amount. The provisions  
16 of this Section 15-136 apply only to those participants who are  
17 participating in the traditional benefit package, ~~or~~ the  
18 portable benefit package, or the defined benefit portion of the  
19 Optional Hybrid Plan. The provisions of this Section do not  
20 apply to the defined contribution portion of the Optional  
21 Hybrid Plan and do not apply to participants who are  
22 participating in the self-managed plan.

23 (a) For Tier 1 members and Tier 2 defined benefit members,  
24 the ~~The~~ amount of the ~~a participant's~~ retirement annuity,  
25 expressed in the form of a single-life annuity, shall be

1 determined by whichever of the following rules is applicable  
2 and provides the largest annuity:

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

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

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

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

25 (iii) the annuity that can be provided on an  
26 actuarially equivalent basis from the entire contribution

1           made by the participant under Section 15-113.3.

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

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

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

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

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

1 than \$3,500, (2) \$108 if the final rate of earnings is at least  
2 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
3 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
4 the final rate of earnings is at least \$5,500 but less than  
5 \$6,500, (5) \$144 if the final rate of earnings is at least  
6 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
7 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
8 the final rate of earnings is at least \$8,500 but less than  
9 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
10 more, except that the annuity for those persons having made an  
11 election under Section 15-154(a-1) shall be calculated and  
12 payable under the portable retirement benefit program pursuant  
13 to the provisions of Section 15-136.4.

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

1 member meets the service requirements for that benefit  
2 calculation as prescribed under this Rule 4 in addition to the  
3 applicable age requirement under subsection (a-5) of Section  
4 15-135.

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

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

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

20 (a-1) The retirement annuity for a Tier 2 hybrid plan  
21 member shall be 1.25% of final rate of earnings for each year  
22 of service.

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

1 following cases:

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

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

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

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

19 (b-10) The retirement annuity of a Tier 2 hybrid plan  
20 member who is no more than 5 years away from the normal  
21 retirement age determined by the Social Security  
22 Administration for that member's year of birth, but is not  
23 younger than 62 years of age, with at least 10 years of service  
24 credit shall be reduced by 1/2 of 1% for each full month that  
25 the member's age is under the greater of age 67 or the normal  
26 retirement age determined by the Social Security

1 Administration for that member's year of birth.

2 (c) The maximum retirement annuity provided under Rules 1,  
3 2, 4, and 5 shall be the lesser of (1) the annual limit of  
4 benefits as specified in Section 415 of the Internal Revenue  
5 Code of 1986, as such Section may be amended from time to time  
6 and as such benefit limits shall be adjusted by the  
7 Commissioner of Internal Revenue, and (2) 80% of final rate of  
8 earnings.

9 (d) A Tier 1 member whose status as an employee terminates  
10 after August 14, 1969 shall receive automatic increases in his  
11 or her retirement annuity as follows:

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

26 The annuitant shall receive an increase in his or her

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

8 Beginning January 1, 1990, all automatic annual increases  
9 payable under this Section shall be calculated as a percentage  
10 of the total annuity payable at the time of the increase,  
11 including all increases previously granted under this Article.

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

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



1 annuity shall not be increased.

2 (d-10) A retirement annuity of a Tier 2 hybrid plan member  
3 shall receive annual increases on the January 1 occurring  
4 either on or after the attainment of the applicable retirement  
5 age (but no earlier than age 67) or the first anniversary of  
6 the annuity start date, whichever is later. Each annual  
7 increase shall be calculated at one-half the annual unadjusted  
8 percentage increase (but not less than zero) in the consumer  
9 price index-w for the 12 months ending with the September  
10 preceding each November 1 of the originally granted retirement  
11 annuity. If the annual unadjusted percentage change in the  
12 consumer price index-w for the 12 months ending with the  
13 September preceding each November 1 is zero or there is a  
14 decrease, then the annuity shall not be increased.

15 For the purposes of this subsection (d-10), "consumer price  
16 index-w" means the index published by the Bureau of Labor  
17 Statistics of the United States Department of Labor that  
18 measures the average change in prices of goods and services  
19 purchased by Urban Wage Earners and Clerical Workers, United  
20 States city average, all items, 1982-84 = 100. The new amount  
21 resulting from each annual adjustment shall be determined by  
22 the Public Pension Division of the Department of Insurance and  
23 made available to the board by November 1 of each year.

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

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

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

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

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

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

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

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

1 (40 ILCS 5/15-136.3)

2 Sec. 15-136.3. Minimum retirement annuity.

3 (a) Beginning January 1, 1997, any person who is receiving  
4 a monthly retirement annuity under this Article which, after  
5 inclusion of (1) all one-time and automatic annual increases to  
6 which the person is entitled, (2) any supplemental annuity  
7 payable under Section 15-136.1, and (3) any amount deducted  
8 under Section 15-138 or 15-140 to provide a reversionary  
9 annuity, is less than the minimum monthly retirement benefit  
10 amount specified in subsection (b) of this Section, shall be  
11 entitled to a monthly supplemental payment equal to the  
12 difference.

13 (b) For purposes of the calculation in subsection (a), the  
14 minimum monthly retirement benefit amount is the sum of \$25 for  
15 each year of service credit, up to a maximum of 30 years of  
16 service.

17 (c) This Section applies to Tier 1 members and Tier 2  
18 defined benefit members ~~all persons~~ receiving a retirement  
19 annuity under this Article, without regard to whether or not  
20 employment terminated prior to the effective date of this  
21 Section.

22 (d) This Section does not apply to Tier 2 hybrid plan  
23 members.

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

25 (40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

1           Sec. 15-139. Retirement annuities; cancellation; suspended  
2 during employment.

3           (a) If an annuitant returns to employment for an employer  
4 within 60 days after the beginning of the retirement annuity  
5 payment period, the retirement annuity shall be cancelled, and  
6 the annuitant shall refund to the System the total amount of  
7 the retirement annuity payments which he or she received. If  
8 the retirement annuity is cancelled, the participant shall  
9 continue to participate in the System.

10           (b) If an annuitant retires prior to age 60 and receives or  
11 becomes entitled to receive during any month compensation in  
12 excess of the monthly retirement annuity (including any  
13 automatic annual increases) for services performed after the  
14 date of retirement for any employer under this System, that  
15 portion of the monthly retirement annuity provided by employer  
16 contributions shall not be payable.

17           If an annuitant retires at age 60 or over and receives or  
18 becomes entitled to receive during any academic year  
19 compensation in excess of the difference between his or her  
20 highest annual earnings prior to retirement and his or her  
21 annual retirement annuity computed under Rule 1, Rule 2, Rule  
22 3, or Rule 4 of subsection (a) of Section 15-136, under  
23 subsection (a-1) of Section 15-136, or under Section 15-136.4,  
24 for services performed after the date of retirement for any  
25 employer under this System, that portion of the monthly  
26 retirement annuity provided by employer contributions shall be

1 reduced by an amount equal to the compensation that exceeds  
2 such difference.

3       However, any remuneration received for serving as a member  
4 of the Illinois Educational Labor Relations Board shall be  
5 excluded from "compensation" for the purposes of this  
6 subsection (b), and serving as a member of the Illinois  
7 Educational Labor Relations Board shall not be deemed to be a  
8 return to employment for the purposes of this Section. This  
9 provision applies without regard to whether service was  
10 terminated prior to the effective date of this amendatory Act  
11 of 1991.

12       "Academic year", as used in this subsection (b), means the  
13 12-month period beginning September 1.

14       (c) If an employer certifies that an annuitant has been  
15 reemployed on a permanent and continuous basis or in a position  
16 in which the annuitant is expected to serve for at least 9  
17 months, the annuitant shall resume his or her status as a  
18 participating employee and shall be entitled to all rights  
19 applicable to participating employees upon filing with the  
20 board an election to forgo all annuity payments during the  
21 period of reemployment. Upon subsequent retirement, the  
22 retirement annuity shall consist of the annuity which was  
23 terminated by the reemployment, plus the additional retirement  
24 annuity based upon service granted during the period of  
25 reemployment, but the combined retirement annuity shall not  
26 exceed the maximum annuity applicable on the date of the last

1 retirement.

2 The total service and earnings credited before and after  
3 the initial date of retirement shall be considered in  
4 determining eligibility of the employee or the employee's  
5 beneficiary to benefits under this Article, and in calculating  
6 final rate of earnings.

7 In determining the death benefit payable to a beneficiary  
8 of an annuitant who again becomes a participating employee  
9 under this Section, accumulated normal and additional  
10 contributions shall be considered as the sum of the accumulated  
11 normal and additional contributions at the date of initial  
12 retirement and the accumulated normal and additional  
13 contributions credited after that date, less the sum of the  
14 annuity payments received by the annuitant.

15 The survivors insurance benefits provided under Section  
16 15-145 shall not be applicable to an annuitant who resumes his  
17 or her status as a participating employee, unless the  
18 annuitant, at the time of initial retirement, has a survivors  
19 insurance beneficiary who could qualify for such benefits or  
20 the annuitant repaid the survivors insurance contribution  
21 refund or additional annuity under subsection (c-5) of Section  
22 15-154.

23 If the participant's employment is terminated because of  
24 circumstances other than death before 9 months from the date of  
25 reemployment, the provisions of this Section regarding  
26 resumption of status as a participating employee shall not

1 apply. The normal and survivors insurance contributions which  
2 are deducted during this period shall be refunded to the  
3 annuitant without interest, and subsequent benefits under this  
4 Article shall be the same as those which were applicable prior  
5 to the date the annuitant resumed employment.

6 The amendments made to this Section by this amendatory Act  
7 of the 91st General Assembly apply without regard to whether  
8 the annuitant was in service on or after the effective date of  
9 this amendatory Act.

10 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13;  
11 99-682, eff. 7-29-16.)

12 (40 ILCS 5/15-139.1)

13 Sec. 15-139.1. Tier 2 defined benefit member and Tier 2  
14 hybrid plan member retirement annuities; suspended during  
15 employment. If a Tier 2 defined benefit member or a Tier 2  
16 hybrid plan member is receiving a retirement annuity under this  
17 System and becomes a member or participant under any other  
18 system or fund created by this Code and is employed on a  
19 full-time basis, then the person's retirement annuity shall be  
20 suspended during that employment. Upon termination of that  
21 employment, the person's retirement annuity shall resume and be  
22 recalculated if recalculation is provided for under this  
23 Article.

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



1 (40 ILCS 5/15-145.1)

2 Sec. 15-145.1. Survivor's insurance annuities and lump sum  
3 payments for Tier 2 defined benefit members and Tier 2 hybrid  
4 plan members ~~Members~~; amount. Survivor eligibility, vesting,  
5 and conditions for a survivor's insurance annuity and lump sum  
6 payment amount payable to a survivor's insurance beneficiary of  
7 a deceased Tier 2 defined benefit member or Tier 2 hybrid plan  
8 member shall be determined under the provisions of this Article  
9 applicable to survivor's insurance beneficiaries of a deceased  
10 Tier 1 member; however, the amount of a survivor's insurance  
11 annuity, including the annual increases thereon, shall be  
12 calculated pursuant to this Section. The initial survivor's  
13 insurance annuity of a survivors insurance beneficiary of a  
14 Tier 2 defined benefit annuitant or Tier 2 hybrid plan  
15 annuitant shall be in the amount of 66 2/3% of the Tier 2  
16 defined benefit member or Tier 2 hybrid plan member's  
17 retirement annuity at the date of death. In the case of the  
18 death of a Tier 2 defined benefit member or Tier 2 hybrid plan  
19 member who has not retired, eligibility for a survivor's  
20 insurance benefit shall be determined by the applicable Section  
21 of this Article. The initial benefit shall be 66 2/3% of the  
22 earned annuity without a reduction due to age. A survivor's  
23 insurance annuity shall be increased (1) on each January 1  
24 occurring on or after the commencement of the annuity if the  
25 deceased Tier 2 defined benefit member or Tier 2 hybrid plan  
26 member died while receiving a retirement annuity or (2) in

1 other cases, on each January 1 occurring after the first  
2 anniversary of the commencement of the benefit. For a Tier 2  
3 defined benefit member, each ~~Each~~ annual increase shall be  
4 calculated at 3% or one half the annual unadjusted percentage  
5 increase (but not less than zero) in the consumer price index-u  
6 for the 12 months ending with the September preceding each  
7 November 1, whichever is less, of the originally granted  
8 survivor's insurance annuity. If the annual unadjusted  
9 percentage change in the consumer price index-u for the 12  
10 months ending with the September preceding each November 1 is  
11 zero or there is a decrease, then the survivor's insurance  
12 annuity shall not be increased.

13 For a Tier 2 hybrid plan member, each annual increase shall  
14 be calculated at one-half the annual unadjusted percentage  
15 increase (but not less than zero) in the consumer price index-w  
16 for the 12 months ending with the September preceding each  
17 November 1 of the originally granted survivor's insurance  
18 annuity. If the annual unadjusted percentage change in the  
19 consumer price index-w for the 12 months ending with the  
20 September preceding each November 1 is zero or there is a  
21 decrease, then the annuity shall not be increased.

22 A beneficiary of a Tier 2 defined benefit member or a Tier  
23 2 hybrid plan member who elects the Portable Benefit Package  
24 provided under this Article shall not be eligible for the  
25 survivor's insurance annuity that is provided under this  
26 Section. If 2 or more persons are eligible to receive

1 survivor's insurance annuities as provided under this Section  
2 based on the same deceased Tier 2 defined benefit member or  
3 Tier 2 hybrid plan member, the calculation of the survivor's  
4 insurance annuities shall be based on the total calculation of  
5 the survivor's insurance annuity and divided pro rata. The  
6 changes made to this Section by Public Act 98-596 ~~this~~  
7 ~~amendatory Act of the 98th General Assembly~~ are a clarification  
8 of existing law and are intended to be retroactive to January  
9 1, 2011 (the effective date of Public Act 96-889),  
10 notwithstanding the provisions of Section 1-103.1 of this Code.  
11 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

12 (40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)

13 Sec. 15-146. Survivors insurance benefits - Minimum  
14 amounts.

15 (a) The minimum total survivors annuity payable on account  
16 of the death of a participant shall be 50% of the retirement  
17 annuity which would have been provided under Rule 1, Rule 2, or  
18 Rule 3 of Section 15-136 upon the participant's attainment of  
19 the minimum age at which the penalty for early retirement would  
20 not be applicable or the date of the participant's death,  
21 whichever is later, on the basis of credits earned prior to the  
22 time of death.

23 (b) The minimum total survivors annuity payable on account  
24 of the death of an annuitant shall be 50% of the retirement  
25 annuity which is payable under Section 15-136 at the time of

1 death or 50% of the disability retirement annuity payable under  
2 Section 15-153.2. This minimum survivors annuity shall apply to  
3 each participant and annuitant who dies after September 16,  
4 1979, whether or not his or her employee status terminates  
5 before or after that date.

6 (c) If an annuitant has elected a reversionary annuity, the  
7 retirement annuity referred to in this Section is that which  
8 would have been payable had such election not been filed.

9 (d) Beginning January 1, 2002, any person who is receiving  
10 a survivors annuity under this Article which, after inclusion  
11 of all one-time and automatic annual increases to which the  
12 person is entitled, is less than the sum of \$17.50 for each  
13 year (up to a maximum of 30 years) of the deceased member's  
14 service credit, shall be entitled to a monthly supplemental  
15 payment equal to the difference.

