



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3524

by Rep. Jim Durkin

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employee, State Universities, Downstate Teacher, and Chicago Teacher Articles of the Illinois Pension Code. Requires active Tier 1 employees to elect either to (i) have automatic annual increases in retirement and survivor's annuities delayed and reduced or (ii) maintain their current benefit package with additional limitations on pensionable salary. Provides that a Tier 1 employee who elects item (i) is entitled to have future increases in income treated as pensionable income, have contributions reduced to a specified rate, and receive a consideration payment of 10% of contributions made prior to the election. Provides that a Tier 1 employee who elects item (ii) is not eligible to have future increases in income treated as pensionable income. Makes funding changes. Amends the State Pension Funds Continuing Appropriation Act to provide a continuing appropriation for the amounts of the consideration payments. Amends various Acts to make conforming changes. Amends the Illinois Educational Labor Relations Act and the Illinois Public Labor Relations Act to prohibit bargaining and interest arbitration regarding certain changes made by the amendatory Act and to provide that no action of the employer taken to implement that prohibition shall give rise to an unfair labor practice under those Acts; exempts certain existing agreements. Amends the State Mandates Act to require implementation without reimbursement. Makes other changes. Effective immediately.

LRB101 07948 RPS 53003 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

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

7 (5 ILCS 315/7.6 new)

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

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

1 apply to an employment contract or collective bargaining
2 agreement that is in effect on the effective date of this
3 amendatory Act of the 101st General Assembly. However, any such
4 contract or agreement that is modified, amended, renewed, or
5 superseded after the effective date of this amendatory Act of
6 the 101st General Assembly shall be subject to the provisions
7 of this Section. Each employer with active employees
8 participating in a retirement system or pension fund
9 established under Article 14, 15, 16, or 17 of the Illinois
10 Pension Code shall comply with and be subject to the provisions
11 of this amendatory Act of the 101st General Assembly. The
12 provisions of this Section shall not apply to the ability of
13 any employer and employee representative to bargain
14 collectively with regard to the pick up of employee
15 contributions pursuant to Section 14-133.1, 15-157.1,
16 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

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

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

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

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

10 Sec. 10. Unfair labor practices.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 Sec. 15. Act Takes Precedence.

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

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

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

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

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

9 (d) Notwithstanding any other provision of law, no
10 collective bargaining agreement entered into, renewed, or
11 extended after the effective date of this amendatory Act of the
12 101st General Assembly or any arbitration award issued under
13 such collective bargaining agreement may violate or conflict
14 with the changes made by this amendatory Act of the 101st
15 General Assembly.

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

17 Section 10. The Attorney General Act is amended by adding
18 Section 5 as follows:

19 (15 ILCS 205/5 new)

20 Sec. 5. Future increases in income. The Office of the
21 Attorney General must not pay, offer, or agree to pay any
22 future increase in income, as that term is defined in Section
23 14-103.43 of the Illinois Pension Code, to any person in a
24 manner that violates Section 14-106.5 of the Illinois Pension

1 Code.

2 Section 15. The Secretary of State Merit Employment Code is
3 amended by adding Section 13a as follows:

4 (15 ILCS 310/13a new)

5 Sec. 13a. Future increases in income. The Office of the
6 Secretary of State must not pay, offer, or agree to pay any
7 future increase in income, as that term is defined in Section
8 14-103.43 of the Illinois Pension Code, to any person in a
9 manner that violates Section 14-106.5 of the Illinois Pension
10 Code.

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

13 (15 ILCS 410/13a new)

14 Sec. 13a. Future increases in income. The Office of the
15 Comptroller must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section
17 14-103.43 of the Illinois Pension Code, to any person in a
18 manner that violates Section 14-106.5 of the Illinois Pension
19 Code.

20 Section 25. The State Treasurer Employment Code is amended
21 by adding Section 12a as follows:

1 (15 ILCS 510/12a new)

2 Sec. 12a. Future increases in income. The Office of the
3 State Treasurer must not pay, offer, or agree to pay any future
4 increase in income, as that term is defined in Section
5 14-103.43 of the Illinois Pension Code, to any person in a
6 manner that violates Section 14-106.5 of the Illinois Pension
7 Code.

8 Section 30. The Civil Administrative Code of Illinois is
9 amended by adding Section 5-647 as follows:

10 (20 ILCS 5/5-647 new)

11 Sec. 5-647. Future increases in income. A Department must
12 not pay, offer, or agree to pay any future increase in income,
13 as that term is defined in Section 14-103.43, 15-112.1, or
14 16-121.1 of the Illinois Pension Code, to any person in a
15 manner that violates Section 14-106.5, 15-132.9, or 16-122.9 of
16 the Illinois Pension Code.

17 Section 35. The Illinois Pension Code is amended by
18 changing Sections 2-108, 2-119.1, 2-124, 2-126, 2-134, 2-162,
19 14-103.10, 14-114, 14-131, 14-133, 14-135.08, 14-152.1,
20 15-108.1, 15-111, 15-136, 15-155, 15-157, 15-165, 15-198,
21 16-121, 16-133.1, 16-136.1, 16-152, 16-158, 16-203, 17-116,
22 17-129, and 17-130 and by adding 2-105.3, 2-107.9, 2-107.10,

1 2-110.3, 14-103.42, 14-103.43, 14-103.44, 14-106.5, 15-112.1,
2 15-112.2, 15-132.9, 16-107.1, 16-121.1, 16-121.2, 16-122.9,
3 17-106.05, 17-113.4, 17-113.5, 17-113.6, 17-115.5, and
4 17-119.2 as follows:

5 (40 ILCS 5/2-105.3 new)

6 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
7 participant who first became a participant before January 1,
8 2011.

9 (40 ILCS 5/2-107.9 new)

10 Sec. 2-107.9. Future increase in income. "Future increase
11 in income" means an increase to a Tier 1 employee's base pay
12 that is offered to the Tier 1 employee for service under this
13 Article after June 30, 2020 that qualifies as "salary", as
14 defined in Section 2-108, or would qualify as "salary" but for
15 the fact that it was offered to and accepted by the Tier 1
16 employee under the condition set forth in subsection (c) of
17 Section 2-110.3.

18 (40 ILCS 5/2-107.10 new)

19 Sec. 2-107.10. Base pay. As used in Section 2-107.9 of
20 this Code, "base pay" means the Tier 1 employee's annualized
21 rate of salary as of June 30, 2020. For a person returning to
22 active service as a Tier 1 employee after June 30, 2020,
23 however, "base pay" means the employee's annualized rate of

1 salary as of the employee's last date of service prior to July
2 1, 2020. The System shall calculate the base pay of each Tier 1
3 employee pursuant to this Section.

4 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

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

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

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

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

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

24 However, in the event that federal law results in any
25 participant receiving imputed income based on the value of

1 group term life insurance provided by the State, such imputed
2 income shall not be included in salary for the purposes of this
3 Article.

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

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

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

15 (40 ILCS 5/2-110.3 new)

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

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

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

1 2-119.1; or

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

3 The election required under this subsection (a) shall be
4 made by each active Tier 1 employee no earlier than January 1,
5 2020 and no later than March 31, 2020, except that a person who
6 returns to active service as a Tier 1 employee under this
7 Article on or after January 1, 2020 and has not yet made an
8 election under this Section must make the election under this
9 subsection (a) within 60 days after returning to active service
10 as a Tier 1 employee.

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

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

25 (a-10) All elections under subsection (a) that are made or
26 deemed to be made before July 1, 2020 shall take effect on July

1 1, 2020. Elections that are made or deemed to be made on or
2 after July 1, 2020 shall take effect on the first day of the
3 month following the month in which the election is made or
4 deemed to be made.

5 (b) As adequate and legal consideration provided under this
6 amendatory Act of the 101st General Assembly for making an
7 election under paragraph (1) of subsection (a) of this Section,
8 the State of Illinois shall be expressly and irrevocably
9 prohibited from offering any future increases in income to a
10 Tier 1 employee who has made an election under paragraph (1) of
11 subsection (a) of this Section on the condition of not
12 constituting salary under Section 2-108.

13 As adequate and legal consideration provided under this
14 amendatory Act of the 101st General Assembly for making an
15 election under paragraph (1) of subsection (a) of this Section,
16 each Tier 1 employee who has made an election under paragraph
17 (1) of subsection (a) of this Section shall receive a
18 consideration payment equal to 10% of the contributions made by
19 or on behalf of the employee under Section 2-126 before the
20 effective date of that election. The State Comptroller shall
21 pay the consideration payment to the Tier 1 employee out of
22 funds appropriated for that purpose under Section 1.10 of the
23 State Pension Funds Continuing Appropriation Act. The System
24 shall calculate the amount of each consideration payment and,
25 by July 1, 2020, shall certify to the State Comptroller the
26 amount of the consideration payment, together with the name,

1 address, and any other available payment information of the
2 Tier 1 employee as found in the records of the System. The
3 System shall make additional calculations and certifications
4 of consideration payments to the State Comptroller as the
5 System deems necessary.