16 If 2 or more persons are receiving survivors annuities  
17 based on the same deceased member, the calculation of the  
18 supplemental payment under this subsection shall be based on  
19 the total of those annuities and divided pro rata. The  
20 supplemental payment is not subject to any limitation on the  
21 maximum amount of the annuity and shall not be included in the  
22 calculation of any automatic annual increase under Section  
23 15-145.

24 (e) This Section only applies to Tier 1 members and Tier 2  
25 defined benefit members.

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

1 (40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)

2 Sec. 15-154. Refunds.

3 (a) A participant whose status as an employee is  
4 terminated, regardless of cause, or who has been on lay off  
5 status for more than 120 days, and who is not on leave of  
6 absence, is entitled to a refund of contributions upon  
7 application; except that not more than one such refund  
8 application may be made during any academic year. In the case  
9 of a Tier 2 hybrid plan member, this Section shall apply solely  
10 to the defined benefit portion of the Optional Hybrid Plan.

11 Except as set forth in subsections (a-1) and (a-2), the  
12 refund shall be the sum of the accumulated normal, additional,  
13 and survivors insurance contributions, plus the entire  
14 contribution made by the participant under Section 15-113.3,  
15 less the amount of interest credited on these contributions  
16 each year in excess of 4 1/2% of the amount on which interest  
17 was calculated.

18 (a-1) A person who elects, in accordance with the  
19 requirements of Section 15-134.5, to participate in the  
20 portable benefit package and who becomes a participating  
21 employee under that retirement program upon the conclusion of  
22 the one-year waiting period applicable to the portable benefit  
23 package election shall have his or her refund calculated in  
24 accordance with the provisions of subsection (a-2).

25 (a-2) The refund payable to a participant described in

1 subsection (a-1) shall be the sum of the participant's  
2 accumulated normal and additional contributions, as defined in  
3 Sections 15-116 and 15-117, plus the entire contribution made  
4 by the participant under Section 15-113.3. If the participant  
5 terminates with 5 or more years of service for employment as  
6 defined in Section 15-113.1, he or she shall also be entitled  
7 to a distribution of employer contributions in an amount equal  
8 to the sum of the accumulated normal and additional  
9 contributions, as defined in Sections 15-116 and 15-117.

10 (b) Upon acceptance of a refund, the participant forfeits  
11 all accrued rights and credits in the System, and if  
12 subsequently reemployed, the participant shall be considered a  
13 new employee subject to all the qualifying conditions for  
14 participation and eligibility for benefits applicable to new  
15 employees. If such person again becomes a participating  
16 employee and continues as such for 2 years, or is employed by  
17 an employer and participates for at least 2 years in the  
18 Federal Civil Service Retirement System, all such rights,  
19 credits, and previous status as a participant shall be restored  
20 upon repayment of the amount of the refund, together with  
21 compound interest thereon from the date the refund was issued  
22 to the date of repayment at the rate of 6% per annum through  
23 August 31, 1982, and at the effective rates after that date.  
24 When a participant in the portable benefit package who received  
25 a refund which included a distribution of employer  
26 contributions repays a refund pursuant to this Section,

1 one-half of the amount repaid shall be deemed the member's  
2 reinstated accumulated normal and additional contributions and  
3 the other half shall be allocated as an employer contribution  
4 to the System, except that any amount repaid for previously  
5 purchased military service credit under Section 15-113.3 shall  
6 be accounted for as such. For a Tier 2 hybrid plan member who  
7 made the election under subsection (g) of Section 15-134.5, the  
8 amount repaid shall be restored in the proportions attributable  
9 to service as a Tier 2 defined benefit member and a Tier 2  
10 hybrid plan member, respectively.

11 (c) Except as otherwise provided under subsection (c-5), if  
12 a participant covered under the traditional benefit package has  
13 made survivors insurance contributions, but has no survivors  
14 insurance beneficiary upon retirement, he or she shall be  
15 entitled to elect a refund of the accumulated survivors  
16 insurance contributions, or to elect an additional annuity the  
17 value of which is equal to the accumulated survivors insurance  
18 contributions. This election must be made prior to the date the  
19 person's retirement annuity is approved by the System.

20 (c-5) Notwithstanding subsection (c), an annuitant who  
21 retired prior to June 1, 2011 and made the election under  
22 subsection (c), and who thereafter became, and remains, either:

23 (1) a party to a civil union or a party to a legal  
24 relationship that is recognized as a civil union or  
25 marriage under the Illinois Religious Freedom Protection  
26 and Civil Union Act on or after June 1, 2011; or

1           (2) a party to a marriage under the Illinois Marriage  
2           and Dissolution of Marriage Act on or after February 26,  
3           2014; or

4           (3) a party to a marriage, civil union or other legal  
5           relationship that, at the time it was formed, was not  
6           legally recognized in Illinois but was subsequently  
7           recognized as a civil union or marriage under the Illinois  
8           Religious Freedom Protection and Civil Union Act on or  
9           after June 1, 2011, a marriage under the Illinois Marriage  
10          and Dissolution of Marriage Act on or after February 26,  
11          2014, or both;

12          may make a one-time, irrevocable election to repay the refund  
13          or additional annuity payments received under subsection (c),  
14          together with compound interest thereon at the actuarially  
15          assumed rate of return from the date the refund was issued or  
16          the date each additional annuity payment was issued to the date  
17          of repayment. The annuitant shall submit proof of party status  
18          for item (1), (2), or (3) in the form of a valid marriage  
19          certificate or a civil union certificate with any additional  
20          requirements the Board prescribes by rulemaking. The election  
21          must be received by the System (i) within a period of one year  
22          beginning 5 months after the effective date of this amendatory  
23          Act of the 99th General Assembly and (ii) prior to the date of  
24          death of the annuitant.

25          To the extent permitted under the Internal Revenue Code of  
26          1986, as amended, the full repayment shall be made within a



1 period beginning on the date of the election and ending on the  
2 earlier of the 24th month thereafter or the date of the  
3 annuitant's death. If an annuitant fails to make the repayment  
4 within the required period, any payments made shall be  
5 returned, without interest, to the annuitant (or to the  
6 annuitant's estate if the payments ceased due to death), and  
7 survivors insurance benefits under Section 15-145 shall not be  
8 payable upon the annuitant's death.

9 Upon such repayment, all forfeited survivors insurance  
10 benefit rights and credits under Section 15-145 shall be  
11 restored. This repayment right shall not alter or modify any  
12 eligibility requirement for survivors insurance beneficiaries  
13 under this Article applicable upon the annuitant's death. The  
14 repayment shall be irrevocable. No person shall have a claim or  
15 right to the repaid amounts in a manner not otherwise provided  
16 for under this Article in the event that: the marriage, civil  
17 union, or other legal relationship described in this subsection  
18 is dissolved, annulled, or declared invalid by a court of  
19 competent jurisdiction; or the other party to the marriage,  
20 civil union, or other legal relationship predeceases the  
21 annuitant or otherwise fails to qualify as a survivors  
22 insurance beneficiary upon the annuitant's death.

23 For purposes of this subsection (c-5), the term "annuitant"  
24 shall include an annuitant who resumed his or her status as a  
25 participating employee under Section 15-139(c).

26 (d) A participant, upon application, is entitled to a

1 refund of his or her accumulated additional contributions  
2 attributable to the additional contributions described in the  
3 last sentence of subsection (c) of Section 15-157. Upon the  
4 acceptance of such a refund of accumulated additional  
5 contributions, the participant forfeits all rights and credits  
6 which may have accrued because of such contributions.

7 (e) A participant who terminates his or her employee status  
8 and elects to waive service credit under Section 15-154.2, is  
9 entitled to a refund of the accumulated normal, additional and  
10 survivors insurance contributions, if any, which were credited  
11 the participant for this service, or to an additional annuity  
12 the value of which is equal to the accumulated normal,  
13 additional and survivors insurance contributions, if any;  
14 except that not more than one such refund application may be  
15 made during any academic year. Upon acceptance of this refund,  
16 the participant forfeits all rights and credits accrued because  
17 of this service.

18 (f) If a police officer or firefighter receives a  
19 retirement annuity under Rule 1 or 3 of Section 15-136, he or  
20 she shall be entitled at retirement to a refund of the  
21 difference between his or her accumulated normal contributions  
22 and the normal contributions which would have accumulated had  
23 such person filed a waiver of the retirement formula provided  
24 by Rule 4 of Section 15-136.

25 (g) If, at the time of retirement, a participant would be  
26 entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of

1 Section 15-136, or under Section 15-136.4, that exceeds the  
2 maximum specified in clause (1) of subsection (c) of Section  
3 15-136, he or she shall be entitled to a refund of the employee  
4 contributions, if any, paid under Section 15-157 after the date  
5 upon which continuance of such contributions would have  
6 otherwise caused the retirement annuity to exceed this maximum,  
7 plus compound interest at the effective rates.

8 (Source: P.A. 99-450, eff. 8-24-15; 99-682, eff. 7-29-16.)

9 (40 ILCS 5/15-154.3 new)

10 Sec. 15-154.3. Calculation of retirement benefits for Tier  
11 2 defined benefit members who elect to participate in the  
12 Optional Hybrid Plan.

13 (a) A Tier 2 defined benefit member who elects under  
14 subsection (g) of Section 15-134.5 to participate in the  
15 Optional Hybrid Plan is entitled to a retirement annuity  
16 without an age reduction if he or she has attained the normal  
17 retirement age determined by the Social Security  
18 Administration for that member's year of birth, but no earlier  
19 than 67 years of age, and has at least 10 years of service  
20 credit with respect to all service accrued and is otherwise  
21 eligible under the requirements of this Article. A Tier 2  
22 defined benefit member who elects to participate in the  
23 Optional Hybrid Plan under subsection (g) of Section 15-134.5  
24 shall be eligible to retire within 5 years of the normal  
25 retirement age determined by the Social Security

1 Administration for that member's year of birth, but no earlier  
2 than age 62, with a reduced annuity as provided in subsection  
3 (b-10) of Section 15-136.

4 (b) No period of service within an academic year shall  
5 result in more than one year of combined service credit. If  
6 service credit must be reduced to satisfy this subsection (b),  
7 then service credits established under the Optional Hybrid Plan  
8 shall be forfeited first.

9 (c) A Tier 2 defined benefit member who elects under  
10 subsection (g) of Section 15-134.5 to participate in the  
11 Optional Hybrid Plan shall receive a combined retirement  
12 annuity from the System based on the sum of his or her total  
13 accrued service credit under this Article as follows:

14 (i) 2.2% of the final rate of earnings multiplied by  
15 each year of service as a Tier 2 defined benefit member.  
16 The final rate of earnings for purposes of this item (i) of  
17 subsection (c) shall be the amount specified in subsection  
18 (b) of Section 15-112, except the earnings taken into  
19 account shall be limited as described under subsection (b)  
20 of Section 15-111.

21 (ii) 1.25% of final rate of earnings multiplied by each  
22 year of service as a Tier 2 hybrid plan member. The final  
23 rate of earnings for purposes of this item (ii) of  
24 subsection (c) shall be the amount specified in subsection  
25 (b-5) of Section 15-112.

26 (d) The retirement annuity of a Tier 2 defined benefit

1 member who elects to participate in the Optional Hybrid Plan  
2 under subsection (g) of Section 15-134.5 shall receive annual  
3 increases on the January 1 occurring either on or after the  
4 attainment of the applicable retirement age (but no earlier  
5 than age 67) or the first anniversary of the annuity start  
6 date, whichever is later. Each annual increase shall be  
7 calculated at one-half the annual unadjusted percentage  
8 increase (but not less than zero) in the consumer price index-w  
9 for the 12 months ending with the September preceding each  
10 November 1 of the originally granted retirement annuity. If the  
11 annual unadjusted percentage change in the consumer price  
12 index-w for the 12 months ending with the September preceding  
13 each November 1 is zero or there is a decrease, then the  
14 annuity shall not be increased.

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

24 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

25 Sec. 15-155. Employer contributions.

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

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

13 (a-1) For State fiscal years 2012 through 2045, the minimum  
14 contribution to the System to be made by the State for each  
15 fiscal year shall be an amount determined by the System to be  
16 sufficient to bring the total assets of the System up to 90% of  
17 the total actuarial liabilities of the System by the end of  
18 State fiscal year 2045. In making these determinations, the  
19 required State contribution shall be calculated each year as a  
20 level percentage of payroll over the years remaining to and  
21 including fiscal year 2045 and shall be determined under the  
22 projected unit credit actuarial cost method.

23 ~~For each of State fiscal years 2018, 2019, and 2020, the~~  
24 ~~State shall make an additional contribution to the System equal~~  
25 ~~to 2% of the total payroll of each employee who is deemed to~~  
26 ~~have elected the benefits under Section 1-161 or who has made~~

1 ~~the election under subsection (c) of Section 1-161.~~

2 A change in the required State contribution based on an  
3 actuarial or investment assumption that ~~increases or decreases~~  
4 ~~the required State contribution and~~ first applies to the  
5 required State contribution in State fiscal year 2018 or  
6 thereafter shall be implemented in equal annual amounts over a  
7 5-year period beginning in the State fiscal year in which the  
8 actuarial change first applies to the required State  
9 contribution.

10 A change in the required State contribution based on an  
11 actuarial or investment assumption that ~~increases or decreases~~  
12 ~~the required State contribution and~~ first applied to the  
13 required State contribution in fiscal year 2014, 2015, 2016, or  
14 2017 shall be implemented:

15 (i) as already applied in State fiscal years before  
16 2018; and

17 (ii) in the portion of the 5-year period beginning in  
18 the State fiscal year in which the actuarial change first  
19 applied that occurs in State fiscal year 2018 or  
20 thereafter, by calculating the change in equal annual  
21 amounts over that 5-year period and then implementing it at  
22 the resulting annual rate in each of the remaining fiscal  
23 years in that 5-year period.

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

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

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

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

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

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

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



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

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

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

26 Notwithstanding any other provision of this Section, the

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

25 (a-1.5) For each of State fiscal years 2018, 2019, and  
26 2020, the State shall make an additional contribution to the

1 System equal to 2% of the total payroll of (1) Tier 2 hybrid  
2 plan members and (2) Tier 2 defined benefit members who first  
3 participate under this Article on or after the implementation  
4 date of the Optional Hybrid Plan.

5 (a-2) Beginning in fiscal year 2018, each employer under  
6 this Article shall pay to the System a required contribution  
7 determined as a percentage of projected payroll and sufficient  
8 to produce an annual amount equal to:

9 (i) for each of fiscal years 2018, 2019, and 2020, the  
10 defined benefit normal cost of the defined benefit plan,  
11 less the employee contribution, for each employee of that  
12 employer who is (1) a Tier 2 hybrid plan member or (2) a  
13 Tier 2 defined benefit member who first participates under  
14 this Article on or after the implementation date of the  
15 Optional Hybrid Plan ~~has elected or who is deemed to have~~  
16 ~~elected the benefits under Section 1-161 or who has made~~  
17 ~~the election under subsection (c) of Section 1-161;~~ for  
18 fiscal year 2021 and each fiscal year thereafter, the  
19 defined benefit normal cost of the defined benefit plan,  
20 less the employee contribution, plus 2%, for each employee  
21 of that employer who is (1) a Tier 2 hybrid plan member or  
22 (2) a Tier 2 defined benefit member who first participates  
23 under this Article on or after the implementation date of  
24 the Optional Hybrid Plan ~~has elected or who is deemed to~~  
25 ~~have elected the benefits under Section 1-161 or who has~~  
26 ~~made the election under subsection (c) of Section 1-161;~~

1 plus

2 (ii) the amount required for that fiscal year to  
3 amortize any unfunded actuarial accrued liability  
4 associated with the present value of liabilities  
5 attributable to the defined benefits of (1) Tier 2 hybrid  
6 plan members and (2) Tier 2 defined benefit members who  
7 first participate under this Article on or after the  
8 implementation date of the Optional Hybrid Plan ~~employer's~~  
9 ~~account under Section 15-155.2~~, determined as a level  
10 percentage of payroll over a 30-year rolling amortization  
11 period.

12 In determining contributions required under item (i) of  
13 this subsection, the System shall determine an aggregate rate  
14 for all employers, expressed as a percentage of projected  
15 payroll.

16 In determining the contributions required under item (ii)  
17 of this subsection, the amount shall be computed by the System  
18 on the basis of the actuarial assumptions and tables used in  
19 the most recent actuarial valuation of the System that is  
20 available at the time of the computation. The System shall  
21 determine an aggregate rate for all employers, expressed as a  
22 percentage of projected payroll.

23 The contributions required under this subsection (a-2)  
24 shall be paid by an employer concurrently with that employer's  
25 payroll payment period. When the State is ~~The State,~~ as the  
26 actual employer of an employee, the State shall make the

1 required contributions under this subsection.

2 As used in this subsection, "academic year" means the  
3 12-month period beginning September 1.

4 (b) If an employee is paid from trust or federal funds, the  
5 employer shall pay to the Board contributions ~~from those funds~~  
6 which are sufficient to cover the accruing normal costs and any  
7 other employer contributions required under this Article 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 from such funds. The  
12 local auxiliary funds, income funds, and service enterprise  
13 funds of universities shall not be considered trust funds for  
14 the 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) If the amount of a participant's earnings for any  
10 academic year used to determine the final rate of earnings,  
11 determined on a full-time equivalent basis, exceeds the amount  
12 of his or her earnings with the same employer for the previous  
13 academic year, determined on a full-time equivalent basis, by  
14 more than 6%, the participant's employer shall pay to the  
15 System, in addition to all other payments required under this  
16 Section and in accordance with guidelines established by the  
17 System, the present value of the increase in benefits resulting  
18 from the portion of the increase in earnings that is in excess  
19 of 6%. This present value shall be computed by the System on  
20 the basis of the actuarial assumptions and tables used in the  
21 most recent actuarial valuation of the System that is available  
22 at the time of the computation. The System may require the  
23 employer to provide any pertinent information or  
24 documentation.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

26           (j-5) For State fiscal ~~academic~~ years beginning on or after

1 July 1, 2017, if the amount of a participant's earnings for any  
2 State fiscal school year, determined on a full-time equivalent  
3 basis, exceeds the amount of the salary set by law for the  
4 Governor as of July 1 of that fiscal year, the participant's  
5 employer shall pay to the System, in addition to all other  
6 payments required under this Section and in accordance with  
7 guidelines established by the System, an amount determined by  
8 the System to be equal to the employer normal cost, as  
9 established by the System and expressed as a total percentage  
10 of payroll, multiplied by the amount of earnings in excess of  
11 the amount of the salary set by law for the Governor. This  
12 amount shall be computed by the System on the basis of the  
13 actuarial assumptions and tables used in the most recent  
14 actuarial valuation of the System that is available at the time  
15 of the computation. The System may require the employer to  
16 provide any pertinent information or documentation. If there is  
17 no salary set by law for the Governor as of July 1 of that  
18 fiscal year, the most recent salary set by law for the Governor  
19 shall be used for purposes of this calculation.

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

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

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

16 (k) The Illinois Community College Board shall adopt rules  
17 for recommending lists of promotional positions submitted to  
18 the Board by community colleges and for reviewing the  
19 promotional lists on an annual basis. When recommending  
20 promotional lists, the Board shall consider the similarity of  
21 the positions submitted to those positions recognized for State  
22 universities by the State Universities Civil Service System.  
23 The Illinois Community College Board shall file a copy of its  
24 findings with the System. The System shall consider the  
25 findings of the Illinois Community College Board when making  
26 determinations under this Section. The System shall not exclude

1 any earnings increases resulting from a promotion when the  
2 promotion was not submitted by a community college. Nothing in  
3 this subsection (k) shall require any community college to  
4 submit any information to the Community College Board.

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

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

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

20 (Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17.)

21 (40 ILCS 5/15-155.1 new)

22 Sec. 15-155.1. Actions to enforce payments by employers.

23 (a) Except as otherwise specified, if any employer fails to  
24 transmit to the System contributions required of it under this  
25 Article or contributions collected by it from its participating

1 employees for the purposes of this Article for more than 120  
2 days after the payment of those contributions is due, the  
3 Board, after giving notice to that employer, may certify to the  
4 State Comptroller the amounts of such delinquent payments in  
5 accordance with any applicable rules of the Comptroller, and  
6 the Comptroller shall deduct the amounts so certified or any  
7 part thereof from any payments of State funds to the employer  
8 involved and shall remit the amount so deducted to the System.  
9 If State funds from which such deductions may be made are not  
10 available or if deductions are delayed for longer than 120 days  
11 after the date of the certification to the Comptroller, the  
12 Board may proceed against the employer to recover the amounts  
13 of such delinquent payments in the appropriate circuit court.

14 (b) Except as otherwise specified, if any employer that is  
15 a community college district fails to transmit to the System  
16 contributions required of it under this Article or  
17 contributions collected by it from its participating employees  
18 for the purposes of this Article for more than 120 days after  
19 the payment of those contributions is due, the Board, after  
20 giving notice to that employer, may certify the fact of such  
21 delinquent payment to the county treasurer of the county in  
22 which that employer is located, who shall thereafter remit the  
23 amounts collected from any taxes levied by the employer  
24 directly to the System. If the funds from which such  
25 remittances may be made are not available or if the remittances  
26 are delayed for longer than 120 days after the date of the

1 certification to the county treasurer, the Board may proceed  
2 against the employer to recover the amounts of such delinquent  
3 payments in the appropriate circuit court.

4 (c) Nothing in this Section prohibits the Board from  
5 proceeding against an employer to recover the amounts of any  
6 delinquent payments in the appropriate circuit court.

7 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

8 Sec. 15-157. Employee Contributions.

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

20 Each participating employee who is a Tier 2 hybrid plan  
21 member shall make contributions towards the retirement  
22 benefits payable under the Optional Hybrid Plan from each  
23 payment of earnings equal to 5% of earnings for the first plan  
24 year containing the implementation date of the Optional Hybrid  
25 Plan. For each plan year thereafter, each Tier 2 hybrid plan



1 member shall contribute the lesser of 5% of earnings or 81.25%  
2 of the Optional Hybrid Plan normal cost rate (but not less than  
3 0%), rounded to the nearest tenth of a percent. These  
4 contributions are to be considered as normal contributions for  
5 purposes of this Article.

6 Each participant who is a police officer or firefighter who  
7 is a Tier 1 member or a Tier 2 defined benefit member shall  
8 make normal contributions of 8% of each payment of earnings  
9 applicable to employment as a police officer or firefighter  
10 under this system on or after September 1, 1981, unless he or  
11 she files with the board within 60 days after the effective  
12 date of this amendatory Act of 1991 or 60 days after the board  
13 receives notice that he or she is employed as a police officer  
14 or firefighter, whichever is later, a written notice waiving  
15 the retirement formula provided by Rule 4 of Section 15-136.  
16 This waiver shall be irrevocable. If a participant had met the  
17 conditions set forth in Section 15-132.1 prior to the effective  
18 date of this amendatory Act of 1991 but failed to make the  
19 additional normal contributions required by this paragraph, he  
20 or she may elect to pay the additional contributions plus  
21 compound interest at the effective rate. If such payment is  
22 received by the board, the service shall be considered as  
23 police officer service in calculating the retirement annuity  
24 under Rule 4 of Section 15-136. While performing service  
25 described in clause (i) or (ii) of Rule 4 of Section 15-136, a  
26 participating employee shall be deemed to be employed as a

1 firefighter for the purpose of determining the rate of employee  
2 contributions under this Section.

3 (b) Starting September 1, 1969, each participating  
4 employee who is a Tier 1 member or a Tier 2 defined benefit  
5 member shall make additional contributions of 1/2 of 1% of  
6 earnings to finance a portion of the cost of the annual  
7 increases in retirement annuity provided under Section 15-136,  
8 except that with respect to participants in the self-managed  
9 plan this additional contribution shall be used to finance the  
10 benefits obtained under that retirement program.

11 Each participating employee who is a Tier 2 hybrid plan  
12 member shall make additional contributions equal to 0.4% of  
13 earnings for the first plan year containing the implementation  
14 date of the Optional Hybrid Plan. For each plan year  
15 thereafter, each Tier 2 hybrid plan member shall contribute the  
16 lesser of 0.4% of earnings or 6.25% of the Optional Hybrid Plan  
17 normal cost rate (but not less than 0%), rounded to the nearest  
18 tenth of a percent, to finance a portion of the cost of the  
19 annual increases in retirement annuity provided under Section  
20 15-136.

21 (c) In addition to the amounts described in subsections (a)  
22 and (b) of this Section, each participating employee who is a  
23 Tier 1 member or a Tier 2 defined benefit member shall make  
24 contributions of 1% of earnings applicable under this system on  
25 and after August 1, 1959.

26 In addition to the amounts described in subsections (a)

1 and (b) of this Section, each participating employee who is a  
2 Tier 2 hybrid plan member shall make contributions equal to  
3 0.8% of earnings for the first plan year containing the  
4 implementation date of the Optional Hybrid Plan. For each plan  
5 year thereafter, each Tier 2 hybrid plan member shall  
6 contribute the lesser of 0.8% of earnings or 12.5% of the  
7 Optional Hybrid Plan normal cost rate (but not less than 0%),  
8 rounded to the nearest tenth of a percent, under this System.

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

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

1 (e) That fraction of a participant's total accumulated  
2 normal contributions, the numerator of which is equal to the  
3 number of years of service in excess of that which is required  
4 to qualify for the maximum retirement annuity, and the  
5 denominator of which is equal to the total service of the  
6 participant, shall be considered as accumulated additional  
7 contributions. The determination of the applicable maximum  
8 annuity and the adjustment in contributions required by this  
9 provision shall be made as of the date of the participant's  
10 retirement.

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

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

21 (h) A Tier 2 defined benefit member shall not make  
22 contributions on earnings that exceed the limitation as  
23 prescribed under subsection (b) of Section 15-111 of this  
24 Article.

25 (i) A Tier 2 hybrid plan member shall not make  
26 contributions on earnings that exceed the limitation as

1 prescribed under subsection (b-5) of Section 15-111 of this  
2 Article. The contributions under this Section shall commence on  
3 the first pay period following the effective date of the  
4 employee's election or deemed election under subsection (g) of  
5 Section 15-134.5 or Section 15-134.6.

6 (j) A Tier 2 hybrid plan member may not make contributions  
7 for the purchase of service credit under this Article, unless  
8 the purchase is under Section 1-118 of this Code. However, a  
9 Tier 2 hybrid plan member may repay a refund under the  
10 provisions of Section 15-154.

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

12 (40 ILCS 5/15-157.1) (from Ch. 108 1/2, par. 15-157.1)

13 Sec. 15-157.1. Pickup of employee contributions.

14 (a) Each employer shall pick up the employee contributions  
15 required under subsections (a), (b), and (c) of Section 15-157  
16 and employee contributions under subsection (b) of Section  
17 15-158.25 to the extent so designated under the defined  
18 contribution plan under that Section for all earnings payments  
19 made on and after January 1, 1981, and the contributions so  
20 picked up shall be treated as employer contributions in  
21 determining tax treatment under the United States Internal  
22 Revenue Code. These contributions shall not be included as  
23 gross income of the participant until such time as they are  
24 distributed or made available. The employer shall pay these  
25 employee contributions from the same source of funds which is

1 used in paying earnings to the employee. The employer may pick  
2 up these contributions by a reduction in the cash salary of the  
3 participants, or by an offset against a future salary increase,  
4 or by a combination of a reduction in salary and offset against  
5 a future salary increase.

6 (b) Subject to the requirements of federal law, a  
7 participating employee may elect to have the employer pick up  
8 optional contributions that the participant has elected to pay  
9 to the System under Section 15-157(g), and the contributions so  
10 picked up shall be treated as employer contributions for the  
11 purposes of determining federal tax treatment under the federal  
12 Internal Revenue Code of 1986. These contributions shall not be  
13 included as gross income of the participant until such time as  
14 they are distributed or made available. The employer shall pick  
15 up the contributions by a reduction in the cash salary of the  
16 participant and shall pay the contributions from the same  
17 source of funds that is used to pay earnings to the  
18 participant. The election to have optional contributions  
19 picked up is irrevocable.

20 (Source: P.A. 90-32, eff. 6-27-97; 90-448, eff. 8-16-97.)

21 (40 ILCS 5/15-158.2)

22 Sec. 15-158.2. Self-managed plan.

23 (a) Purpose. The General Assembly finds that it is  
24 important for colleges and universities to be able to attract  
25 and retain the most qualified employees and that in order to

1 attract and retain these employees, colleges and universities  
2 should have the flexibility to provide a defined contribution  
3 plan as an alternative for eligible employees who elect not to  
4 participate in a defined benefit retirement program provided  
5 under this Article. Accordingly, the State Universities  
6 Retirement System is hereby authorized to establish and  
7 administer a self-managed plan, which shall offer  
8 participating employees the opportunity to accumulate assets  
9 for retirement through a combination of employee and employer  
10 contributions that may be invested in mutual funds, collective  
11 investment funds, or other investment products and used to  
12 purchase annuity contracts, either fixed or variable or a  
13 combination thereof. The plan must be qualified under the  
14 Internal Revenue Code of 1986.

15 (b) Adoption by employers. Each employer subject to this  
16 Article may elect to adopt the self-managed plan established  
17 under this Section; this election is irrevocable. An employer's  
18 election to adopt the self-managed plan makes available to the  
19 eligible employees of that employer the elections described in  
20 Section 15-134.5.

21 The State Universities Retirement System shall be the plan  
22 sponsor for the self-managed plan and shall prepare a plan  
23 document and prescribe such rules and procedures as are  
24 considered necessary or desirable for the administration of the  
25 self-managed plan. Consistent with its fiduciary duty to the  
26 participants and beneficiaries of the self-managed plan, the

1 Board of Trustees of the System may delegate aspects of plan  
2 administration as it sees fit to companies authorized to do  
3 business in this State, to the employers, or to a combination  
4 of both.