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

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

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

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

21 In no event shall the System, its staff, or the Board be
22 held liable for any information given to a member regarding the
23 elections under this Section. The System shall coordinate with
24 the Illinois Department of Central Management Services and each
25 other retirement system administering an election in
26 accordance with this amendatory Act of the 101st General

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

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

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

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

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

25 (h) If an election created by this amendatory Act in any
26 other Article of this Code or any change deriving from that

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

7 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

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

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

1 for a Tier 1 employee who made the election under paragraph (1)
2 of subsection (a) of Section 2-110.3:

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

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

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

1 be determined by the Public Pension Division of the Department
2 of Insurance and made available to the board of the retirement
3 system by November 1 of each year.

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

18 This subsection (b) does not apply to any person who first
19 becomes a member of the System after August 8, 2003 (the
20 effective date of Public Act 93-494) ~~this amendatory Act of the~~
21 ~~93rd General Assembly.~~

22 (b-5) Notwithstanding any other provision of this Article,
23 a participant who first becomes a participant on or after
24 January 1, 2011 (the effective date of Public Act 96-889)
25 shall, in January or July next following the first anniversary
26 of retirement, whichever occurs first, and in the same month of

1 each year thereafter, but in no event prior to age 67, have the
2 amount of the retirement annuity then being paid increased by
3 3% or the annual unadjusted percentage increase in the Consumer
4 Price Index for All Urban Consumers as determined by the Public
5 Pension Division of the Department of Insurance under
6 subsection (a) of Section 2-108.1, whichever is less.

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

17 (d) A participant who terminated service prior to July 1,
18 1967, with at least 14 years of service is entitled to an
19 increase in retirement annuity beginning January, 1976, and to
20 additional increases in January of each year thereafter.

21 The initial increase shall be 1 1/2% of the originally
22 granted retirement annuity multiplied by the number of full
23 years that the annuitant was in receipt of such annuity prior
24 to January 1, 1972, plus 2% of the originally granted
25 retirement annuity for each year after that date. The
26 subsequent annual increases shall be at the rate of 2% of the

1 originally granted retirement annuity for each year through
2 1979 and at the rate of 3% for 1980 and thereafter.

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

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

9 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

10 Sec. 2-124. Contributions by State.

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

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

22 (c) For State fiscal years 2012 through 2045 (except as
23 otherwise provided for fiscal year 2021), the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be

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

8 For State fiscal year 2021:

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

11 (2) For purposes of the recertification due on or
12 before May 1, 2020, the recalculation of the required State
13 contribution for fiscal year 2021 shall take into account
14 the effect on the System's liabilities of the elections
15 made under Section 2-110.3.

16 (3) For purposes of the recertification due on or
17 before October 1, 2020, the total required State
18 contribution for fiscal year 2021 shall be reduced by the
19 amount of the consideration payments made to Tier 1
20 employees who made the election under paragraph (1) of
21 subsection (a) of Section 2-110.3.

22 If Section 2-110.3 is determined to be unconstitutional or
23 otherwise invalid by a final unappealable decision of an
24 Illinois court or a court of competent jurisdiction, then the
25 changes made to this Section by this amendatory Act of the
26 101st General Assembly shall not take effect and are repealed

1 by operation of law.

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

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

12 (i) as already applied in State fiscal years before
13 2018; and

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is
2 \$4,157,000.

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

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2011 is
24 the amount recertified by the System on or before April 1, 2011
25 pursuant to Section 2-134 and shall be made from the proceeds
26 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of

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

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

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

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter, as calculated
26 under this Section and certified under Section 2-134, shall not

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

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

26 As of June 30, 2008, the actuarial value of the System's

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

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

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

12 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

15 Sec. 2-126. Contributions by participants.

16 (a) Each participant shall contribute toward the cost of
17 his or her retirement annuity a percentage of each payment of
18 salary received by him or her for service as a member as
19 follows: for service between October 31, 1947 and January 1,
20 1959, 5%; for service between January 1, 1959 and June 30,
21 1969, 6%; for service between July 1, 1969 and January 10,
22 1973, 6 1/2%; for service after January 10, 1973, 7%; for
23 service after December 31, 1981, 8 1/2%.

24 (b) Beginning August 2, 1949, each male participant, and
25 from July 1, 1971, each female participant shall contribute

1 towards the cost of the survivor's annuity 2% of salary.

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

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

17 (d) In addition, each participant serving as an officer of
18 the General Assembly shall contribute, for the same purposes
19 and at the same rates as are required of a regular participant,
20 on each additional payment received as an officer. If the
21 participant serves as an officer for at least 2 but less than 4
22 years, he or she shall contribute an amount equal to the amount
23 that would have been contributed had the participant served as
24 an officer for 4 years. Persons who serve as officers in the
25 87th General Assembly but cannot receive the additional payment
26 to officers because of the ban on increases in salary during

1 their terms may nonetheless make contributions based on those
2 additional payments for the purpose of having the additional
3 payments included in their highest salary for annuity purposes;
4 however, persons electing to make these additional
5 contributions must also pay an amount representing the
6 corresponding employer contributions, as calculated by the
7 System.

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

15 (f) Beginning July 1, 2020 or the effective date of the
16 Tier 1 employee's election under paragraph (1) of subsection
17 (a) of Section 2-110.3, whichever is later, in lieu of the
18 contributions otherwise required under this Section, each Tier
19 1 employee who made the election under paragraph (1) of
20 subsection (a) of Section 2-110.3 shall contribute 8.5% of each
21 payment of salary toward the cost of his or her retirement
22 annuity and 1.85% of each payment of salary toward the cost of
23 the survivor's annuity.

24 (g) Notwithstanding subsection (f) of this Section,
25 beginning July 1, 2020 or the effective date of the Tier 1
26 employee's election under paragraph (1) of subsection (a) of

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

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

9 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

10 Sec. 2-134. To certify required State contributions and
11 submit vouchers.

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

21 On or before November 1 of each year, beginning November 1,
22 2012, the Board shall submit to the State Actuary, the
23 Governor, and the General Assembly a proposed certification of
24 the amount of the required State contribution to the System for
25 the next fiscal year, along with all of the actuarial

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

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

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

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

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

24 On or before May 1, 2020, the Board shall recalculate and
25 recertify to the Governor and the General Assembly the amount
26 of the required State contribution to the System for State

1 fiscal year 2021, taking into account the effect on the
2 System's liabilities of the elections made under Section
3 2-110.3.

4 On or before October 1, 2020, the Board shall recalculate
5 and recertify to the Governor and the General Assembly the
6 amount of the required State contribution to the System for
7 State fiscal year 2021, taking into account the reduction
8 specified under item (3) of subsection (c) of Section 2-124.

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

1 Funds Continuing Appropriation Act) is less than the amount
2 lawfully vouchered under this Section, the difference shall be
3 paid from the General Revenue Fund under the continuing
4 appropriation authority provided in Section 1.1 of the State
5 Pension Funds Continuing Appropriation Act.

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

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

14 (40 ILCS 5/2-162)

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

17 Sec. 2-162. Application and expiration of new benefit
18 increases.

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

1 resulting from the changes made to this Article by this
2 amendatory Act of the 101st General Assembly.

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

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

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

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

1 which the certification is made.

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

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

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

19 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

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

22 Sec. 14-103.10. Compensation.

23 (a) For periods of service prior to January 1, 1978, the
24 full rate of salary or wages payable to an employee for
25 personal services performed if he worked the full normal

1 working period for his position, subject to the following
2 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
3 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
4 inclusive, \$625 per month or \$7,500 per year; (3) beginning
5 July 1, 1957, no limitation.

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

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

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

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

25 (d) For periods of service after September 30, 1985,
26 compensation also includes any remuneration for personal

1 services not included as "wages" under the Social Security
2 Enabling Act, which is deducted for purposes of participation
3 in a program established pursuant to Section 125 of the
4 Internal Revenue Code or its successor laws.

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

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

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

22 (g) Notwithstanding any other provision of this Section,
23 "compensation" does not include any future increase in income
24 that is offered for service by a department to a Tier 1
25 employee under this Article pursuant to the condition set forth
26 in subsection (c) of Section 14-106.5 and accepted under that

1 condition by a Tier 1 employee who has made the election under
2 paragraph (2) of subsection (a) of Section 14-106.5.

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

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

7 (40 ILCS 5/14-103.42 new)

8 Sec. 14-103.42. Tier 1 employee. "Tier 1 employee": An
9 employee under this Article who first became a member or
10 participant before January 1, 2011 under any reciprocal
11 retirement system or pension fund established under this Code
12 other than a retirement system or pension fund established
13 under Article 2, 3, 4, 5, 6, or 18 of this Code.

14 (40 ILCS 5/14-103.43 new)

15 Sec. 14-103.43. Future increase in income. "Future
16 increase in income" means an increase to a Tier 1 employee's
17 base pay that is offered by a department to the Tier 1 employee
18 for service under this Article after June 30, 2021 that
19 qualifies as "compensation", as defined in Section 14-103.10,
20 or would qualify as "compensation" but for the fact that it was
21 offered to and accepted by the Tier 1 employee under the
22 condition set forth in subsection (c) of Section 14-106.5. The
23 term "future increase in income" includes an increase to a Tier
24 1 employee's base pay that is paid to the Tier 1 employee

1 pursuant to an extension, amendment, or renewal of any
2 employment contract or collective bargaining agreement after
3 the effective date of this Section.