5 (c) Selection of service providers and funding vehicles.  
6 The System, in consultation with the employers, shall solicit  
7 proposals to provide administrative services and funding  
8 vehicles for the self-managed plan from insurance and annuity  
9 companies and mutual fund companies, banks, trust companies, or  
10 other financial institutions authorized to do business in this  
11 State. In reviewing the proposals received and approving and  
12 contracting with no fewer than 2 and no more than 7 companies,  
13 the Board of Trustees of the System shall consider, among other  
14 things, the following criteria:

15 (1) the nature and extent of the benefits that would be  
16 provided to the participants;

17 (2) the reasonableness of the benefits in relation to  
18 the premium charged;

19 (3) the suitability of the benefits to the needs and  
20 interests of the participating employees and the employer;

21 (4) the ability of the company to provide benefits  
22 under the contract and the financial stability of the  
23 company; and

24 (5) the efficacy of the contract in the recruitment and  
25 retention of employees.

26 The System, in consultation with the employers, shall



1 periodically review each approved company. A company may  
2 continue to provide administrative services and funding  
3 vehicles for the self-managed plan only so long as it continues  
4 to be an approved company under contract with the Board.

5 (d) Employee Direction. Employees who are participating in  
6 the program must be allowed to direct the transfer of their  
7 account balances among the various investment options offered,  
8 subject to applicable contractual provisions. The participant  
9 shall not be deemed a fiduciary by reason of providing such  
10 investment direction. A person who is a fiduciary shall not be  
11 liable for any loss resulting from such investment direction  
12 and shall not be deemed to have breached any fiduciary duty by  
13 acting in accordance with that direction. The System shall  
14 provide advance notice to the participant of the participant's  
15 obligation to direct the investment of employee and employer  
16 contributions into one or more investment funds selected by the  
17 System at the time he or she makes his or her initial  
18 retirement plan selection. If a participant fails to direct the  
19 investment of employee and employer contributions into the  
20 various investment options offered to the participant when  
21 making his or her initial retirement election choice, that  
22 failure shall require the System to invest the employee and  
23 employer contributions in a default investment fund on behalf  
24 of the participant, and the investment shall be deemed to have  
25 been made at the participant's investment direction. The  
26 participant has the right to transfer account balances out of

1 the default investment fund during time periods designated by  
2 the System. Neither the System nor the employer guarantees any  
3 of the investments in the employee's account balances.

4 (e) Participation. An employee eligible to participate in  
5 the self-managed plan must make a written election in  
6 accordance with the provisions of Section 15-134.5 and the  
7 procedures established by the System. Participation in the  
8 self-managed plan by an electing employee shall begin on the  
9 first day of the first pay period following the later of the  
10 date the employee's election is filed with the System or the  
11 effective date as of which the employee's employer begins to  
12 offer participation in the self-managed plan. Employers may not  
13 make the self-managed plan available earlier than January 1,  
14 1998. An employee's participation in any other retirement  
15 program administered by the System under this Article shall  
16 terminate on the date that participation in the self-managed  
17 plan begins.

18 An employee who has elected to participate in the  
19 self-managed plan under this Section must continue  
20 participation while employed in an eligible position, and may  
21 not participate in any other retirement program administered by  
22 the System under this Article while employed by that employer  
23 or any other employer that has adopted the self-managed plan,  
24 unless the self-managed plan is terminated in accordance with  
25 subsection (i).

26 ~~Notwithstanding any other provision of this Article, a Tier~~

1 ~~2 member shall have the option to enroll in the self-managed~~  
2 ~~plan.~~

3 Participation in the self-managed plan under this Section  
4 shall constitute membership in the State Universities  
5 Retirement System.

6 A participant under this Section shall be entitled to the  
7 benefits of Article 20 of this Code.

8 (f) Establishment of Initial Account Balance. If at the  
9 time an employee elects to participate in the self-managed plan  
10 he or she has rights and credits in the System due to previous  
11 participation in the traditional benefit package, the System  
12 shall establish for the employee an opening account balance in  
13 the self-managed plan, equal to the amount of contribution  
14 refund that the employee would be eligible to receive under  
15 Section 15-154 if the employee terminated employment on that  
16 date and elected a refund of contributions, except that this  
17 hypothetical refund shall include interest at the effective  
18 rate for the respective years. The System shall transfer assets  
19 from the defined benefit retirement program to the self-managed  
20 plan, as a tax free transfer in accordance with Internal  
21 Revenue Service guidelines, for purposes of funding the  
22 employee's opening account balance.

23 (g) No Duplication of Service Credit. Notwithstanding any  
24 other provision of this Article, an employee may not purchase  
25 or receive service or service credit applicable to any other  
26 retirement program administered by the System under this

1 Article for any period during which the employee was a  
2 participant in the self-managed plan established under this  
3 Section.

4 (h) Contributions. The self-managed plan shall be funded by  
5 contributions from employees participating in the self-managed  
6 plan and employer contributions as provided in this Section.

7 The contribution rate for employees participating in the  
8 self-managed plan under this Section shall be equal to the  
9 employee contribution rate for Tier 1 members ~~other~~  
10 ~~participants~~ in the System, as provided in Section 15-157. This  
11 required contribution shall be made as an "employer pick-up"  
12 under Section 414(h) of the Internal Revenue Code of 1986 or  
13 any successor Section thereof. Any employee participating in  
14 the System's traditional benefit package prior to his or her  
15 election to participate in the self-managed plan shall continue  
16 to have the employer pick up the contributions required under  
17 Section 15-157. However, the amounts picked up after the  
18 election of the self-managed plan shall be remitted to and  
19 treated as assets of the self-managed plan. In no event shall  
20 an employee have an option of receiving these amounts in cash.  
21 Employees may make additional contributions to the  
22 self-managed plan in accordance with procedures prescribed by  
23 the System, to the extent permitted under rules prescribed by  
24 the System.

25 The program shall provide for employer contributions to be  
26 credited to each self-managed plan participant at a rate of

1 7.6% of the participating employee's salary, less the amount  
2 used by the System to provide disability benefits for the  
3 employee. The employer shall pay the employer contributions for  
4 employees of the employer who first participate in the  
5 self-managed plan on or after the implementation date of the  
6 Optional Hybrid Plan. The amounts so credited shall be paid  
7 into the participant's self-managed plan accounts in a manner  
8 to be prescribed by the System.

9 An amount of employer contribution, not exceeding 1% of the  
10 participating employee's salary, shall be used for the purpose  
11 of providing the disability benefits of the System to the  
12 employee. Prior to the beginning of each plan year under the  
13 self-managed plan, the Board of Trustees shall determine, as a  
14 percentage of salary, the amount of employer contributions to  
15 be allocated during that plan year for providing disability  
16 benefits for employees in the self-managed plan.

17 The State of Illinois shall make contributions by  
18 appropriations to the System of the employer contributions  
19 required for employees who participate in the self-managed plan  
20 under this Section. The amount required shall be certified by  
21 the Board of Trustees of the System and paid by the State in  
22 accordance with Section 15-165. The System shall not be  
23 obligated to remit the required employer contributions to any  
24 of the insurance and annuity companies, mutual fund companies,  
25 banks, trust companies, financial institutions, or other  
26 sponsors of any of the funding vehicles offered under the

1 self-managed plan until it has received the required employer  
2 contributions from the State. In the event of a deficiency in  
3 the amount of State contributions, the System shall implement  
4 those procedures described in subsection (c) of Section 15-165  
5 to obtain the required funding from the General Revenue Fund.

6 (i) Termination. The self-managed plan authorized under  
7 this Section may be terminated by the System, subject to the  
8 terms of any relevant contracts, and the System shall have no  
9 obligation to reestablish the self-managed plan under this  
10 Section. This Section does not create a right to continued  
11 participation in any self-managed plan set up by the System  
12 under this Section. If the self-managed plan is terminated, the  
13 participants shall have the right to participate in one of the  
14 other retirement programs offered by the System and receive  
15 service credit in such other retirement program for any years  
16 of employment following the termination.

17 (j) Vesting; Withdrawal; Return to Service. A participant  
18 in the self-managed plan becomes vested in the employer  
19 contributions credited to his or her accounts in the  
20 self-managed plan on the earliest to occur of the following:  
21 (1) completion of 5 years of service with an employer described  
22 in Section 15-106; (2) the death of the participating employee  
23 while employed by an employer described in Section 15-106, if  
24 the participant has completed at least 1 1/2 years of service;  
25 or (3) the participant's election to retire and apply the  
26 reciprocal provisions of Article 20 of this Code.

1           A participant in the self-managed plan who receives a  
2 distribution of his or her vested amounts from the self-managed  
3 plan while not yet eligible for retirement under this Article  
4 (and Article 20, if applicable) shall forfeit all service  
5 credit and accrued rights in the System; if subsequently  
6 re-employed, the participant shall be considered a new  
7 employee. If a former participant again becomes a participating  
8 employee (or becomes employed by a participating system under  
9 Article 20 of this Code) and continues as such for at least 2  
10 years, all such rights, service credits, and previous status as  
11 a participant shall be restored upon repayment of the amount of  
12 the distribution, without interest.

13           (k) Benefit amounts. If an employee who is vested in  
14 employer contributions terminates employment, the employee  
15 shall be entitled to a benefit which is based on the account  
16 values attributable to both employer and employee  
17 contributions and any investment return thereon.

18           If an employee who is not vested in employer contributions  
19 terminates employment, the employee shall be entitled to a  
20 benefit based solely on the account values attributable to the  
21 employee's contributions and any investment return thereon,  
22 and the employer contributions and any investment return  
23 thereon shall be forfeited. Any employer contributions which  
24 are forfeited shall be held in escrow by the company investing  
25 those contributions and shall be used as directed by the System  
26 for future allocations of employer contributions or for the

1 restoration of amounts previously forfeited by former  
2 participants who again become participating employees.

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

4 (40 ILCS 5/15-158.24 new)

5 Sec. 15-158.24. Defined benefit portion of the Optional  
6 Hybrid Plan. The System shall offer one or more of the  
7 following retirement plans under the defined benefit portion of  
8 the Optional Hybrid Plan: (1) the Traditional Benefit Package  
9 under Section 15-103.1; and (2) the Portable Benefit Package  
10 under Section 15-103.2. The defined contribution provisions  
11 shall be governed by Section 15-158.25. The System shall  
12 endeavor to make such participation in the Optional Hybrid Plan  
13 available as soon as possible after July 6, 2017 (the effective  
14 date of Public Act 100-23) and shall establish an  
15 implementation date by board resolution. The implementation  
16 date of the Optional Hybrid Plan shall be the earliest date  
17 upon which the board authorizes members to begin participating  
18 in the Optional Hybrid Plan.

19 (40 ILCS 5/15-158.25 new)

20 Sec. 15-158.25. Defined contribution program.

21 (a) The System shall prepare and implement a defined  
22 contribution program.

23 The defined contribution program shall consist of one or  
24 more defined contribution plans (and may include existing plans



1 maintained by the System or one of its affiliates) that each  
2 meet the definition of an "eligible retirement plan" as that  
3 term is defined under Section 402(c)(8)(B)(iii), (iv), (v), or  
4 (vi) of the Internal Revenue Code of 1986, as amended. The  
5 defined contribution program shall be designed to permit  
6 participants to make elective deferrals, subject to the terms  
7 and conditions of the applicable plan and the requirements of  
8 the U.S. Internal Revenue Service.

9 To the extent authorized under federal law and as  
10 authorized by the System, the defined contribution program  
11 shall allow former participants in the plan to transfer or roll  
12 over employee and employer contributions, and the earnings  
13 thereon, into other "eligible retirement plans" as defined, and  
14 as permitted, under Section 402(c)(8) of the Internal Revenue  
15 Code of 1986, as amended.

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

21 No person shall begin participating in the defined  
22 contribution program, unless a defined contribution plan under  
23 the defined contribution program as of the effective date of  
24 this amendatory Act of the 100th General Assembly has already  
25 received a determination letter or, in the case of plans  
26 established after the effective date of this amendatory Act of

1 the 100th General Assembly, until such plan has been determined  
2 by the U.S. Internal Revenue Service to satisfy the applicable  
3 requirements of the Internal Revenue Code of 1986, as amended,  
4 for its type of eligible retirement plan (whether by  
5 determination letter, opinion letter, or private letter  
6 ruling); except that in the case of an arrangement of a type  
7 for which an Internal Revenue Service approval process is not  
8 available as of the implementation date (such as a plan  
9 described in Section 403(b) that is not a prototype or volume  
10 submitter plan as defined in IRS guidance), participants may  
11 commence participation in such plan as of the implementation  
12 date specified by the Board without regard to the fact that  
13 Internal Revenue Service approval of the arrangement cannot be  
14 obtained.

15 (b) The defined contribution program under this Section  
16 shall be used to meet the requirements of the defined  
17 contribution portion of the Optional Hybrid Plan, subject to  
18 the following conditions:

19 (1) Each participant shall contribute a minimum of 4%  
20 of his or her earnings to the defined contribution plan.

21 (2) Employer contributions shall commence as of the  
22 first pay period following the date the participant has  
23 been employed with the same employer for at least one year.  
24 The rate of employer contributions, expressed as a  
25 percentage of earnings, may be set for individual  
26 employees, but shall be no higher than 6% of earnings and

1       shall be no lower than 2% of earnings.

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

4       (4) The defined contribution plan shall provide a  
5       variety of options for investments.

6       (5) The defined contribution plan shall provide a  
7       variety of options for payouts for participants and their  
8       beneficiaries.

9       (40 ILCS 5/15-165)   (from Ch. 108 1/2, par. 15-165)

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

11      (a) The Board shall certify to the Governor on or before  
12      November 15 of each year until November 15, 2011 the  
13      appropriation required from State funds for the purposes of  
14      this System for the following fiscal year. The certification  
15      under this subsection (a) shall include a copy of the actuarial  
16      recommendations upon which it is based and shall specifically  
17      identify the System's projected State normal cost for that  
18      fiscal year and the projected State cost for the self-managed  
19      plan for that fiscal year.

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

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

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

12          (a-5) On or before November 1 of each year, beginning  
13          November 1, 2012, the Board shall submit to the State Actuary,  
14          the Governor, and the General Assembly a proposed certification  
15          of the amount of the required State contribution to the System  
16          for the next fiscal year, along with all of the actuarial  
17          assumptions, calculations, and data upon which that proposed  
18          certification is based. On or before January 1 of each year,  
19          beginning January 1, 2013, the State Actuary shall issue a  
20          preliminary report concerning the proposed certification and  
21          identifying, if necessary, recommended changes in actuarial  
22          assumptions that the Board must consider before finalizing its  
23          certification of the required State contributions. On or before  
24          January 15, 2013 and each January 15 thereafter, the Board  
25          shall certify to the Governor and the General Assembly the  
26          amount of the required State contribution for the next fiscal

1 year. The Board's certification must note, in a written  
2 response to the State Actuary, any deviations from the State  
3 Actuary's recommended changes, the reason or reasons for not  
4 following the State Actuary's recommended changes, and the  
5 fiscal impact of not following the State Actuary's recommended  
6 changes on the required State contribution.