4 (40 ILCS 5/14-103.44 new)

5 Sec. 14-103.44. Base pay. As used in Section 14-103.43 of
6 this Code, "base pay" means the greater of either (i) the Tier
7 1 employee's annualized rate of compensation as of June 30,
8 2021, or (ii) the Tier 1 employee's annualized rate of
9 compensation immediately preceding the expiration, renewal, or
10 amendment of an employment contract or collective bargaining
11 agreement in effect on the effective date of this Section. For
12 a person returning to active service as a Tier 1 employee after
13 June 30, 2021, however, "base pay" means the employee's
14 annualized rate of compensation as of the employee's last date
15 of service prior to July 1, 2021. The System shall calculate
16 the base pay of each Tier 1 employee pursuant to this Section.

17 (40 ILCS 5/14-106.5 new)

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

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

21 (1) to agree to delay his or her eligibility for
22 automatic annual increases in retirement annuity as
23 provided in subsection (a-1) of Section 14-114 and to have
24 the amount of the automatic annual increases in his or her

1 retirement annuity and survivors or widow's annuity that
2 are otherwise provided for in this Article calculated,
3 instead, as provided in subsection (a-1) of Section 14-114;
4 or

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

6 The election required under this subsection (a) shall be
7 made by each active Tier 1 employee no earlier than January 1,
8 2021 and no later than March 31, 2021, except that:

9 (i) a person who becomes a Tier 1 employee under this
10 Article on or after January 1, 2021 must make the election
11 under this subsection (a) within 60 days after becoming a
12 Tier 1 employee; and

13 (ii) a person who returns to active service as a Tier 1
14 employee under this Article on or after January 1, 2021 and
15 has not yet made an election under this Section must make
16 the election under this subsection (a) within 60 days after
17 returning to active service as a Tier 1 employee.

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

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

1 competent jurisdiction, then the election procedure set forth
2 in subsection (a) of this Section shall commence on the 180th
3 calendar day after the date of the issuance of the final
4 unappealable decision and shall conclude at the end of the
5 270th calendar day after that date.

6 (a-10) All elections under subsection (a) that are made or
7 deemed to be made before July 1, 2021 shall take effect on July
8 1, 2021. Elections that are made or deemed to be made on or
9 after July 1, 2021 shall take effect on the first day of the
10 month following the month in which the election is made or
11 deemed to be made.

12 (b) As adequate and legal consideration provided under this
13 amendatory Act of the 101st General Assembly for making an
14 election under paragraph (1) of subsection (a) of this Section,
15 the department shall be expressly and irrevocably prohibited
16 from offering any future increases in income to a Tier 1
17 employee who has made an election under paragraph (1) of
18 subsection (a) of this Section on the condition of not
19 constituting compensation under Section 14-103.10.

20 As adequate and legal consideration provided under this
21 amendatory Act of the 101st General Assembly for making an
22 election under paragraph (1) of subsection (a) of this Section,
23 each Tier 1 employee who has made an election under paragraph
24 (1) of subsection (a) of this Section shall receive a
25 consideration payment equal to 10% of the contributions made by
26 or on behalf of the employee before the effective date of that

1 election. The State Comptroller shall pay the consideration
2 payment to the Tier 1 employee out of funds appropriated for
3 that purpose under Section 1.10 of the State Pension Funds
4 Continuing Appropriation Act. The System shall calculate the
5 amount of each consideration payment and, by July 1, 2021,
6 shall certify to the State Comptroller the amount of the
7 consideration payment, together with the name, address, and any
8 other available payment information of the Tier 1 employee as
9 found in the records of the System. The System shall make
10 additional calculations and certifications of consideration
11 payments to the State Comptroller as it deems necessary.

12 (c) A Tier 1 employee who makes the election under
13 paragraph (2) of subsection (a) of this Section shall not be
14 subject to paragraph (1) of subsection (a) of this Section.
15 However, each future increase in income offered by a department
16 under this Article to a Tier 1 employee who has made the
17 election under paragraph (2) of subsection (a) of this Section
18 shall be offered by the department expressly and irrevocably on
19 the condition of not constituting compensation under Section
20 14-103.10 and that the Tier 1 employee's acceptance of the
21 offered future increase in income shall constitute his or her
22 agreement to that condition.

23 (d) The System shall make a good faith effort to contact
24 each Tier 1 employee subject to this Section. The System shall
25 mail information describing the required election to each Tier
26 1 employee by United States Postal Service mail to his or her

1 last known address on file with the System. If the Tier 1
2 employee is not responsive to other means of contact, it is
3 sufficient for the System to publish the details of any
4 required elections on its website or to publish those details
5 in a regularly published newsletter or other existing public
6 forum.

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

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

26 In no event shall the System, its staff, or the Board be

1 held liable for any information given to a member regarding the
2 elections under this Section. The System shall coordinate with
3 the Illinois Department of Central Management Services and each
4 other retirement system administering an election in
5 accordance with this amendatory Act of the 101st General
6 Assembly to provide information concerning the impact of the
7 election set forth in this Section.

8 (e) Notwithstanding any other provision of law, a
9 department under this Article is required to offer each future
10 increase in income expressly and irrevocably on the condition
11 of not constituting "compensation" under Section 14-103.10 to
12 any Tier 1 employee who has made an election under paragraph
13 (2) of subsection (a) of this Section. The offer shall also
14 provide that the Tier 1 employee's acceptance of the offered
15 future increase in income shall constitute his or her agreement
16 to the condition set forth in this subsection.

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

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

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

1 provisions of this Section shall be subject to and implemented
2 in a manner that complies with Section 21 of Article V of the
3 Illinois Constitution.

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

12 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

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

16 (a) Subject to the provisions of subsections (a-1), any ~~Any~~
17 person receiving a retirement annuity under this Article who
18 retires having attained age 60, or who retires before age 60
19 having at least 35 years of creditable service, or who retires
20 on or after January 1, 2001 at an age which, when added to the
21 number of years of his or her creditable service, equals at
22 least 85, shall, on January 1 next following the first full
23 year of retirement, have the amount of the then fixed and
24 payable monthly retirement annuity increased 3%. Any person
25 receiving a retirement annuity under this Article who retires

1 before attainment of age 60 and with less than (i) 35 years of
2 creditable service if retirement is before January 1, 2001, or
3 (ii) the number of years of creditable service which, when
4 added to the member's age, would equal 85, if retirement is on
5 or after January 1, 2001, shall have the amount of the fixed
6 and payable retirement annuity increased by 3% on the January 1
7 occurring on or next following (1) attainment of age 60, or (2)
8 the first anniversary of retirement, whichever occurs later.
9 However, for persons who receive the alternative retirement
10 annuity under Section 14-110, references in this subsection (a)
11 to attainment of age 60 shall be deemed to refer to attainment
12 of age 55. For a person receiving early retirement incentives
13 under Section 14-108.3 whose retirement annuity began after
14 January 1, 1992 pursuant to an extension granted under
15 subsection (e) of that Section, the first anniversary of
16 retirement shall be deemed to be January 1, 1993. For a person
17 who retires on or after June 28, 2001 and on or before October
18 1, 2001, and whose retirement annuity is calculated, in whole
19 or in part, under Section 14-110 or subsection (g) or (h) of
20 Section 14-108, the first anniversary of retirement shall be
21 deemed to be January 1, 2002.

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

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

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

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

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

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

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

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

8 (b) The provisions of subsection (a) of this Section shall
9 be applicable to an employee only if the employee makes the
10 additional contributions required after December 31, 1969 for
11 the purpose of the automatic increases for not less than the
12 equivalent of one full year. If an employee becomes an
13 annuitant before his additional contributions equal one full
14 year's contributions based on his salary at the date of
15 retirement, the employee may pay the necessary balance of the
16 contributions to the system, without interest, and be eligible
17 for the increasing annuity authorized by this Section.

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

23 (d) In addition to other increases which may be provided by
24 this Section, on January 1, 1981 any annuitant who was
25 receiving a retirement annuity on or before January 1, 1971
26 shall have his retirement annuity then being paid increased \$1

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

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

11 (e) Every person who receives the alternative retirement
12 annuity under Section 14-110 and who is eligible to receive the
13 3% increase under subsection (a) on January 1, 1986, shall also
14 receive on that date a one-time increase in retirement annuity
15 equal to the difference between (1) his actual retirement
16 annuity on that date, including any increases received under
17 subsection (a), and (2) the amount of retirement annuity he
18 would have received on that date if the amendments to
19 subsection (a) made by Public Act 84-162 had been in effect
20 since the date of his retirement.

21 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
22 92-651, eff. 7-11-02.)

23 (40 ILCS 5/14-131)

24 Sec. 14-131. Contributions by State.

25 (a) The State shall make contributions to the System by

1 appropriations of amounts which, together with other employer
2 contributions from trust, federal, and other funds, employee
3 contributions, investment income, and other income, will be
4 sufficient to meet the cost of maintaining and administering
5 the System on a 90% funded basis in accordance with actuarial
6 recommendations.

7 For the purposes of this Section and Section 14-135.08,
8 references to State contributions refer only to employer
9 contributions and do not include employee contributions that
10 are picked up or otherwise paid by the State or a department on
11 behalf of the employee.