7 (a-10) By November 1, 2017, the Board shall submit  
8 ~~recalculate and recertify~~ to the State Actuary, the Governor,  
9 and the General Assembly a proposed recertification of the  
10 amount of the required State contribution to the System for  
11 State fiscal year 2018, taking into account the changes in the  
12 required State contribution ~~contributions~~ made by this  
13 amendatory Act of the 100th General Assembly. On or before  
14 January 1, 2018, the ~~The~~ State Actuary shall ~~review the~~  
15 ~~assumptions and valuations underlying the Board's revised~~  
16 ~~certification and~~ issue a preliminary report concerning the  
17 proposed recertification and identifying, if necessary,  
18 recommended changes in actuarial assumptions that the Board  
19 must consider before finalizing its recertification  
20 ~~certification~~ of the required State contributions. On or before  
21 January 15, 2018, the Board shall recertify to the Governor and  
22 the General Assembly the amount of the required State  
23 contribution for State fiscal year 2018. The Board's ~~final~~  
24 recertification ~~certification~~ must note, in a written response  
25 to the State Actuary, any deviations from the State Actuary's  
26 recommended changes, the reason or reasons for not following

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

4 (a-15) On or before November 1 of each year, beginning with  
5 the November 1 occurring after the implementation date of the  
6 Optional Hybrid Plan, the Board shall submit to the State  
7 Actuary, the Governor, and the General Assembly a proposed  
8 certification of the Optional Hybrid Plan normal cost rate,  
9 along with all of the actuarial assumptions, calculations, and  
10 data upon which the proposed certification is based. The  
11 "Optional Hybrid Plan normal cost rate" means the total normal  
12 cost of the benefits of all members of the System making  
13 contributions to the defined benefit portion of the Optional  
14 Hybrid Plan, expressed as a percentage of pensionable payroll.  
15 On or before January 1 of each year, beginning with the January  
16 1 occurring after the implementation date of the Optional  
17 Hybrid Plan, the State Actuary shall issue a preliminary report  
18 concerning the proposed certification and identifying, if  
19 necessary, recommended changes in actuarial assumptions that  
20 the Board must consider before finalizing its certification of  
21 the Optional Hybrid Plan normal cost rate. On or before the  
22 January 15 occurring after the implementation date of the  
23 Optional Hybrid Plan and each January 15 thereafter, the Board  
24 shall certify to the Governor and the General Assembly the  
25 Optional Hybrid Plan normal cost rate to be effective July 1 of  
26 the following State fiscal year. The Board's certification must

1 note, in a written response to the State Actuary, any  
2 deviations from the State Actuary's recommended changes, the  
3 reason or reasons for not following the State Actuary's  
4 recommended changes, and the fiscal impact of not following the  
5 State Actuary's recommended changes on the required State  
6 contribution.

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

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

8 (c-5) Beginning on the August 1 occurring on or after the  
9 implementation date of the Optional Hybrid Plan and for each  
10 August 1 thereafter through August 1, 2020, the Board shall  
11 submit vouchers for the payment of 2% of the total payroll of  
12 (1) Tier 2 hybrid plan members and (2) Tier 2 defined benefit  
13 members who first participate under this Article on or after  
14 the implementation date of the Optional Hybrid Plan. These  
15 vouchers shall be paid by the State Comptroller and Treasurer  
16 by August 31 of each year through August 31, 2020 by warrants  
17 drawn on the funds appropriated to the System for that fiscal  
18 year.

19 If in any month the amount remaining unexpended from all  
20 other appropriations to the System for the applicable fiscal  
21 year (including the appropriations to the System under Section  
22 8.12 of the State Finance Act and Section 1 of the State  
23 Pension Funds Continuing Appropriation Act) is less than the  
24 amount lawfully vouchered under this subsection (c-5), the  
25 difference shall be paid from the General Revenue Fund under  
26 the continuing appropriation authority provided in Section 1.1



1 of the State Pension Funds Continuing Appropriation Act.

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

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

22 (Source: P.A. 100-23, eff. 7-6-17.)

23 (40 ILCS 5/16-106.4a new)

24 Sec. 16-106.4a. Tier 1 member; Tier 2 member. "Tier 1  
25 member": A member under this Article who first became a member

1 or participant before January 1, 2011 under any reciprocal  
2 retirement system or pension fund established under this Code  
3 other than a retirement system or pension fund established  
4 under Article 2, 3, 4, 5, 6, or 18 of this Code.

5 "Tier 2 member": A person who first becomes a member under  
6 this Article or a reciprocal system, other than a system  
7 created under Article 2, 3, 4, 5, 6, or 18, on or after January  
8 1, 2011 unless the person is otherwise a Tier 1 member.

9 (40 ILCS 5/16-106.7 new)

10 Sec. 16-106.7. Traditional Tier 2 benefit. "Traditional  
11 Tier 2 benefit": The benefit provided for under Section 1-160  
12 and any related Sections as implemented by the System.

13 (40 ILCS 5/16-111) (from Ch. 108 1/2, par. 16-111)

14 Sec. 16-111. Beneficiary. "Beneficiary": Any person,  
15 organization or other entity designated in writing to receive  
16 or any person receiving a survivor benefit or reversionary  
17 annuity provided by this system or granted under any superseded  
18 retirement fund or system, including anyone designated in  
19 writing to receive all or a portion of a defined contribution  
20 account established under Section 16-139, but not an individual  
21 who is in receipt of a defined contribution account but not an  
22 annuity as allowed by that Section.

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

1 (40 ILCS 5/16-111.1) (from Ch. 108 1/2, par. 16-111.1)

2 Sec. 16-111.1. Annuitant. "Annuitant": Any person retired  
3 on a retirement annuity or disability retirement annuity under  
4 this system or any superseded retirement fund or system,  
5 including a person who is in receipt of benefits under Section  
6 16-139.

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

8 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

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

11 Sec. 16-127. Computation of creditable service.

12 (a) Each member shall receive regular credit for all  
13 service as a teacher from the date membership begins, for which  
14 satisfactory evidence is supplied and all contributions have  
15 been paid.

16 (b) Except for a participant in the Optional Hybrid Plan  
17 under Section 16-139, the ~~The~~ following periods of service  
18 shall earn optional credit and each member shall receive credit  
19 for all such service for which satisfactory evidence is  
20 supplied and all contributions have been paid as of the date  
21 specified:

22 (1) Prior service as a teacher.

23 (2) Service in a capacity essentially similar or  
24 equivalent to that of a teacher, in the public common  
25 schools in school districts in this State not included

1 within the provisions of this System, or of any other  
2 State, territory, dependency or possession of the United  
3 States, or in schools operated by or under the auspices of  
4 the United States, or under the auspices of any agency or  
5 department of any other State, and service during any  
6 period of professional speech correction or special  
7 education experience for a public agency within this State  
8 or any other State, territory, dependency or possession of  
9 the United States, and service prior to February 1, 1951 as  
10 a recreation worker for the Illinois Department of Public  
11 Safety, for a period not exceeding the lesser of 2/5 of the  
12 total creditable service of the member or 10 years. The  
13 maximum service of 10 years which is allowable under this  
14 paragraph shall be reduced by the service credit which is  
15 validated by other retirement systems under paragraph (i)  
16 of Section 15-113 and paragraph 1 of Section 17-133. Credit  
17 granted under this paragraph may not be used in  
18 determination of a retirement annuity or disability  
19 benefits unless the member has at least 5 years of  
20 creditable service earned subsequent to this employment  
21 with one or more of the following systems: Teachers'  
22 Retirement System of the State of Illinois, State  
23 Universities Retirement System, and the Public School  
24 Teachers' Pension and Retirement Fund of Chicago. Whenever  
25 such service credit exceeds the maximum allowed for all  
26 purposes of this Article, the first service rendered in

1 point of time shall be considered. The changes to this  
2 subdivision (b)(2) made by Public Act 86-272 shall apply  
3 not only to persons who on or after its effective date  
4 (August 23, 1989) are in service as a teacher under the  
5 System, but also to persons whose status as such a teacher  
6 terminated prior to such effective date, whether or not  
7 such person is an annuitant on that date.

8 (3) Any periods immediately following teaching  
9 service, under this System or under Article 17, (or  
10 immediately following service prior to February 1, 1951 as  
11 a recreation worker for the Illinois Department of Public  
12 Safety) spent in active service with the military forces of  
13 the United States; periods spent in educational programs  
14 that prepare for return to teaching sponsored by the  
15 federal government following such active military service;  
16 if a teacher returns to teaching service within one  
17 calendar year after discharge or after the completion of  
18 the educational program, a further period, not exceeding  
19 one calendar year, between time spent in military service  
20 or in such educational programs and the return to  
21 employment as a teacher under this System; and a period of  
22 up to 2 years of active military service not immediately  
23 following employment as a teacher.

24 The changes to this Section and Section 16-128 relating  
25 to military service made by P.A. 87-794 shall apply not  
26 only to persons who on or after its effective date are in

1 service as a teacher under the System, but also to persons  
2 whose status as a teacher terminated prior to that date,  
3 whether or not the person is an annuitant on that date. In  
4 the case of an annuitant who applies for credit allowable  
5 under this Section for a period of military service that  
6 did not immediately follow employment, and who has made the  
7 required contributions for such credit, the annuity shall  
8 be recalculated to include the additional service credit,  
9 with the increase taking effect on the date the System  
10 received written notification of the annuitant's intent to  
11 purchase the credit, if payment of all the required  
12 contributions is made within 60 days of such notice, or  
13 else on the first annuity payment date following the date  
14 of payment of the required contributions. In calculating  
15 the automatic annual increase for an annuity that has been  
16 recalculated under this Section, the increase attributable  
17 to the additional service allowable under P.A. 87-794 shall  
18 be included in the calculation of automatic annual  
19 increases accruing after the effective date of the  
20 recalculation.

21 Credit for military service shall be determined as  
22 follows: if entry occurs during the months of July, August,  
23 or September and the member was a teacher at the end of the  
24 immediately preceding school term, credit shall be granted  
25 from July 1 of the year in which he or she entered service;  
26 if entry occurs during the school term and the teacher was

1 in teaching service at the beginning of the school term,  
2 credit shall be granted from July 1 of such year. In all  
3 other cases where credit for military service is allowed,  
4 credit shall be granted from the date of entry into the  
5 service.

6 The total period of military service for which credit  
7 is granted shall not exceed 5 years for any member unless  
8 the service: (A) is validated before July 1, 1964, and (B)  
9 does not extend beyond July 1, 1963. Credit for military  
10 service shall be granted under this Section only if not  
11 more than 5 years of the military service for which credit  
12 is granted under this Section is used by the member to  
13 qualify for a military retirement allotment from any branch  
14 of the armed forces of the United States. The changes to  
15 this subdivision (b)(3) made by Public Act 86-272 shall  
16 apply not only to persons who on or after its effective  
17 date (August 23, 1989) are in service as a teacher under  
18 the System, but also to persons whose status as such a  
19 teacher terminated prior to such effective date, whether or  
20 not such person is an annuitant on that date.

21 (4) Any periods served as a member of the General  
22 Assembly.

23 (5) (i) Any periods for which a teacher, as defined in  
24 Section 16-106, is granted a leave of absence, provided he  
25 or she returns to teaching service creditable under this  
26 System or the State Universities Retirement System

1 following the leave; (ii) periods during which a teacher is  
2 involuntarily laid off from teaching, provided he or she  
3 returns to teaching following the lay-off; (iii) periods  
4 prior to July 1, 1983 during which a teacher ceased covered  
5 employment due to pregnancy, provided that the teacher  
6 returned to teaching service creditable under this System  
7 or the State Universities Retirement System following the  
8 pregnancy and submits evidence satisfactory to the Board  
9 documenting that the employment ceased due to pregnancy;  
10 and (iv) periods prior to July 1, 1983 during which a  
11 teacher ceased covered employment for the purpose of  
12 adopting an infant under 3 years of age or caring for a  
13 newly adopted infant under 3 years of age, provided that  
14 the teacher returned to teaching service creditable under  
15 this System or the State Universities Retirement System  
16 following the adoption and submits evidence satisfactory  
17 to the Board documenting that the employment ceased for the  
18 purpose of adopting an infant under 3 years of age or  
19 caring for a newly adopted infant under 3 years of age.  
20 However, total credit under this paragraph (5) may not  
21 exceed 3 years.

22 Any qualified member or annuitant may apply for credit  
23 under item (iii) or (iv) of this paragraph (5) without  
24 regard to whether service was terminated before the  
25 effective date of this amendatory Act of 1997. In the case  
26 of an annuitant who establishes credit under item (iii) or



1 (iv), the annuity shall be recalculated to include the  
2 additional service credit. The increase in annuity shall  
3 take effect on the date the System receives written  
4 notification of the annuitant's intent to purchase the  
5 credit, if the required evidence is submitted and the  
6 required contribution paid within 60 days of that  
7 notification, otherwise on the first annuity payment date  
8 following the System's receipt of the required evidence and  
9 contribution. The increase in an annuity recalculated  
10 under this provision shall be included in the calculation  
11 of automatic annual increases in the annuity accruing after  
12 the effective date of the recalculation.

13 Optional credit may be purchased under this subsection  
14 (b) (5) for periods during which a teacher has been granted  
15 a leave of absence pursuant to Section 24-13 of the School  
16 Code. A teacher whose service under this Article terminated  
17 prior to the effective date of P.A. 86-1488 shall be  
18 eligible to purchase such optional credit. If a teacher who  
19 purchases this optional credit is already receiving a  
20 retirement annuity under this Article, the annuity shall be  
21 recalculated as if the annuitant had applied for the leave  
22 of absence credit at the time of retirement. The difference  
23 between the entitled annuity and the actual annuity shall  
24 be credited to the purchase of the optional credit. The  
25 remainder of the purchase cost of the optional credit shall  
26 be paid on or before April 1, 1992.

1           The change in this paragraph made by Public Act 86-273  
2 shall be applicable to teachers who retire after June 1,  
3 1989, as well as to teachers who are in service on that  
4 date.

5           (6) Any days of unused and uncompensated accumulated  
6 sick leave earned by a teacher. The service credit granted  
7 under this paragraph shall be the ratio of the number of  
8 unused and uncompensated accumulated sick leave days to 170  
9 days, subject to a maximum of 2 years of service credit.  
10 Prior to the member's retirement, each former employer  
11 shall certify to the System the number of unused and  
12 uncompensated accumulated sick leave days credited to the  
13 member at the time of termination of service. The period of  
14 unused sick leave shall not be considered in determining  
15 the effective date of retirement. A member is not required  
16 to make contributions in order to obtain service credit for  
17 unused sick leave.

18           Credit for sick leave shall, at retirement, be granted  
19 by the System for any retiring regional or assistant  
20 regional superintendent of schools at the rate of 6 days  
21 per year of creditable service or portion thereof  
22 established while serving as such superintendent or  
23 assistant superintendent.

24           (7) Periods prior to February 1, 1987 served as an  
25 employee of the Illinois Mathematics and Science Academy  
26 for which credit has not been terminated under Section

1 15-113.9 of this Code.

2 (8) Service as a substitute teacher for work performed  
3 prior to July 1, 1990.

4 (9) Service as a part-time teacher for work performed  
5 prior to July 1, 1990.

6 (10) Up to 2 years of employment with Southern Illinois  
7 University - Carbondale from September 1, 1959 to August  
8 31, 1961, or with Governors State University from September  
9 1, 1972 to August 31, 1974, for which the teacher has no  
10 credit under Article 15. To receive credit under this item  
11 (10), a teacher must apply in writing to the Board and pay  
12 the required contributions before May 1, 1993 and have at  
13 least 12 years of service credit under this Article.