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

16 The Board shall also determine a State contribution rate
17 for each fiscal year, expressed as a percentage of payroll,
18 based on the total required State contribution for that fiscal
19 year (less the amount received by the System from
20 appropriations under Section 8.12 of the State Finance Act and
21 Section 1 of the State Pension Funds Continuing Appropriation
22 Act, if any, for the fiscal year ending on the June 30
23 immediately preceding the applicable November 15 certification
24 deadline), the estimated payroll (including all forms of
25 compensation) for personal services rendered by eligible
26 employees, and the recommendations of the actuary.

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

8 (c) Contributions shall be made by the several departments
9 for each pay period by warrants drawn by the State Comptroller
10 against their respective funds or appropriations based upon
11 vouchers stating the amount to be so contributed. These amounts
12 shall be based on the full rate certified by the Board under
13 Section 14-135.08 for that fiscal year. From March 5, 2004 (the
14 effective date of Public Act 93-665) through the payment of the
15 final payroll from fiscal year 2004 appropriations, the several
16 departments shall not make contributions for the remainder of
17 fiscal year 2004 but shall instead make payments as required
18 under subsection (a-1) of Section 14.1 of the State Finance
19 Act. The several departments shall resume those contributions
20 at the commencement of fiscal year 2005.

21 (c-1) Notwithstanding subsection (c) of this Section, for
22 fiscal years 2010, 2012, 2013, 2014, 2015, 2016, 2017, 2018,
23 and 2019 only, contributions by the several departments are not
24 required to be made for General Revenue Funds payrolls
25 processed by the Comptroller. Payrolls paid by the several
26 departments from all other State funds must continue to be

1 processed pursuant to subsection (c) of this Section.

2 (c-2) For State fiscal years 2010, 2012, 2013, 2014, 2015,
3 2016, 2017, 2018, and 2019 only, on or as soon as possible
4 after the 15th day of each month, the Board shall submit
5 vouchers for payment of State contributions to the System, in a
6 total monthly amount of one-twelfth of the fiscal year General
7 Revenue Fund contribution as certified by the System pursuant
8 to Section 14-135.08 of the Illinois Pension Code.

9 (d) If an employee is paid from trust funds or federal
10 funds, the department or other employer shall pay employer
11 contributions from those funds to the System at the certified
12 rate, unless the terms of the trust or the federal-State
13 agreement preclude the use of the funds for that purpose, in
14 which case the required employer contributions shall be paid by
15 the State. From March 5, 2004 (the effective date of Public Act
16 93-665) through the payment of the final payroll from fiscal
17 year 2004 appropriations, the department or other employer
18 shall not pay contributions for the remainder of fiscal year
19 2004 but shall instead make payments as required under
20 subsection (a-1) of Section 14.1 of the State Finance Act. The
21 department or other employer shall resume payment of
22 contributions at the commencement of fiscal year 2005.

23 (e) For State fiscal years 2012 through 2045 (except as
24 otherwise provided for fiscal year 2022), the minimum
25 contribution to the System to be made by the State for each
26 fiscal year shall be an amount determined by the System to be

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

8 For State fiscal year 2022:

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

11 (2) For purposes of the recertification due on or
12 before May 1, 2021, the recalculation of the required State
13 contribution for fiscal year 2022 shall take into account
14 the effect on the System's liabilities of the elections
15 made under Section 14-106.5.

16 (3) For purposes of the recertification due on or
17 before October 1, 2021, the total required State
18 contribution for fiscal year 2022 shall be reduced by the
19 amount of the consideration payments made to Tier 1
20 employees who made the election under paragraph (1) of
21 subsection (a) of Section 14-106.5.

22 A change in an actuarial or investment assumption that
23 increases or decreases the required State contribution and
24 first applies in State fiscal year 2018 or thereafter shall be
25 implemented in equal annual amounts over a 5-year period
26 beginning in the State fiscal year in which the actuarial

1 change first applies to the required State contribution.

2 A change in an actuarial or investment assumption that
3 increases or decreases the required State contribution and
4 first applied to the State contribution in fiscal year 2014,
5 2015, 2016, or 2017 shall be implemented:

6 (i) as already applied in State fiscal years before
7 2018; and

8 (ii) in the portion of the 5-year period beginning in
9 the State fiscal year in which the actuarial change first
10 applied that occurs in State fiscal year 2018 or
11 thereafter, by calculating the change in equal annual
12 amounts over that 5-year period and then implementing it at
13 the resulting annual rate in each of the remaining fiscal
14 years in that 5-year period.

15 For State fiscal years 1996 through 2005, the State
16 contribution to the System, as a percentage of the applicable
17 employee payroll, shall be increased in equal annual increments
18 so that by State fiscal year 2011, the State is contributing at
19 the rate required under this Section; except that (i) for State
20 fiscal year 1998, for all purposes of this Code and any other
21 law of this State, the certified percentage of the applicable
22 employee payroll shall be 5.052% for employees earning eligible
23 creditable service under Section 14-110 and 6.500% for all
24 other employees, notwithstanding any contrary certification
25 made under Section 14-135.08 before July 7, 1997 (the effective
26 date of Public Act 90-65), and (ii) in the following specified

1 State fiscal years, the State contribution to the System shall
2 not be less than the following indicated percentages of the
3 applicable employee payroll, even if the indicated percentage
4 will produce a State contribution in excess of the amount
5 otherwise required under this subsection and subsection (a):
6 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
7 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

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

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

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

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

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

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

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

4 (f) After the submission of all payments for eligible
5 employees from personal services line items in fiscal year 2004
6 have been made, the Comptroller shall provide to the System a
7 certification of the sum of all fiscal year 2004 expenditures
8 for personal services that would have been covered by payments
9 to the System under this Section if the provisions of Public
10 Act 93-665 had not been enacted. Upon receipt of the
11 certification, the System shall determine the amount due to the
12 System based on the full rate certified by the Board under
13 Section 14-135.08 for fiscal year 2004 in order to meet the
14 State's obligation under this Section. The System shall compare
15 this amount due to the amount received by the System in fiscal
16 year 2004 through payments under this Section and under Section
17 6z-61 of the State Finance Act. If the amount due is more than
18 the amount received, the difference shall be termed the "Fiscal
19 Year 2004 Shortfall" for purposes of this Section, and the
20 Fiscal Year 2004 Shortfall shall be satisfied under Section 1.2
21 of the State Pension Funds Continuing Appropriation Act. If the
22 amount due is less than the amount received, the difference
23 shall be termed the "Fiscal Year 2004 Overpayment" for purposes
24 of this Section, and the Fiscal Year 2004 Overpayment shall be
25 repaid by the System to the Pension Contribution Fund as soon
26 as practicable after the certification.

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

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

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

16 (i) After the submission of all payments for eligible
17 employees from personal services line items paid from the
18 General Revenue Fund in fiscal year 2010 have been made, the
19 Comptroller shall provide to the System a certification of the
20 sum of all fiscal year 2010 expenditures for personal services
21 that would have been covered by payments to the System under
22 this Section if the provisions of Public Act 96-45 had not been
23 enacted. Upon receipt of the certification, the System shall
24 determine the amount due to the System based on the full rate
25 certified by the Board under Section 14-135.08 for fiscal year
26 2010 in order to meet the State's obligation under this

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

13 (j) After the submission of all payments for eligible
14 employees from personal services line items paid from the
15 General Revenue Fund in fiscal year 2011 have been made, the
16 Comptroller shall provide to the System a certification of the
17 sum of all fiscal year 2011 expenditures for personal services
18 that would have been covered by payments to the System under
19 this Section if the provisions of Public Act 96-1497 had not
20 been enacted. Upon receipt of the certification, the System
21 shall determine the amount due to the System based on the full
22 rate certified by the Board under Section 14-135.08 for fiscal
23 year 2011 in order to meet the State's obligation under this
24 Section. The System shall compare this amount due to the amount
25 received by the System in fiscal year 2011 through payments
26 under this Section. If the amount due is more than the amount

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

10 (k) For fiscal years 2012 through 2019 only, after the
11 submission of all payments for eligible employees from personal
12 services line items paid from the General Revenue Fund in the
13 fiscal year have been made, the Comptroller shall provide to
14 the System a certification of the sum of all expenditures in
15 the fiscal year for personal services. Upon receipt of the
16 certification, the System shall determine the amount due to the
17 System based on the full rate certified by the Board under
18 Section 14-135.08 for the fiscal year in order to meet the
19 State's obligation under this Section. The System shall compare
20 this amount due to the amount received by the System for the
21 fiscal year. If the amount due is more than the amount
22 received, the difference shall be termed the "Prior Fiscal Year
23 Shortfall" for purposes of this Section, and the Prior Fiscal
24 Year Shortfall shall be satisfied under Section 1.2 of the
25 State Pension Funds Continuing Appropriation Act. If the amount
26 due is less than the amount received, the difference shall be

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

5 (Source: P.A. 99-8, eff. 7-9-15; 99-523, eff. 6-30-16; 100-23,
6 eff. 7-6-17; 100-587, eff. 6-4-18.)

7 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

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

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

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

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

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

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

19 (a-5) Beginning July 1, 2021 or the effective date of the
20 Tier 1 employee's election under paragraph (1) of subsection
21 (a) of Section 14-106.5, whichever is later, in lieu of the
22 contributions otherwise required under subsection (a), each
23 Tier 1 employee who made the election under paragraph (1) of
24 subsection (a) of Section 14-106.5 who is a participating
25 employee shall make contributions to the System, based on his
26 or her compensation, as follows:

1 (1) Covered employees, except as indicated below,
2 3.15% for retirement annuity, and 0.45% for a widow or
3 survivors annuity;

4 (2) Noncovered employees, except as indicated below,
5 6.3% for retirement annuity and 0.9% for a widow or
6 survivors annuity;

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

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

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

19 (6) Each security employee of the Department of
20 Corrections or of the Department of Human Services who is
21 not a covered employee, 10.35% for retirement annuity and
22 0.9% for a widow or survivors annuity.

23 (b) Contributions shall be in the form of a deduction from
24 compensation and shall be made notwithstanding that the
25 compensation paid in cash to the employee shall be reduced
26 thereby below the minimum prescribed by law or regulation. Each

1 member is deemed to consent and agree to the deductions from
2 compensation provided for in this Article, and shall receipt in
3 full for salary or compensation.

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

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

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

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

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

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

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

1 practical after the effective date of this amendatory Act of
2 the 93rd General Assembly.

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

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

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

23 By November 1, 2017, the Board shall recalculate and
24 recertify to the State Actuary, the Governor, and the General
25 Assembly the amount of the State contribution to the System for
26 State fiscal year 2018, taking into account the changes in

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

14 On or after June 15, 2019, but no later than June 30, 2019,
15 the Board shall recalculate and recertify to the Governor and
16 the General Assembly the amount of the State contribution to
17 the System for State fiscal year 2019, taking into account the
18 changes in required State contributions made by this amendatory
19 Act of the 100th General Assembly. The recalculation shall be
20 made using assumptions adopted by the Board for the original
21 fiscal year 2019 certification. The monthly voucher for the
22 12th month of fiscal year 2019 shall be paid by the Comptroller
23 after the recertification required pursuant to this paragraph
24 is submitted to the Governor, Comptroller, and General
25 Assembly. The recertification submitted to the General
26 Assembly shall be filed with the Clerk of the House of

1 Representatives and the Secretary of the Senate in electronic
2 form only, in the manner that the Clerk and the Secretary shall
3 direct.

4 On or before May 1, 2021, the Board shall recalculate and
5 recertify to the Governor and the General Assembly the amount
6 of the required State contribution to the System for State
7 fiscal year 2022, taking into account the effect on the
8 System's liabilities of the elections made under Section
9 14-106.5.

10 On or before October 1, 2021, the Board shall recalculate
11 and recertify to the Governor and the General Assembly the
12 amount of the required State contribution to the System for
13 State fiscal year 2022, taking into account the reduction
14 specified under item (3) of subsection (e) of Section 14-131.

15 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

16 (40 ILCS 5/14-152.1)

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

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

1 the changes made to Article 1 or this Article by Public Act
2 96-37, Public Act 100-23, Public Act 100-587, Public Act
3 100-611, or this amendatory Act of the 101st General Assembly
4 ~~or this amendatory Act of the 100th General Assembly.~~

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

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

14 Every new benefit increase is contingent upon the General
15 Assembly providing the additional funding required under this
16 subsection. The Commission on Government Forecasting and
17 Accountability shall analyze whether adequate additional
18 funding has been provided for the new benefit increase and
19 shall report its analysis to the Public Pension Division of the
20 Department of Insurance. A new benefit increase created by a
21 Public Act that does not include the additional funding
22 required under this subsection is null and void. If the Public
23 Pension Division determines that the additional funding
24 provided for a new benefit increase under this subsection is or
25 has become inadequate, it may so certify to the Governor and
26 the State Comptroller and, in the absence of corrective action

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

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

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

20 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
21 100-611, eff. 7-20-18; revised 7-25-18.)

22 (40 ILCS 5/15-108.1)

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

24 "Tier 1 member": A participant or an annuitant of a
25 retirement annuity under this Article, other than a participant

1 in the self-managed plan under Section 15-158.2, who first
2 became a participant or member before January 1, 2011 under any
3 reciprocal retirement system or pension fund established under
4 this Code, other than a retirement system or pension fund
5 established under Articles 2, 3, 4, 5, 6, or 18 of this Code.
6 "Tier 1 member" includes a person who first became a
7 participant under this System before January 1, 2011 and who
8 accepts a refund and is subsequently reemployed by an employer
9 on or after January 1, 2011.

10 "Tier 1 employee": A Tier 1 member who is a participating
11 employee, unless he or she is a disability benefit recipient
12 under Section 15-150. However, for the purposes of the election
13 under Section 15-132.9, "Tier 1 employee" does not include an
14 individual who has made an irrevocable election on or before
15 June 1, 2019 to retire from service pursuant to the terms of an
16 employment contract or a collective bargaining agreement in
17 effect on June 1, 2019, excluding any extension, amendment, or
18 renewal of that agreement on or after that date, and has
19 notified the System of that election.

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

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
24 for personal services equal to the sum of the basic
25 compensation plus extra compensation for summer teaching,

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

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

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

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

1 approved by the System. Upon payment of the employee
2 contributions on transition pay, the corresponding
3 employer contributions become an obligation of the State.

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

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

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

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

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

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

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

10 (40 ILCS 5/15-112.1 new)

11 Sec. 15-112.1. Future increase in income. "Future increase
12 in income" means an increase to a Tier 1 employee's base pay
13 that is offered by an employer to the Tier 1 employee for
14 service under this Article after June 30, 2020 that qualifies
15 as "earnings", as defined in Section 15-111, or would qualify
16 as "earnings" but for the fact that it was offered to and
17 accepted by the Tier 1 employee under the condition set forth
18 in subsection (c) of Section 15-132.9. The term "future
19 increase in income" includes an increase to a Tier 1 employee's
20 base pay that is paid to the Tier 1 employee pursuant to an
21 extension, amendment, or renewal of any such employment
22 contract or collective bargaining agreement after the
23 effective date of this Section.

24 (40 ILCS 5/15-112.2 new)

1 Sec. 15-112.2. Base pay. As used in Section 15-112.1 of
2 this Code, "base pay" means the greater of either (i) the Tier
3 1 employee's annualized rate of earnings as of June 30, 2020,
4 or (ii) the Tier 1 employee's annualized rate of earnings
5 immediately preceding the expiration, renewal, or amendment of
6 an employment contract or collective bargaining agreement in
7 effect on the effective date of this Section. For a person
8 returning to participating employee status as a Tier 1 employee
9 after June 30, 2020, however, "base pay" means the employee's
10 annualized rate of earnings as of the employee's last date of
11 service prior to July 1, 2020. The System shall calculate the
12 base pay of each Tier 1 employee pursuant to this Section.

13 (40 ILCS 5/15-132.9 new)

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

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

17 (1) to agree to delay his or her eligibility for
18 automatic annual increases in retirement annuity as
19 provided in subsection (d-1) of Section 15-136 and to have
20 the amount of the automatic annual increases in his or her
21 retirement annuity and survivor annuity that are otherwise
22 provided for in this Article calculated, instead, as
23 provided in subsection (d-1) of Section 15-136; or

24 (2) to not agree to the provisions of paragraph (1) of
25 this subsection.

1 The election required under this subsection (a) shall be
2 made by each Tier 1 employee no earlier than January 1, 2020
3 and no later than March 31, 2020, except that:

4 (i) a person who becomes a Tier 1 employee under this
5 Article on or after January 1, 2020 must make the election
6 under this subsection (a) within 60 days after becoming a
7 Tier 1 employee;

8 (ii) a person who returns to participating employee
9 status as a Tier 1 employee under this Article on or after
10 January 1, 2020 and has not yet made an election under this
11 Section must make the election under this subsection (a)
12 within 60 days after returning to participating employee
13 status as a Tier 1 employee; and

14 (iii) a person who returns to participating employee
15 status as a Tier 1 employee under this Article but who has
16 not made an election under Section 15-134.5 must make the
17 election under this subsection (a) at the same time as the
18 election under Section 15-134.5 and within the timeframes
19 required by that Section.

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

24 (a-5) If this Section is enjoined or stayed by an Illinois
25 court or a court of competent jurisdiction pending the entry of
26 a final and unappealable decision, and this Section is

1 determined to be constitutional or otherwise valid by a final
2 unappealable decision of an Illinois court or a court of
3 competent jurisdiction, then the election procedure set forth
4 in subsection (a) of this Section shall commence on the 180th
5 calendar day after the date of the issuance of the final
6 unappealable decision and shall conclude at the end of the
7 270th calendar day after that date.

8 (a-10) All elections under subsection (a) that are made or
9 deemed to be made before July 1, 2020 shall take effect on July
10 1, 2020. Elections that are made or deemed to be made on or
11 after July 1, 2020 shall take effect on the first day of the
12 month following the month in which the election is made or
13 deemed to be made.

14 (b) As adequate and legal consideration provided under this
15 amendatory Act of the 101st General Assembly for making an
16 election under paragraph (1) of subsection (a) of this Section,
17 the employer shall be expressly and irrevocably prohibited from
18 offering any future increases in income to a Tier 1 employee
19 who has made an election under paragraph (1) of subsection (a)
20 of this Section on the condition of not constituting earnings
21 under Section 15-111.