14 (b-1) A member may establish optional credit for up to 2  
15 years of service as a teacher or administrator employed by a  
16 private school recognized by the Illinois State Board of  
17 Education, provided that the teacher (i) was certified under  
18 the law governing the certification of teachers at the time the  
19 service was rendered, (ii) applies in writing on or after  
20 August 1, 2009 and on or before August 1, 2012, (iii) supplies  
21 satisfactory evidence of the employment, (iv) completes at  
22 least 10 years of contributing service as a teacher as defined  
23 in Section 16-106, and (v) pays the contribution required in  
24 subsection (d-5) of Section 16-128. The member may apply for  
25 credit under this subsection and pay the required contribution  
26 before completing the 10 years of contributing service required

1 under item (iv), but the credit may not be used until the item  
2 (iv) contributing service requirement has been met.

3 (c) The service credits specified in this Section shall be  
4 granted only if: (1) such service credits are not used for  
5 credit in any other statutory tax-supported public employee  
6 retirement system other than the federal Social Security  
7 program; and (2) the member makes the required contributions as  
8 specified in Section 16-128. Except as provided in subsection  
9 (b-1) of this Section, the service credit shall be effective as  
10 of the date the required contributions are completed.

11 Any service credits granted under this Section shall  
12 terminate upon cessation of membership for any cause.

13 Credit may not be granted under this Section covering any  
14 period for which an age retirement or disability retirement  
15 allowance has been paid.

16 (Source: P.A. 96-546, eff. 8-17-09.)

17 (40 ILCS 5/16-136) (from Ch. 108 1/2, par. 16-136)

18 Sec. 16-136. Reversionary annuity. Except for a  
19 participant in the Optional Hybrid Plan established under  
20 Section 16-139, a A member entitled to a retirement annuity may  
21 elect at the time of retirement to receive a reduced retirement  
22 annuity and provide with the actuarial value of the reduction,  
23 determined on an actuarial equivalent basis, a reversionary  
24 annuity for any person who is dependent upon the member at the  
25 time of retirement, as named in a written direction filed with

1 the system as a part of the application for the retirement  
2 annuity, provided that the reversionary annuity is not less  
3 than \$10 per month, nor more than the reduced retirement  
4 annuity to which the member is entitled. The condition of  
5 dependency must be established and proved to the satisfaction  
6 of the system before the election becomes effective.

7 The reversionary annuity shall begin as of the first day of  
8 the month following the month in which the death of the  
9 annuitant occurs, provided, that the designated beneficiary is  
10 then living. If the designated beneficiary predeceases the  
11 annuitant, the reversionary annuity shall not be payable, and  
12 beginning the first of the month following notification of the  
13 designated beneficiary's death, the System shall pay the  
14 annuitant the retirement annuity he or she would have received  
15 but for the reversionary annuity election.

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

17 (40 ILCS 5/16-136.2) (from Ch. 108 1/2, par. 16-136.2)

18 Sec. 16-136.2. Minimum retirement annuity.

19 (a) Except for a participant in the Optional Hybrid Plan  
20 established under Section 16-139, any ~~Any~~ annuitant receiving a  
21 retirement annuity under this Article is entitled to such  
22 additional amount of retirement annuity under this Section, if  
23 necessary, that is sufficient to provide a minimum retirement  
24 annuity of \$10 per month for each year of creditable service  
25 forming the basis of the retirement annuity, up to \$300 per

1 month for 30 or more years of creditable service. Effective  
2 January 1, 1984, the minimum retirement annuity under this  
3 Section is \$15 per month per year of service up to \$450 per  
4 month. Beginning January 1, 1996, the minimum retirement  
5 annuity payable under this Section shall be \$25 per month for  
6 each year of creditable service, up to a maximum of \$750 per  
7 month for 30 or more years of creditable service.

8 An annuitant entitled to an increase in retirement annuity  
9 under this Section shall be entitled to such increase in  
10 retirement annuity effective the later of (1) September 1  
11 following attainment of age 60; (2) September 1 following the  
12 first anniversary in retirement; or (3) the first of the month  
13 following receipt of the required qualifying contribution from  
14 the annuitant.

15 (b) An annuitant who qualifies for an additional amount of  
16 retirement annuity under subsection (a) of this Section must  
17 make a one-time payment of 1% of the monthly average salary for  
18 each full year of the creditable service forming the basis of  
19 the retirement annuity or, if the retirement annuity was not  
20 computed using average salary, 1% of the original monthly  
21 retirement annuity for each full year of service forming the  
22 basis of the retirement annuity.

23 (c) The minimum retirement annuity provided under this  
24 Section shall continue to be paid only to the extent that funds  
25 are available in the minimum retirement annuity reserve  
26 established under Section 16-186.3.

1 (d) The annual increase provided on and after September 1,  
2 1977 under Section 16-136.1 and on and after January 1, 1978  
3 under Section 16-133.1 shall be paid in addition to the minimum  
4 retirement annuity. Where an initial increase is first payable  
5 on or after September 1, 1977, only that portion of the  
6 increase based on the period in retirement after August 31,  
7 1976, under Section 16-136.1 and after December 31, 1976, under  
8 Section 16-133.1 may be added to the minimum retirement  
9 annuity.

10 (Source: P.A. 89-21, eff. 6-6-95; 89-25, eff. 6-21-95.)

11 (40 ILCS 5/16-136.4) (from Ch. 108 1/2, par. 16-136.4)

12 Sec. 16-136.4. Single-sum retirement benefit.

13 (a) Except for a participant in the Optional Hybrid Plan  
14 established under Section 16-139, a ~~A~~ member who has less than  
15 5 years of creditable service shall be entitled, upon written  
16 application to the board, to receive a retirement benefit  
17 payable in a single sum upon or after the member's attainment  
18 of age 65. However, the benefit shall not be paid while the  
19 member is employed as a teacher in the schools included under  
20 this Article or Article 17, unless the System is required by  
21 federal law to make payment due to the member's age.

22 (b) The retirement benefit shall consist of a single sum  
23 that is the actuarial equivalent of a life annuity consisting  
24 of 1.67% of the member's final average salary for each year of  
25 creditable service. In determining the amount of the benefit, a

1 fractional year shall be granted proportional credit.

2 For the purposes of this Section, final average salary  
3 shall be the average salary of the member's highest 4  
4 consecutive years of service as determined under rules of the  
5 board. For a member with less than 4 consecutive years of  
6 service, final average salary shall be the average salary  
7 during the member's entire period of service. In the  
8 determination of final average salary for members other than  
9 elected officials and their appointees when such appointees are  
10 allowed by statute, that part of a member's salary which  
11 exceeds the member's annual full-time salary rate with the same  
12 employer for the preceding year by more than 20% shall be  
13 excluded. The exclusion shall not apply in any year in which  
14 the member's creditable earnings are less than 50% of the  
15 preceding year's mean salary for downstate teachers as  
16 determined by the survey of school district salaries provided  
17 in Section 2-3.103 of the School Code.

18 (c) The retirement benefit determined under this Section  
19 shall be available to all members who render teaching service  
20 after July 1, 1947 for which member contributions are required.

21 (d) Upon acceptance of the retirement benefit, all of the  
22 member's accrued rights and credits in the System are  
23 forfeited. Receipt of a single-sum retirement benefit under  
24 this Section does not make a person an "annuitant" for the  
25 purposes of this Article, nor a "benefit recipient" for the  
26 purposes of Sections 16-153.1 through 16-153.4.



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

2 (40 ILCS 5/16-139 new)

3 Sec. 16-139. Optional Hybrid Plan.

4 (a) A Tier 2 member may elect to receive, in lieu of other  
5 benefits provided for under this Article or Article 1, benefits  
6 under an Optional Hybrid Plan. The Board shall establish the  
7 Optional Hybrid Plan after receiving all necessary rulings and  
8 approvals from the Internal Revenue Service and in a time frame  
9 established by the Board in the best interest of the  
10 membership. The System shall not provide advice or counseling  
11 with respect to the legal or tax circumstances of or  
12 consequences of making the election under this Section. In no  
13 event shall the System, its staff, or the Board be held liable  
14 for any information given to a member regarding the election  
15 options under this Section.

16 A Tier 2 member may elect to participate in the Optional  
17 Hybrid Plan with respect to service credit earned on or after  
18 the date established by the System as of the first date of  
19 enrollment by making an irrevocable election on forms provided  
20 by the System and otherwise in accordance with policies  
21 established by the System to make the election. Any service  
22 credit earned by a member on or after he or she has made the  
23 election and established in the Optional Hybrid Plan shall  
24 accrue a benefit and require employee and employer  
25 contributions in accordance with this Section. Any service

1 credit earned prior to the time of election and establishment  
2 in the Optional Hybrid Plan shall be credited to the member in  
3 accordance with the benefits provided to a Tier 2 member as  
4 those benefits existed at the time the Tier 2 service credit  
5 was earned.

6 Upon retirement, a Tier 2 member who made an election under  
7 this subsection shall have his or her annuity calculated (1)  
8 for the service credit earned prior to making the election and  
9 establishing participation in the Optional Hybrid Plan, using  
10 the calculations in place at the time that service credit was  
11 earned and (2) for the service credit earned after making the  
12 election and establishing participation in the Optional Hybrid  
13 Plan, using the calculations provided in this Section.

14 For purposes of determining an annuity under this Section,  
15 "final average salary" means the 10 highest salaried  
16 consecutive years, and the same 10-year period shall be used in  
17 calculating the annuity under both the Optional Hybrid Plan and  
18 the traditional Tier 2 benefit.

19 For purposes of any vesting requirement under the  
20 traditional Tier 2 benefit or the Optional Hybrid Plan, the  
21 total service credit in the System will be used.

22 (b) Members who first become members of the System on or  
23 after the establishment of the Optional Hybrid Plan shall make  
24 a one-time irrevocable election, through a process established  
25 by the System, to participate in either the traditional Tier 2  
26 benefit or the Optional Hybrid Plan. The member shall have 90

1 days after he or she first becomes a member to make this  
2 election. If the member fails to make an election under this  
3 Section, the member shall be deemed to have elected to  
4 participate in the Optional Hybrid Plan.

5 During the period prior to the member making an election,  
6 the employer shall collect the greater of employee  
7 contributions equal to (1) the contributions required for the  
8 traditional Tier 2 benefit or (2) the employee contributions  
9 required for the Optional Hybrid Plan. If the member elects the  
10 Optional Hybrid Plan and the employee contributions required  
11 under this Article were less than the employee contributions  
12 actually collected, the amount actually collected less the  
13 amount required to be collected shall be deposited into the  
14 employee's defined contribution account. During the period  
15 prior to the member making an election, no money shall be  
16 placed into the employee's defined contribution account.

17 (c) The Optional Hybrid Plan shall provide an annuity. The  
18 annuity shall be calculated as follows:

19 (1) Final average salary shall be equal to the total  
20 salary allowed as pensionable by the System of the highest  
21 paid consecutive 10 years, divided by 10.

22 (2) The pensionable salary for any year shall not  
23 exceed the federal Social Security Wage Base in effect for  
24 that year.

25 (3) The System shall multiply each year of service  
26 credit by 1.25% which in no case shall result in a number

1 higher than 75%.

2 (4) The annuity shall be equal to the final average  
3 salary established under items (1) and (2) of this  
4 subsection multiplied by the percentage number established  
5 in item (3) of this subsection.

6 (5) The annuity shall be payable to any member who has  
7 at least 10 years of service credit and who is at least age  
8 67, except as provided under paragraph (6) of this  
9 subsection. Any member who has less than 10 years of  
10 service credit shall be entitled to a refund of employee  
11 contributions under this subsection (c).

12 (6) Any member who retires before age 67, but after age  
13 62 under this subsection (c) may make such an election by  
14 reducing the amount calculated under paragraph (3) of  
15 subsection (c) of Section 16-139 by an amount determined by  
16 the board to be equal to 0.5% multiplied by the number of  
17 months less than age 67 and expressed as a percentage and  
18 subtracted from the total percentage under paragraph (3) of  
19 this subsection.

20 (d) The Optional Hybrid Plan annuity, survivor annuity, or  
21 disability annuity shall be increased on an annual basis. An  
22 annuitant shall first be entitled to an initial increase under  
23 this subsection on the January 1 next following the first  
24 anniversary of retirement and shall be increased on each  
25 January 1 following the initial increase. The annual increase  
26 shall be one-half the annual unadjusted percentage increase in

1 the consumer price index-w for the 12 months ending with the  
2 September preceding each November 1 of the originally granted  
3 annuity. If the annual unadjusted percentage change in the  
4 consumer price index-w for the 12 months ending with the  
5 September preceding each November 1 is zero or there is a  
6 decrease, then the annuity shall not be increased. The increase  
7 shall be applied to the total amount of the annuity for the  
8 previous year. The consumer price index-w for the 12 months  
9 ending with the September preceding each November 1 shall be  
10 the amount determined by the Public Pension Division of the  
11 Department of Insurance based on the index published by the  
12 Bureau of Labor Statistics of the United States Department of  
13 Labor that measures the average change in prices of goods and  
14 services purchased by Urban Wage Earners and Clerical Workers,  
15 United States city average, all items, 1982-84 = 100 and made  
16 available to the Board by the Division by November 1 of each  
17 year.

18 (e) The survivor, who otherwise meets the eligibility  
19 requirements established under this Article, of a member who  
20 made an election for the Optional Hybrid Plan shall be eligible  
21 to receive survivor benefits, as established for a Tier 2  
22 member who elected the traditional Tier 2 benefit, except that  
23 the annuity, salary, and any other applicable calculations  
24 shall be made in accordance with this Section.

25 (f) A member who elected the Optional Hybrid Plan is  
26 entitled to disability benefits, occupational disability

1 benefits, disability retirement annuity, and any increases  
2 otherwise allowable to a Tier 2 member who elected the  
3 traditional Tier 2 benefit, except that calculations of  
4 annuities, annual increases, salary and any other applicable  
5 calculations shall be made in accordance with this Section.

6 (g) On or before January 15 of each year, the Board shall  
7 determine an amount to be equal to the normal cost of benefits  
8 for the benefits described under this Section, expressed as a  
9 percentage of total salary associated with members who receive  
10 a benefit under this Section, and shall certify that amount to  
11 the State Actuary and the Commission on Government Forecasting  
12 and Accountability.

13 (h) A member making an election under this Section shall,  
14 in addition to any annuity granted under this Section, be  
15 entitled to a defined contribution account. The account shall  
16 be established and maintained by the System, in accordance with  
17 all applicable federal and State laws. The account shall  
18 aggregate employer and employee contributions. The account  
19 shall allow for a variety of investment options. The System may  
20 deduct from the account any costs associated with or fees for  
21 operating the account and the investment options of the  
22 account. The system shall establish rules and procedures that  
23 are in accordance with all applicable laws and established best  
24 practices for the creation and maintenance of the accounts. To  
25 the extent authorized under law and by the System, the account  
26 shall provide options for payouts to retirees and their

1 beneficiaries, including allowing the transfer of the balance  
2 of the account for former employees. In addition to the amounts  
3 stipulated by this Section, the System may allow the deposit or  
4 transfer of additional moneys into the account consistent with  
5 relevant laws.

6 (i) The member must contribute, as a contribution to the  
7 defined benefit portion of the Optional Hybrid Plan, the lesser  
8 of (1) the member's salary multiplied by the percentage  
9 established under subsection (g) of this Section or (2) 6.2% of  
10 the member's salary.

11 (j) In any year in which the amount established under  
12 subsection (g) of this Section is greater than 6.2%, the  
13 employer must contribute, in addition to any other required  
14 employer contribution, the difference between the amount  
15 established under subsection (g) of this Section and 6.2%  
16 multiplied by the total salary of all members who are employed  
17 by the employer.