22 As adequate and legal consideration provided under this
23 amendatory Act of the 101st General Assembly for making an
24 election under paragraph (1) of subsection (a) of this Section,
25 each Tier 1 employee who has made an election under paragraph
26 (1) of subsection (a) of this Section shall receive a

1 consideration payment equal to 10% of the contributions made by
2 or on behalf of the employee under Section 15-157 before the
3 effective date of that election. The State Comptroller shall
4 pay the consideration payment to the Tier 1 employee out of
5 funds appropriated for that purpose under Section 1.10 of the
6 State Pension Funds Continuing Appropriation Act. The System
7 shall calculate the amount of each consideration payment and,
8 by July 1, 2020, shall certify to the State Comptroller the
9 amount of the consideration payment, together with the name,
10 address, and any other available payment information of the
11 Tier 1 employee as found in the records of the System. The
12 System shall make additional calculations and certifications
13 of consideration payments to the State Comptroller as the
14 System deems necessary.

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

26 (d) The System shall make a good faith effort to contact

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

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

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

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

4 In no event shall the System, its staff, or the Board be
5 held liable for any information given to a member regarding the
6 elections under this Section. The System shall coordinate with
7 the Illinois Department of Central Management Services and each
8 other retirement system administering an election in
9 accordance with this amendatory Act of the 101st General
10 Assembly to provide information concerning the impact of the
11 election set forth in this Section.

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

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

25 (f) A member's election under this Section is not a
26 prohibited election under subdivision (j)(1) of Section 1-119

1 of this Code.

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

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

13 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

25 Rule 1: The retirement annuity shall be 1.67% of final rate

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

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

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

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

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

25 With respect to a police officer or firefighter who retires
26 on or after August 14, 1998, the accumulated normal

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

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

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

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

19 Rule 3: The retirement annuity of a participant who is
20 employed at least one-half time during the period on which his
21 or her final rate of earnings is based, shall be equal to the
22 participant's years of service not to exceed 30, multiplied by
23 (1) \$96 if the participant's final rate of earnings is less
24 than \$3,500, (2) \$108 if the final rate of earnings is at least
25 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
26 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if

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

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

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

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

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

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

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

25 (2) For a participant who has at least the number of
26 years of service required to retire at any age under

1 subsection (a) of Section 15-135; or

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

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

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

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

23 Effective January 1 immediately following the date the
24 retirement annuity begins, the annuitant shall receive an
25 increase in his or her monthly retirement annuity of 0.125% of
26 the monthly retirement annuity provided under Rule 1, Rule 2,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 Sec. 15-155. Employer contributions.

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

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

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

9 (a-1) For State fiscal years 2012 through 2045 (except as
10 otherwise provided for fiscal year 2021), the minimum
11 contribution to the System to be made by the State for each
12 fiscal year shall be an amount determined by the System to be
13 sufficient to bring the total assets of the System up to 90% of
14 the total actuarial liabilities of the System by the end of
15 State fiscal year 2045. In making these determinations, the
16 required State contribution shall be calculated each year as a
17 level percentage of payroll over the years remaining to and
18 including fiscal year 2045 and shall be determined under the
19 projected unit credit actuarial cost method.

20 For State fiscal year 2021:

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

23 (2) For purposes of the recertification due on or
24 before May 1, 2020, the recalculation of the required State
25 contribution for fiscal year 2021 shall take into account
26 the effect on the System's liabilities of the elections

1 made under Section 15-132.9.

2 (3) For purposes of the recertification due on or
3 before October 1, 2020, the total required State
4 contribution for fiscal year 2021 shall be reduced by the
5 amount of the consideration payments made to Tier 1
6 employees who made the election under paragraph (1) of
7 subsection (a) of Section 15-132.9.

8 For each of State fiscal years 2018, 2019, and 2020, the
9 State shall make an additional contribution to the System equal
10 to 2% of the total payroll of each employee who is deemed to
11 have elected the benefits under Section 1-161 or who has made
12 the election under subsection (c) of Section 1-161.

13 A change in an actuarial or investment assumption that
14 increases or decreases the required State contribution and
15 first applies in State fiscal year 2018 or thereafter shall be
16 implemented in equal annual amounts over a 5-year period
17 beginning in the State fiscal year in which the actuarial
18 change first applies to the required State contribution.

19 A change in an actuarial or investment assumption that
20 increases or decreases the required State contribution and
21 first applied to the State contribution in fiscal year 2014,
22 2015, 2016, or 2017 shall be implemented:

23 (i) as already applied in State fiscal years before
24 2018; and

25 (ii) in the portion of the 5-year period beginning in
26 the State fiscal year in which the actuarial change first

1 applied that occurs in State fiscal year 2018 or
2 thereafter, by calculating the change in equal annual
3 amounts over that 5-year period and then implementing it at
4 the resulting annual rate in each of the remaining fiscal
5 years in that 5-year period.

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

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$166,641,900.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$252,064,100.

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2010 is
25 \$702,514,000 and shall be made from the State Pensions Fund and
26 proceeds of bonds sold in fiscal year 2010 pursuant to Section

1 7.2 of the General Obligation Bond Act, less (i) the pro rata
2 share of bond sale expenses determined by the System's share of
3 total bond proceeds, (ii) any amounts received from the General
4 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
5 proceeds due to the issuance of discounted bonds, if
6 applicable.

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

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

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

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

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

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

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

11 (i) for each of fiscal years 2018, 2019, and 2020, the
12 defined benefit normal cost of the defined benefit plan,
13 less the employee contribution, for each employee of that
14 employer who has elected or who is deemed to have elected
15 the benefits under Section 1-161 or who has made the
16 election under subsection (c) of Section 1-161; for fiscal
17 year 2021 and each fiscal year thereafter, the defined
18 benefit normal cost of the defined benefit plan, less the
19 employee contribution, plus 2%, for each employee of that
20 employer who has elected or who is deemed to have elected
21 the benefits under Section 1-161 or who has made the
22 election under subsection (c) of Section 1-161; plus

23 (ii) the amount required for that fiscal year to
24 amortize any unfunded actuarial accrued liability
25 associated with the present value of liabilities
26 attributable to the employer's account under Section

1 15-155.2, determined as a level percentage of payroll over
2 a 30-year rolling amortization period.

3 In determining contributions required under item (i) of
4 this subsection, the System shall determine an aggregate rate
5 for all employers, expressed as a percentage of projected
6 payroll.

7 In determining the contributions required under item (ii)
8 of this subsection, the amount shall be computed by the System
9 on the basis of the actuarial assumptions and tables used in
10 the most recent actuarial valuation of the System that is
11 available at the time of the computation.

12 The contributions required under this subsection (a-2)
13 shall be paid by an employer concurrently with that employer's
14 payroll payment period. The State, as the actual employer of an
15 employee, shall make the required contributions under this
16 subsection.

17 As used in this subsection, "academic year" means the
18 12-month period beginning September 1.

19 (b) If an employee is paid from trust or federal funds, the
20 employer shall pay to the Board contributions from those funds
21 which are sufficient to cover the accruing normal costs on
22 behalf of the employee. However, universities having employees
23 who are compensated out of local auxiliary funds, income funds,
24 or service enterprise funds are not required to pay such
25 contributions on behalf of those employees. The local auxiliary
26 funds, income funds, and service enterprise funds of

1 universities shall not be considered trust funds for the
2 purpose of this Article, but funds of alumni associations,
3 foundations, and athletic associations which are affiliated
4 with the universities included as employers under this Article
5 and other employers which do not receive State appropriations
6 are considered to be trust funds for the purpose of this
7 Article.

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

21 (c) Through State fiscal year 1995: The total employer
22 contribution shall be apportioned among the various funds of
23 the State and other employers, whether trust, federal, or other
24 funds, in accordance with actuarial procedures approved by the
25 Board. State of Illinois contributions for employers receiving
26 State appropriations for personal services shall be payable

1 from appropriations made to the employers or to the System. The
2 contributions for Class I community colleges covering earnings
3 other than those paid from trust and federal funds, shall be
4 payable solely from appropriations to the Illinois Community
5 College Board or the System for employer contributions.

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

11 (e) The State Comptroller shall draw warrants payable to
12 the System upon proper certification by the System or by the
13 employer in accordance with the appropriation laws and this
14 Code.

15 (f) Normal costs under this Section means liability for
16 pensions and other benefits which accrues to the System because
17 of the credits earned for service rendered by the participants
18 during the fiscal year and expenses of administering the
19 System, but shall not include the principal of or any
20 redemption premium or interest on any bonds issued by the Board
21 or any expenses incurred or deposits required in connection
22 therewith.