18 (k) The member must contribute no less than 4% of salary,  
19 as otherwise determined under this Section, into his or her  
20 defined contribution account.

21 (l) The employer must contribute no less than 2% and no  
22 greater than 6% of the applicable member's salary, as otherwise  
23 determined under this Section, into the employee's defined  
24 contribution account. These contributions are not required  
25 from an employer for an employee who has been employed for less  
26 than one year.

1       (m) The System shall establish procedures for collecting  
2 and depositing all moneys into the defined contribution  
3 account.

4       (n) The member shall designate a beneficiary for the amount  
5 in the defined contribution account who will receive the  
6 balance of the account upon the death of the member. In the  
7 case where no beneficiary is named, the balance of the account  
8 shall become the property of the deceased member's estate.

9       (o) The Board shall determine a number, expressed as a  
10 percentage of payroll, on an annual basis, equal to the cost  
11 attributable for survivor benefits and otherwise included in  
12 the employee contribution made under this Section. The System  
13 shall provide a refund to any participant of the Optional  
14 Hybrid Plan equal to the contributions from the employee made  
15 in accordance with this subsection (o) if the member makes an  
16 irrevocable election, in a manner prescribed by the System, to  
17 receive the refund and forfeit any survivor benefits provided  
18 under the Optional Hybrid Plan.

19       (40 ILCS 5/16-143.2) (from Ch. 108 1/2, par. 16-143.2)

20       Sec. 16-143.2. Refund of contributions for survivor  
21 benefits at retirement.

22       (a) Except for a participant in the Optional Hybrid Plan  
23 established under Section 16-139, if ~~if~~ at the time of applying  
24 for a retirement annuity under Section 16-132, or while in  
25 receipt of such a retirement annuity, a member does not have a



1 dependent beneficiary as defined in paragraph (3) of Section  
2 16-140, such member may be granted, upon written request, a  
3 refund of actual contributions for survivor benefits, without  
4 interest. Members will be eligible for a refund of  
5 contributions for survivor benefits as provided in the previous  
6 sentence notwithstanding the fact that they began receiving  
7 retirement benefits prior to this amendatory Act of 1985.  
8 Acceptance of the refund will forfeit all rights to survivor  
9 benefits under Sections 16-140 through 16-143.

10 (b) Except as provided under subsection (c), an annuitant  
11 who reestablishes membership following acceptance of refund of  
12 contributions for survivor benefits under subsection (a) of  
13 this Section may reinstate eligibility for benefits provided  
14 under Sections 16-140 through 16-143 only through: (1)  
15 repayment of such refund together with regular interest thereon  
16 from the date of the refund to the date of repayment, and (2)  
17 completion of one year of creditable service following  
18 acceptance of such refund. If membership is reestablished and  
19 the above conditions (1) and (2) are not met, an additional  
20 refund, representing contributions made following the previous  
21 refund will be provided upon the member's death or retirement,  
22 whichever is applicable.

23 (c) Notwithstanding subsection (b), an annuitant who has  
24 received a refund under subsection (a) may, during a period of  
25 one year beginning 5 months after the effective date of this  
26 amendatory Act of the 99th General Assembly, make an election

1 to reestablish rights to survivor benefits under Sections  
2 16-140 through 16-143 by paying to the System:

3 (1) the total amount of the refund received for actual  
4 contributions; and

5 (2) interest on the amount of the refund at the  
6 actuarially assumed rate of return for the period starting  
7 on the date of receipt of the refund and ending when the  
8 annuitant has made an election under this subsection (c).

9 The System may allow an individual to repay this refund  
10 through: a tax-deferred lump sum payment in full; substantially  
11 equal monthly installments over a period of at least one but  
12 not more than 24 months by reducing the annuitant's monthly  
13 benefit over the established number of months by the amount of  
14 the otherwise applicable contribution; or a combination  
15 thereof. To the extent permitted under the Internal Revenue  
16 Code of 1986, as amended, for federal and State tax purposes,  
17 the monthly amount by which the annuitant's benefit is reduced  
18 shall not be treated as a contribution by the annuitant, but  
19 rather as a reduction of the annuitant's monthly benefit.

20 If a member makes an election under this subsection (c) and  
21 the contributions required in items (1) and (2) of this  
22 subsection (c) are not paid in full, an additional one-time  
23 lump sum refund representing contributions made following the  
24 previous refund shall be provided to the named beneficiary or  
25 beneficiaries on file with the System or, if none, to the  
26 member's estate, when the member dies.

1 (Source: P.A. 99-682, eff. 7-29-16.)

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

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

5 Sec. 16-152. Contributions by members.

6 (a) Each member shall make contributions for membership  
7 service to this System as follows:

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

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

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

19 (4) Effective July 1, 2005, contributions of 0.40% of  
20 salary toward the cost of the early retirement without  
21 discount option provided under Section 16-133.2. This  
22 contribution shall cease upon termination of the early  
23 retirement without discount option as provided in Section  
24 16-133.2.

25 (b) The minimum required contribution for any year of

1 full-time teaching service shall be \$192.

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

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

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

24 (1) The contributions shall be refunded to the member,  
25 without interest, within 120 days after the member's  
26 retirement annuity commences, if the member does not elect

1 early retirement without discount under Section 16-133.2.

2 (2) The contributions shall be included, without  
3 interest, in any refund claimed by the member under Section  
4 16-151.

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

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

16 (f) For a member who elects the Optional Hybrid Plan under  
17 Section 16-139, the employee shall make the contributions  
18 outlined in that Section in lieu of any other contributions  
19 under this Article.

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

22 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)  
23 Sec. 16-152.1. Pickup of contributions.

24 (a) Each employer may pick up the member contributions  
25 required under Section 16-152 or Section 16-139 for all salary

1 earned after December 31, 1981. If an employer decides not to  
2 pick up the member contributions, the amount that would have  
3 been picked up shall continue to be deducted from salary. If  
4 contributions are picked up, they shall be treated as employer  
5 contributions in determining tax treatment under the United  
6 States Internal Revenue Code. The employer shall pay these  
7 member contributions from the same source of funds which is  
8 used in paying salary to the member. The employer may pick up  
9 these contributions by a reduction in the cash salary of the  
10 member or by an offset against a future salary increase or by a  
11 combination of a reduction in salary and offset against a  
12 future salary increase. If member contributions are picked up,  
13 they shall be treated for all purposes of this Article 16 in  
14 the same manner as member contributions made prior to the date  
15 the pick up began.

16 (b) The State Board of Education shall pick up the  
17 contributions of regional superintendents required under  
18 Section 16-152 or Section 16-139 for all salary earned for the  
19 1982 calendar year and thereafter.

20 (c) Effective July 1, 1983, each employer shall pick up the  
21 member contributions required under Section 16-152 or Section  
22 16-139 for all salary earned after such date. Contributions so  
23 picked up shall be treated as employer contributions in  
24 determining tax treatment under the United States Internal  
25 Revenue Code. The employer shall pay these member contributions  
26 from the same source of funds which is used in paying salary to

1 the member. The employer may pick up these contributions by a  
2 reduction in the cash salary of the member or by an offset  
3 against a future salary increase or by a combination of a  
4 reduction in salary and offset against a future salary  
5 increase. Member contributions so picked up shall be treated  
6 for all purposes of this Article 16 in the same manner as  
7 member contributions made prior to the date the pick up began.

8 (d) Subject to the requirements of federal law and the  
9 rules of the board, beginning July 1, 1998 a member who is  
10 employed on a full-time basis may elect to have the employer  
11 pick up optional contributions that the member has elected to  
12 pay to the System, and the contributions so picked up shall be  
13 treated as employer contributions for the purposes of  
14 determining federal tax treatment. The election to have  
15 optional contributions picked up is irrevocable. At the time of  
16 making the election, the member shall execute a binding,  
17 irrevocable payroll deduction authorization. Upon receiving  
18 notice of the election, the employer shall pick up the  
19 contributions by a reduction in the cash salary of the member  
20 and shall pay the contributions from the same source of funds  
21 that is used to pay earnings to the member.

22 (Source: P.A. 90-448, eff. 8-16-97.)

23 (40 ILCS 5/16-154) (from Ch. 108 1/2, par. 16-154)

24 Sec. 16-154. Deductions from salary.

25 (a) Required contributions. The governing body of each

1 school district and of each employing unit coming under this  
2 System, and the State Comptroller or other State officer  
3 certifying payroll vouchers, including payments of salary or  
4 wages to teachers, shall pick up or retain on every pay day the  
5 contributions required under Section 16-152 or Section 16-139  
6 of each member. Each governing body or officer shall furnish a  
7 statement to each member showing the amount picked up or  
8 retained from his or her salary.

9 (b) Optional contributions. For the purposes of this  
10 Section and Section 16-152.1, "optional contributions" means  
11 contributions that a member elects to make in order to  
12 establish optional service credit or to reinstate creditable  
13 service that was terminated upon payment of a refund.

14 The governing body of each school district and of each  
15 employing unit coming under this System and the State  
16 Comptroller or other State officer certifying payroll vouchers  
17 shall take the steps necessary to comply with the requirements  
18 of Section 414(h)(2) of the Internal Revenue Code of 1986, as  
19 amended, to permit the pickup of optional contributions on a  
20 tax-deferred basis. Beginning July 1, 1998, a school district  
21 or other employing unit shall not withhold optional  
22 contributions from the salary of any member on an after-tax  
23 basis.

24 (Source: P.A. 90-448, eff. 8-16-97.)



1           Sec. 16-155. Report to system and payment of deductions.

2           (a) The governing body of each school district shall make  
3 two deposits each month. The deposit for member contributions  
4 for salary paid between the first and the fifteenth of the  
5 month is due by the 25th of the month. The deposit of member  
6 contributions for salary paid between the sixteenth and last  
7 day of the month is due by the 10th of the following month. All  
8 required contributions for salary earned during a school term  
9 are due by July 10 next following the close of such school  
10 term.

11           The governing body of each State institution coming under  
12 this retirement system, the State Comptroller or other State  
13 officer certifying payroll vouchers including payments of  
14 salary or wages to teachers, and any other employer of  
15 teachers, shall, monthly, forward to the secretary of the  
16 retirement system the member contributions required under this  
17 Article.

18           Each employer specified above shall, prior to August 15 of  
19 each year, forward to the System a detailed statement, verified  
20 in all cases of school districts by the secretary or clerk of  
21 the district, of the amounts so contributed since the period  
22 covered by the last previous annual statement, together with  
23 required contributions not yet forwarded, such payments being  
24 payable to the System.

25           Each employer specified above shall forward all  
26 information necessary for the implementation and ongoing

1 management of the defined contribution accounts established  
2 under Section 16-139 in a manner and timeline established by  
3 the System.

4 The board may prescribe rules governing the form, content,  
5 investigation, control, and supervision of such statements and  
6 may establish additional interim employer reporting  
7 requirements as the Board deems necessary. If no teacher in a  
8 school district comes under the provisions of this Article, the  
9 governing body of the district shall so state under the oath of  
10 its secretary to this system, and shall at the same time  
11 forward a copy of the statement to the regional superintendent  
12 of schools.

13 (b) If the governing body of an employer that is not a  
14 State agency fails to forward such required contributions  
15 within the time permitted in subsection (a) above, the System  
16 shall notify the employer of an additional amount due, equal to  
17 the greater of the following: (1) an amount representing the  
18 interest lost by the system due to late forwarding of  
19 contributions, calculated for the number of days which the  
20 employer is late in forwarding contributions at a rate of  
21 interest prescribed by the board, based on its investment  
22 experience; or (2) \$50.

23 (c) If the system, on August 15, is not in receipt of the  
24 detailed statements required under this Section of any school  
25 district or other employing unit, such school district or other  
26 employing unit shall pay to the system an amount equal to \$250

1 for each day that elapses from August 15, until the day such  
2 statement is filed with the system.

3 (Source: P.A. 99-450, eff. 8-24-15.)

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

5 Sec. 16-158. Contributions by State and other employing  
6 units.

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

14 The Board shall determine the amount of State contributions  
15 required for each fiscal year on the basis of the actuarial  
16 tables and other assumptions adopted by the Board and the  
17 recommendations of the actuary, using the formula in subsection  
18 (b-3).

19 (a-1) Annually, on or before November 15 until November 15,  
20 2011, the Board shall certify to the Governor the amount of the  
21 required State contribution for the coming fiscal year. The  
22 certification under this subsection (a-1) shall include a copy  
23 of the actuarial recommendations upon which it is based and  
24 shall specifically identify the System's projected State  
25 normal cost for that fiscal year.

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

7           On or before July 1, 2005, 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 2006, taking  
10          into account the changes in required State contributions made  
11          by Public Act 94-4 ~~this amendatory Act of the 94th General~~  
12          ~~Assembly.~~

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

19          (a-5) On or before November 1 of each year, beginning  
20          November 1, 2012, the Board shall submit to the State Actuary,  
21          the Governor, and the General Assembly a proposed certification  
22          of the amount of the required State contribution to the System  
23          for the next fiscal year, along with all of the actuarial  
24          assumptions, calculations, and data upon which that proposed  
25          certification is based. On or before January 1 of each year,  
26          beginning January 1, 2013, the State Actuary shall issue a

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

13 (a-10) By November 1, 2017, the Board shall recalculate and  
14 recertify to the State Actuary, the Governor, and the General  
15 Assembly the amount of the State contribution to the System for  
16 State fiscal year 2018, taking into account the changes in  
17 required State contributions made by Public Act 100-23 ~~this~~  
18 ~~amendatory Act of the 100th General Assembly~~. The State Actuary  
19 shall review the assumptions and valuations underlying the  
20 Board's revised certification and issue a preliminary report  
21 concerning the proposed recertification and identifying, if  
22 necessary, recommended changes in actuarial assumptions that  
23 the Board must consider before finalizing its certification of  
24 the required State contributions. The Board's final  
25 certification must note any deviations from the State Actuary's  
26 recommended changes, the reason or reasons for not following

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

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

7 (b-1) Beginning in State fiscal year 1996, on the 15th day  
8 of each month, or as soon thereafter as may be practicable, the  
9 Board shall submit vouchers for payment of State contributions  
10 to the System, in a total monthly amount of one-twelfth of the  
11 required annual State contribution certified under subsection  
12 (a-1). From March 5, 2004 (the effective date of Public Act  
13 93-665) ~~this amendatory Act of the 93rd General Assembly~~  
14 through June 30, 2004, the Board shall not submit vouchers for  
15 the remainder of fiscal year 2004 in excess of the fiscal year  
16 2004 certified contribution amount determined under this  
17 Section after taking into consideration the transfer to the  
18 System under subsection (a) of Section 6z-61 of the State  
19 Finance Act. These vouchers shall be paid by the State  
20 Comptroller and Treasurer by warrants drawn on the funds  
21 appropriated to the System for that fiscal year.

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

1 amount lawfully vouchered under this subsection, the  
2 difference shall be paid from the Common School Fund under the  
3 continuing appropriation authority provided in Section 1.1 of  
4 the State Pension Funds Continuing Appropriation Act.