23 (g) For academic years beginning on or after June 1, 2005
24 and before July 1, 2018 and for earnings paid to a participant
25 under a contract or collective bargaining agreement entered
26 into, amended, or renewed before June 4, 2018 (the effective

1 date of Public Act 100-587) ~~this amendatory Act of the 100th~~
2 ~~General Assembly~~, if the amount of a participant's earnings for
3 any academic year used to determine the final rate of earnings,
4 determined on a full-time equivalent basis, exceeds the amount
5 of his or her earnings with the same employer for the previous
6 academic year, determined on a full-time equivalent basis, by
7 more than 6%, the participant's employer shall pay to the
8 System, in addition to all other payments required under this
9 Section and in accordance with guidelines established by the
10 System, the present value of the increase in benefits resulting
11 from the portion of the increase in earnings that is in excess
12 of 6%. This present value shall be computed by the System on
13 the basis of the actuarial assumptions and tables used in the
14 most recent actuarial valuation of the System that is available
15 at the time of the computation. The System may require the
16 employer to provide any pertinent information or
17 documentation.

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

1 (h) or (i) of this Section or that subsection (g-1) applies,
2 must include an affidavit setting forth and attesting to all
3 facts within the employer's knowledge that are pertinent to the
4 applicability of that subsection. Upon receiving a timely
5 application for recalculation, the System shall review the
6 application and, if appropriate, recalculate the amount due.

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

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

1 of voluntary pay reduction shall be the responsibility of the
2 employer, and shall be reported in a manner prescribed by the
3 System.

4 This subsection (g) does not apply to (1) Tier 2 hybrid
5 plan members and (2) Tier 2 defined benefit members who first
6 participate under this Article on or after the implementation
7 date of the Optional Hybrid Plan.

8 (g-1) For academic years beginning on or after July 1, 2018
9 and for earnings paid to a participant under a contract or
10 collective bargaining agreement entered into, amended, or
11 renewed on or after June 4, 2018 (the effective date of Public
12 Act 100-587) ~~this amendatory Act of the 100th General Assembly,~~
13 if the amount of a participant's earnings for any academic year
14 used to determine the final rate of earnings, determined on a
15 full-time equivalent basis, exceeds the amount of his or her
16 earnings with the same employer for the previous academic year,
17 determined on a full-time equivalent basis, by more than 3%,
18 then the participant's employer shall pay to the System, in
19 addition to all other payments required under this Section and
20 in accordance with guidelines established by the System, the
21 present value of the increase in benefits resulting from the
22 portion of the increase in earnings that is in excess of 3%.
23 This present value shall be computed by the System on the basis
24 of the actuarial assumptions and tables used in the most recent
25 actuarial valuation of the System that is available at the time
26 of the computation. The System may require the employer to

1 provide any pertinent information or documentation.

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

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

25 This subsection (g-1) does not apply to (1) Tier 2 hybrid
26 plan members and (2) Tier 2 defined benefit members who first

1 participate under this Article on or after the implementation
2 date of the Optional Hybrid Plan.

3 (h) This subsection (h) 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 (g), the System shall exclude earnings increases paid to
10 participants under contracts or collective bargaining
11 agreements entered into, amended, or renewed before June 1,
12 2005.

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

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude earnings increases resulting from
19 overload work, including a contract for summer teaching, or
20 overtime when the employer has certified to the System, and the
21 System has approved the certification, that: (i) in the case of
22 overloads (A) the overload work is for the sole purpose of
23 academic instruction in excess of the standard number of
24 instruction hours for a full-time employee occurring during the
25 academic year that the overload is paid and (B) the earnings
26 increases are equal to or less than the rate of pay for

1 academic instruction computed using the participant's current
2 salary rate and work schedule; and (ii) in the case of
3 overtime, the overtime was necessary for the educational
4 mission.

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

19 (i) When assessing payment for any amount due under
20 subsection (g), the System shall exclude any salary increase
21 described in subsection (h) of this Section given on or after
22 July 1, 2011 but before July 1, 2014 under a contract or
23 collective bargaining agreement entered into, amended, or
24 renewed on or after June 1, 2005 but before July 1, 2011.
25 Notwithstanding any other provision of this Section, any
26 payments made or salary increases given after June 30, 2014

1 shall be used in assessing payment for any amount due under
2 subsection (g) of this Section.

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

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

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

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

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

18 (j-5) For State fiscal years beginning on or after July 1,
19 2017, if the amount of a participant's earnings for any State
20 fiscal year exceeds the amount of the salary set by law for the
21 Governor that is in effect on July 1 of that fiscal year, the
22 participant's employer shall pay to the System, in addition to
23 all other payments required under this Section and in
24 accordance with guidelines established by the System, an amount
25 determined by the System to be equal to the employer normal
26 cost, as established by the System and expressed as a total

1 percentage of payroll, multiplied by the amount of earnings in
2 excess of the amount of the salary set by law for the Governor.
3 This amount shall be computed by the System on the basis of the
4 actuarial assumptions and tables used in the most recent
5 actuarial valuation of the System that is available at the time
6 of the computation. The System may require the employer to
7 provide any pertinent information or documentation.

8 Whenever it determines that a payment is or may be required
9 under this subsection, the System shall calculate the amount of
10 the payment and bill the employer for that amount. The bill
11 shall specify the calculation used to determine the amount due.
12 If the employer disputes the amount of the bill, it may, within
13 30 days after receipt of the bill, apply to the System in
14 writing for a recalculation. The application must specify in
15 detail the grounds of the dispute. Upon receiving a timely
16 application for recalculation, the System shall review the
17 application and, if appropriate, recalculate the amount due.

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

1 applicable interest, within 3 years, then the System may, after
2 giving notice to the employer, certify the delinquent amount to
3 the State Comptroller, and the Comptroller shall thereupon
4 deduct the certified delinquent amount from State funds payable
5 to the employer and pay them instead to the System.

6 This subsection (j-5) does not apply to a participant's
7 earnings to the extent an employer pays the employer normal
8 cost of such earnings.

9 The changes made to this subsection (j-5) by Public Act
10 100-624 ~~this amendatory Act of the 100th General Assembly~~ are
11 intended to apply retroactively to July 6, 2017 (the effective
12 date of Public Act 100-23).

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

1 submit any information to the Community College Board.

2 (l) 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 (m) 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 (n) If Section 15-132.9 is determined to be
18 unconstitutional or otherwise invalid by a final unappealable
19 decision of an Illinois court or a court of competent
20 jurisdiction, then the changes made to this Section by this
21 amendatory Act of the 101st General Assembly shall not take
22 effect and are repealed by operation of law.

23 (Source: P.A. 99-897, eff. 1-1-17; 100-23, eff. 7-6-17;
24 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; revised 7-30-18.)

25 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

1 Sec. 15-157. Employee Contributions.

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

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

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

9 (b) Starting September 1, 1969, each participating
10 employee shall make additional contributions of 1/2 of 1% of
11 earnings to finance a portion of the cost of the annual
12 increases in retirement annuity provided under Section 15-136,
13 except that with respect to participants in the self-managed
14 plan this additional contribution shall be used to finance the
15 benefits obtained under that retirement program. Beginning
16 July 1, 2020 or the effective date of the Tier 1 employee's
17 election under paragraph (1) of subsection (a) of Section
18 15-132.9, whichever is later, each Tier 1 employee who made the
19 election under paragraph (1) of subsection (a) of Section
20 15-132.9 is no longer required to make contributions under this
21 subsection.

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

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

13 (c-5) Beginning July 1, 2020 or the effective date of the
14 Tier 1 employee's election under paragraph (1) of subsection
15 (a) of Section 15-132.9, whichever is later, in lieu of the
16 contributions otherwise required under subsection (c), each
17 Tier 1 employee who made the election under paragraph (1) of
18 subsection (a) of Section 15-132.9 shall make contributions of
19 0.7% of earnings applicable under this System and each Tier 1
20 employee who is a police officer or firefighter who makes
21 normal contributions of 8% of each payment of earnings
22 applicable to employment as a police officer or firefighter
23 under this System and who made the election under paragraph (1)
24 of subsection (a) of Section 15-132.9 shall make contributions
25 of 0.55% of earnings applicable under this System. The
26 contributions made under this subsection (c-5) shall be

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

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

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

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

1 in clause (1) of subsection (c) of Section 15-136.

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

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

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

10 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

1 Obligation Bond Act.

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

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

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

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

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

25 (a-15) On or before May 1, 2020, the Board shall
26 recalculate and recertify to the Governor and the General

1 Assembly the amount of the required State contribution to the
2 System for State fiscal year 2021, taking into account the
3 effect on the System's liabilities of the elections made under
4 Section 15-132.9.

5 On or before October 1, 2020, the Board shall recalculate
6 and recertify to the Governor and the General Assembly the
7 amount of the required State contribution to the System for
8 State fiscal year 2021, taking into account the reduction
9 specified under item (3) of subsection (a-1) of Section 15-155.

10 (a-15) On or after June 15, 2019, but no later than June
11 30, 2019, the Board shall recalculate and recertify to the
12 Governor and the General Assembly the amount of the State
13 contribution to the System for State fiscal year 2019, taking
14 into account the changes in required State contributions made
15 by this amendatory Act of the 100th General Assembly. The
16 recalculation shall be made using assumptions adopted by the
17 Board for the original fiscal year 2019 certification. The
18 monthly voucher for the 12th month of fiscal year 2019 shall be
19 paid by the Comptroller after the recertification required
20 pursuant to this subsection is submitted to the Governor,
21 Comptroller, and General Assembly. The recertification
22 submitted to the General Assembly shall be filed with the Clerk
23 of the House of Representatives and the Secretary of the Senate
24 in electronic form only, in the manner that the Clerk and the
25 Secretary shall direct.