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

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

18 For each of State fiscal years 2018, 2019, and 2020, the  
19 State shall make an additional contribution to the System equal  
20 to 2% of the total payroll of each employee who is a Tier 2  
21 member who is (1) hired on or after the date the Board  
22 establishes the Optional Hybrid Plan under Section 16-139 or  
23 (2) who has elected to participate in the Optional Hybrid Plan  
24 under Section 16-139 ~~deemed to have elected the benefits under~~  
25 ~~Section 1-161 or who has made the election under subsection (c)~~  
26 ~~of Section 1-161.~~

1           A change in an actuarial or investment assumption that  
2 increases or decreases the required State contribution and  
3 first applies in State fiscal year 2018 or thereafter shall be  
4 implemented in equal annual amounts over a 5-year period  
5 beginning in the State fiscal year in which the actuarial  
6 change first applies to the required State contribution.

7           A change in an actuarial or investment assumption that  
8 increases or decreases the required State contribution and  
9 first applied to the State contribution in fiscal year 2014,  
10 2015, 2016, or 2017 shall be implemented:

11           (i) as already applied in State fiscal years before  
12 2018; and

13           (ii) in the portion of the 5-year period beginning in  
14 the State fiscal year in which the actuarial change first  
15 applied that occurs in State fiscal year 2018 or  
16 thereafter, by calculating the change in equal annual  
17 amounts over that 5-year period and then implementing it at  
18 the resulting annual rate in each of the remaining fiscal  
19 years in that 5-year period.

20           For State fiscal years 1996 through 2005, the State  
21 contribution to the System, as a percentage of the applicable  
22 employee payroll, shall be increased in equal annual increments  
23 so that by State fiscal year 2011, the State is contributing at  
24 the rate required under this Section; except that in the  
25 following specified State fiscal years, the State contribution  
26 to the System shall not be less than the following indicated



1 percentages of the applicable employee payroll, even if the  
2 indicated percentage will produce a State contribution in  
3 excess of the amount otherwise required under this subsection  
4 and subsection (a), and notwithstanding any contrary  
5 certification made under subsection (a-1) before May 27, 1998  
6 (the effective date of Public Act 90-582) ~~this amendatory Act~~  
7 ~~of 1998~~: 10.02% in FY 1999; 10.77% in FY 2000; 11.47% in FY  
8 2001; 12.16% in FY 2002; 12.86% in FY 2003; and 13.56% in FY  
9 2004.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2006 is  
12 \$534,627,700.

13 Notwithstanding any other provision of this Article, the  
14 total required State contribution for State fiscal year 2007 is  
15 \$738,014,500.

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 \$2,089,268,000 and shall be made from the proceeds of bonds  
25 sold 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 Common School Fund  
3 in fiscal year 2010, and (iii) any reduction in bond proceeds  
4 due to the issuance of discounted bonds, if applicable.

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for State fiscal year 2011 is  
7 the amount recertified by the System on or before April 1, 2011  
8 pursuant to subsection (a-1) of this Section and shall be made  
9 from the proceeds of bonds sold in fiscal year 2011 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 Common School Fund in fiscal year 2011, and (iii) any  
14 reduction in bond proceeds due to the issuance of discounted  
15 bonds, if applicable. This amount shall include, in addition to  
16 the amount certified by the System, an amount necessary to meet  
17 employer contributions required by the State as an employer  
18 under paragraph (e) of this Section, which may also be used by  
19 the System for contributions required by paragraph (a) of  
20 Section 16-127.

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

25 Amounts received by the System pursuant to Section 25 of  
26 the Budget Stabilization Act or Section 8.12 of the State

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

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

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

10 (b-4) Beginning in fiscal year 2018, each employer under  
11 this Article shall pay to the System a required contribution  
12 determined as a percentage of projected payroll and sufficient  
13 to produce an annual amount equal to:

14 (i) for each of fiscal years 2018, 2019, and 2020, the  
15 defined benefit normal cost of the defined benefit plan,  
16 less the employee contribution, for each employee of that  
17 employer who is a Tier 2 member who is (1) hired on or  
18 after the date the Board establishes the Optional Hybrid  
19 Plan under Section 16-139 or (2) who has elected to  
20 participate in the Optional Hybrid Plan under Section  
21 16-139 ~~has elected or who is deemed to have elected the~~  
22 ~~benefits under Section 1-161 or who has made the election~~  
23 ~~under subsection (b) of Section 1-161;~~ for fiscal year 2021  
24 and each fiscal year thereafter, the defined benefit normal  
25 cost of the defined benefit plan, less the employee  
26 contribution, plus 2%, for each employee of that employer

1        who is a Tier 2 member who is (1) hired on or after the date  
2        the Board establishes the Optional Hybrid Plan under  
3        Section 16-139 or (2) who has elected to participate in the  
4        Optional Hybrid Plan under Section 16-139 ~~has elected or~~  
5        ~~who is deemed to have elected the benefits under Section~~  
6        ~~1 161 or who has made the election under subsection (b) of~~  
7        ~~Section 1 161; plus~~

8            (ii) the amount required for that fiscal year to  
9        amortize any unfunded actuarial accrued liability  
10       associated with the present value of liabilities  
11       attributable to the employer's account under Section  
12       16-158.3, determined as a level percentage of payroll over  
13       a 30-year rolling amortization period.

14        In determining contributions required under item (i) of  
15       this subsection, the System shall determine an aggregate rate  
16       for all employers, expressed as a percentage of projected  
17       payroll.

18        In determining the contributions required under item (ii)  
19       of this subsection, the amount shall be computed by the System  
20       on the basis of the actuarial assumptions and tables used in  
21       the most recent actuarial valuation of the System that is  
22       available at the time of the computation.

23        The contributions required under this subsection (b-4)  
24       shall be paid by an employer concurrently with that employer's  
25       payroll payment period. The State, as the actual employer of an  
26       employee, shall make the required contributions under this

1 subsection.

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

7 If members are paid from special trust or federal funds  
8 which are administered by the employing unit, whether school  
9 district or other unit, the employing unit shall pay to the  
10 System from such funds the full accruing retirement costs based  
11 upon that service, which, beginning July 1, 2017, shall be at a  
12 rate, expressed as a percentage of salary, equal to the total  
13 employer's normal cost, expressed as a percentage of payroll,  
14 as determined by the System. Employer contributions, based on  
15 salary paid to members from federal funds, may be forwarded by  
16 the distributing agency of the State of Illinois to the System  
17 prior to allocation, in an amount determined in accordance with  
18 guidelines established by such agency and the System. Any  
19 contribution for fiscal year 2015 collected as a result of the  
20 change made by Public Act 98-674 ~~this amendatory Act of the~~  
21 ~~98th General Assembly~~ shall be considered a State contribution  
22 under subsection (b-3) of this Section.

23 (d) Effective July 1, 1986, any employer of a teacher as  
24 defined in paragraph (8) of Section 16-106 shall pay the  
25 employer's normal cost of benefits based upon the teacher's  
26 service, in addition to employee contributions, as determined

1 by the System. Such employer contributions shall be forwarded  
2 monthly in accordance with guidelines established by the  
3 System.

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

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

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

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

25 The school district or other employing unit may pay these  
26 employer contributions out of any source of funding available

1 for that purpose and shall forward the contributions to the  
2 System on the schedule established for the payment of member  
3 contributions.

4 These employer contributions are intended to offset a  
5 portion of the cost to the System of the increases in  
6 retirement benefits resulting from Public Act 90-582 ~~this~~  
7 ~~amendatory Act of 1998~~.

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

15 The additional 1% employee contribution required under  
16 Section 16-152 by Public Act 90-582 ~~this amendatory Act of 1998~~  
17 is the responsibility of the teacher and not the teacher's  
18 employer, unless the employer agrees, through collective  
19 bargaining or otherwise, to make the contribution on behalf of  
20 the teacher.

21 If an employer is required by a contract in effect on May  
22 1, 1998 between the employer and an employee organization to  
23 pay, on behalf of all its full-time employees covered by this  
24 Article, all mandatory employee contributions required under  
25 this Article, then the employer shall be excused from paying  
26 the employer contribution required under this subsection (e)



1 for the balance of the term of that contract. The employer and  
2 the employee organization shall jointly certify to the System  
3 the existence of the contractual requirement, in such form as  
4 the System may prescribe. This exclusion shall cease upon the  
5 termination, extension, or renewal of the contract at any time  
6 after May 1, 1998.

7 (f) If the amount of a teacher's salary for any school year  
8 used to determine final average salary exceeds the member's  
9 annual full-time salary rate with the same employer for the  
10 previous school year by more than 6%, the teacher's employer  
11 shall pay to the System, in addition to all other payments  
12 required under this Section and in accordance with guidelines  
13 established by the System, the present value of the increase in  
14 benefits resulting from the portion of the increase in salary  
15 that is in excess of 6%. This present value shall be computed  
16 by the System on the basis of the actuarial assumptions and  
17 tables used in the most recent actuarial valuation of the  
18 System that is available at the time of the computation. If a  
19 teacher's salary for the 2005-2006 school year is used to  
20 determine final average salary under this subsection (f), then  
21 the changes made to this subsection (f) by Public Act 94-1057  
22 shall apply in calculating whether the increase in his or her  
23 salary is in excess of 6%. For the purposes of this Section,  
24 change in employment under Section 10-21.12 of the School Code  
25 on or after June 1, 2005 shall constitute a change in employer.  
26 The System may require the employer to provide any pertinent

1 information or documentation. The changes made to this  
2 subsection (f) by Public Act 94-1111 ~~this amendatory Act of the~~  
3 ~~94th General Assembly~~ apply without regard to whether the  
4 teacher was in service on or after its effective date.

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

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

1 concluded within 3 years after the employer's receipt of the  
2 bill.

3 (g) This subsection (g) applies only to payments made or  
4 salary increases given on or after June 1, 2005 but before July  
5 1, 2011. The changes made by Public Act 94-1057 shall not  
6 require the System to refund any payments received before July  
7 31, 2006 (the effective date of Public Act 94-1057).

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

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

16 When assessing payment for any amount due under subsection  
17 (f), the System shall exclude salary increases resulting from  
18 overload work, including summer school, when the school  
19 district has certified to the System, and the System has  
20 approved the certification, that (i) the overload work is for  
21 the sole purpose of classroom instruction in excess of the  
22 standard number of classes for a full-time teacher in a school  
23 district during a school year and (ii) the salary increases are  
24 equal to or less than the rate of pay for classroom instruction  
25 computed on the teacher's current salary and work schedule.

26 When assessing payment for any amount due under subsection

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

14 When assessing payment for any amount due under subsection  
15 (f), the System shall exclude any payment to the teacher from  
16 the State of Illinois or the State Board of Education over  
17 which the employer does not have discretion, notwithstanding  
18 that the payment is included in the computation of final  
19 average salary.

20 (h) When assessing payment for any amount due under  
21 subsection (f), the System shall exclude any salary increase  
22 described in subsection (g) of this Section given on or after  
23 July 1, 2011 but before July 1, 2014 under a contract or  
24 collective bargaining agreement entered into, amended, or  
25 renewed on or after June 1, 2005 but before July 1, 2011.  
26 Notwithstanding any other provision of this Section, any

1 payments made or salary increases given after June 30, 2014  
2 shall be used in assessing payment for any amount due under  
3 subsection (f) of this Section.

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

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

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

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

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

19 (i-5) For school years beginning on or after July 1, 2017,  
20 if the amount of a participant's salary for any school year,  
21 determined on a full-time equivalent basis, exceeds the amount  
22 of the salary set for the Governor, the participant's employer  
23 shall pay to the System, in addition to all other payments  
24 required under this Section and in accordance with guidelines  
25 established by the System, an amount determined by the System  
26 to be equal to the employer normal cost, as established by the

1 System and expressed as a total percentage of payroll,  
2 multiplied by the amount of salary in excess of the amount of  
3 the salary set for the Governor. This amount shall be computed  
4 by the System on the basis of the actuarial assumptions and  
5 tables used in the most recent actuarial valuation of the  
6 System that is available at the time of the computation. The  
7 System may require the employer to provide any pertinent  
8 information or documentation.

9 Whenever it determines that a payment is or may be required  
10 under this subsection, the System shall calculate the amount of  
11 the payment and bill the employer for that amount. The bill  
12 shall specify the calculations used to determine the amount  
13 due. If the employer disputes the amount of the bill, it may,  
14 within 30 days after receipt of the bill, apply to the System  
15 in writing for a recalculation. The application must specify in  
16 detail the grounds of the dispute. Upon receiving a timely  
17 application for recalculation, the System shall review the  
18 application and, if appropriate, recalculate the amount due.

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

1 bill.

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

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

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

17 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;  
18 revised 9-25-17.)

19 (40 ILCS 5/16-189.1) (from Ch. 108 1/2, par. 16-189.1)

20 Sec. 16-189.1. Benefits payable monthly. Except for a  
21 defined contribution account balance created under Section  
22 16-139, retirement ~~Retirement~~ annuities and other benefits,  
23 unless otherwise specified in this Article, shall be paid in 12  
24 monthly installments as of the first day of each month and  
25 shall cover the preceding month or proportionate part thereof

1 then due. Provided, however, upon the death of a member in  
2 receipt of a benefit, an annuitant or a beneficiary, benefits  
3 shall be paid through the last day of the month in which death  
4 occurs.

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

6 (40 ILCS 5/16-191) (from Ch. 108 1/2, par. 16-191)

7 Sec. 16-191. No gain or profit on investments. No trustee  
8 or employee of the board shall have any interest in the gains  
9 or profits of any investment made by the board, or as such  
10 receive any pay or emolument for his or her services. No  
11 trustee or employee of the board shall, directly or indirectly,  
12 for himself or herself or as an agent, in any manner use such  
13 gains or profits except to make current and necessary payments  
14 authorized by the board. No trustee or employee of the board  
15 shall become an endorser or surety or in any manner an obligor  
16 for moneys loaned or borrowed from the board.

17 This Section does not apply to an individual's defined  
18 contribution account that he or she is otherwise entitled to by  
19 virtue of his or her membership in the system.

20 Any person violating any of the provisions of this section  
21 is guilty of a petty offense.

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

23 (40 ILCS 5/16-197) (from Ch. 108 1/2, par. 16-197)

24 Sec. 16-197. Undivided interest.



1 All assets of the system shall be invested as one fund and  
2 no person, group of persons or entity shall have any right  
3 other than to an undivided interest in the whole, and all  
4 references to the reserves shall be construed as not requiring  
5 a segregation of assets but only the maintenance of a separate  
6 account indicating the equities in the assets as a whole.

7 This Section does not apply to defined contribution  
8 accounts.

9 (Source: Laws 1963, p. 161.)

10 (40 ILCS 5/1-161 rep.)

11 (40 ILCS 5/14-103.40 rep.)

12 (40 ILCS 5/15-155.2 rep.)

13 (40 ILCS 5/16-106.4 rep.)

14 (40 ILCS 5/16-158.3 rep.)

15 Section 10. The Illinois Pension Code is amended by  
16 repealing Sections 1-161, 14-103.40, 15-155.2, 16-106.4, and  
17 16-158.3.

18 Section 90. The State Mandates Act is amended by adding  
19 Section 8.41 as follows:

20 (30 ILCS 805/8.41 new)

21 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8  
22 of this Act, no reimbursement by the State is required for the  
23 implementation of any mandate created by this amendatory Act of

1 the 100th General Assembly.

2           Section 99. Effective date. This Act takes effect upon  
3 becoming law.".