26 (b) The Board shall certify to the State Comptroller or

1 employer, as the case may be, from time to time, by its
2 chairperson and secretary, with its seal attached, the amounts
3 payable to the System from the various funds.

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

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

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

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

21 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

22 (40 ILCS 5/15-198)

23 Sec. 15-198. Application and expiration of new benefit
24 increases.

25 (a) As used in this Section, "new benefit increase" means

1 an increase in the amount of any benefit provided under this
2 Article, or an expansion of the conditions of eligibility for
3 any benefit under this Article, that results from an amendment
4 to this Code that takes effect after the effective date of this
5 amendatory Act of the 94th General Assembly. "New benefit
6 increase", however, does not include any benefit increase
7 resulting from the changes made to Article 1 or this Article by
8 Public Act 100-23, Public Act 100-587, Public Act 100-769, or
9 this amendatory Act of the 101st General Assembly ~~or this~~
10 ~~amendatory Act of the 100th General Assembly.~~

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

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

20 Every new benefit increase is contingent upon the General
21 Assembly providing the additional funding required under this
22 subsection. The Commission on Government Forecasting and
23 Accountability shall analyze whether adequate additional
24 funding has been provided for the new benefit increase and
25 shall report its analysis to the Public Pension Division of the
26 Department of Insurance. A new benefit increase created by a

1 Public Act that does not include the additional funding
2 required under this subsection is null and void. If the Public
3 Pension Division determines that the additional funding
4 provided for a new benefit increase under this subsection is or
5 has become inadequate, it may so certify to the Governor and
6 the State Comptroller and, in the absence of corrective action
7 by the General Assembly, the new benefit increase shall expire
8 at the end of the fiscal year in which the certification is
9 made.

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

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

26 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;

1 100-769, eff. 8-10-18; revised 9-26-18.)

2 (40 ILCS 5/16-107.1 new)

3 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
4 teacher under this Article who first became a member or
5 participant before January 1, 2011 under any reciprocal
6 retirement system or pension fund established under this Code
7 other than a retirement system or pension fund established
8 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
9 the purposes of the election under Section 16-122.9, "Tier 1
10 employee" does not include a teacher under this Article who
11 would qualify as a Tier 1 employee but who has made an
12 irrevocable election on or before June 1, 2019 to retire from
13 service pursuant to the terms of an employment contract or a
14 collective bargaining agreement in effect on June 1, 2019,
15 excluding any extension, amendment, or renewal of that
16 agreement after that date, and has notified the System of that
17 election.

18 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

21 Sec. 16-121. Salary. "Salary": The actual compensation
22 received by a teacher during any school year and recognized by
23 the system in accordance with rules of the board. For purposes
24 of this Section, "school year" includes the regular school term

1 plus any additional period for which a teacher is compensated
2 and such compensation is recognized by the rules of the board.

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

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

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

14 (40 ILCS 5/16-121.1 new)

15 Sec. 16-121.1. Future increase in income. "Future increase
16 in income" means an increase to a Tier 1 employee's base pay
17 that is offered by an employer to the Tier 1 employee for
18 service under this Article after June 30, 2020 that qualifies
19 as "salary", as defined in Section 16-121, or would qualify as
20 "salary" but for the fact that it was offered to and accepted
21 by the Tier 1 employee under the condition set forth in
22 subsection (c) of Section 16-122.9. The term "future increase
23 in income" includes an increase to a Tier 1 employee's base pay
24 that is paid to the Tier 1 employee pursuant to an extension,
25 amendment, or renewal of any such employment contract or

1 collective bargaining agreement after the effective date of
2 this Section.

3 (40 ILCS 5/16-121.2 new)

4 Sec. 16-121.2. Base pay. As used in Section 16-121.1 of
5 this Code, "base pay" means the greater of either (i) the Tier
6 1 employee's annualized rate of salary as of June 30, 2020, or
7 (ii) the Tier 1 employee's annualized rate of salary
8 immediately preceding the expiration, renewal, or amendment of
9 an employment contract or collective bargaining agreement in
10 effect on the effective date of this Section. For a person
11 returning to active service as a Tier 1 employee after June 30,
12 2020, however, "base pay" means the employee's annualized rate
13 of salary as of the employee's last date of service prior to
14 July 1, 2020. The System shall calculate the base pay of each
15 Tier 1 employee pursuant to this Section.

16 (40 ILCS 5/16-122.9 new)

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

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

20 (1) to agree to delay his or her eligibility for
21 automatic annual increases in retirement annuity as
22 provided in subsection (a-1) of Section 16-133.1 or
23 subsection (b-1) of Section 16-136.1, whichever is
24 applicable, and to have the amount of the automatic annual

1 increases in his or her retirement annuity and survivor
2 benefit that are otherwise provided for in this Article
3 calculated, instead, as provided in subsection (a-1) of
4 Section 16-133.1 or subsection (b-1) of Section 16-136.1,
5 whichever is applicable; or

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

7 The election required under this subsection (a) shall be
8 made by each active Tier 1 employee no earlier than January 1,
9 2020 and no later than March 31, 2020, except that:

10 (i) a person who becomes a Tier 1 employee under this
11 Article on or after February 1, 2020 must make the election
12 under this subsection (a) within 60 days after becoming a
13 Tier 1 employee; and

14 (ii) a person who returns to active service as a Tier 1
15 employee under this Article on or after February 1, 2020
16 and has not yet made an election under this Section must
17 make the election under this subsection (a) within 60 days
18 after returning to active service as a Tier 1 employee.

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

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

1 unappealable decision of an Illinois court or a court of
2 competent jurisdiction, then the election procedure set forth
3 in subsection (a) of this Section shall commence on the 180th
4 calendar day after the date of the issuance of the final
5 unappealable decision and shall conclude at the end of the
6 270th calendar day after that date.

7 (a-10) All elections under subsection (a) that are made or
8 deemed to be made before July 1, 2020 shall take effect on July
9 1, 2020. Elections that are made or deemed to be made on or
10 after July 1, 2020 shall take effect on the first day of the
11 month following the month in which the election is made or
12 deemed to be made.

13 (b) As adequate and legal consideration provided under this
14 amendatory Act of the 101st General Assembly for making an
15 election under paragraph (1) of subsection (a) of this Section,
16 an employer shall be expressly and irrevocably prohibited from
17 offering any future increases in income to a Tier 1 employee
18 who has made an election under paragraph (1) of subsection (a)
19 of this Section on the condition of not constituting salary
20 under Section 16-121.

21 As adequate and legal consideration provided under this
22 amendatory Act of the 101st General Assembly for making an
23 election under paragraph (1) of subsection (a) of this Section,
24 each Tier 1 employee who has made an election under paragraph
25 (1) of subsection (a) of this Section shall receive a
26 consideration payment equal to 10% of the contributions made by

1 or on behalf of the employee under paragraphs (1), (2), and (3)
2 of subsection (a) of Section 16-152 before the effective date
3 of that election. The State Comptroller shall pay the
4 consideration payment to the Tier 1 employee out of funds
5 appropriated for that purpose under Section 1.10 of the State
6 Pension Funds Continuing Appropriation Act. The System shall
7 calculate the amount of each consideration payment and, by July
8 1, 2020, shall certify to the State Comptroller the amount of
9 the consideration payment, together with the name, address, and
10 any other available payment information of the Tier 1 employee
11 as found in the records of the System. The System shall make
12 additional calculations and certifications of consideration
13 payments to the State Comptroller as the System deems
14 necessary.

15 (c) A Tier 1 employee who makes the election under
16 paragraph (2) of subsection (a) of this Section shall not be
17 subject to paragraph (1) of subsection (a) of this Section.
18 However, each future increase in income offered by an employer
19 under this Article to a Tier 1 employee who has made the
20 election under paragraph (2) of subsection (a) of this Section
21 shall be offered by the employer expressly and irrevocably on
22 the condition of not constituting salary under Section 16-121
23 and that the Tier 1 employee's acceptance of the offered future
24 increase in income shall constitute his or her agreement to
25 that condition.

26 (d) The System shall make a good faith effort to contact

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

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

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

1 source, including, but not limited to, labor organizations and
2 private counsel.

3 In no event shall the System, its staff, or the Board be
4 held liable for any information given to a member regarding the
5 elections under this Section. The System shall coordinate with
6 the Illinois Department of Central Management Services and each
7 other retirement system administering an election in
8 accordance with this amendatory Act of the 101st General
9 Assembly to provide information concerning the impact of the
10 election set forth in this Section.

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

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

24 (f) A member's election under this Section is not a
25 prohibited election under subdivision (j)(1) of Section 1-119
26 of this Code.

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

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

12 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

16 (a) Each member with creditable service and retiring on or
17 after August 26, 1969 is entitled to the automatic annual
18 increases in annuity provided under this Section while
19 receiving a retirement annuity or disability retirement
20 annuity from the system.

21 Except as otherwise provided in subsection (a-1), an ~~An~~
22 annuitant shall first be entitled to an initial increase under
23 this Section on the January 1 next following the first
24 anniversary of retirement, or January 1 of the year next
25 following attainment of age 61, whichever is later. At such

1 time, the system shall pay an initial increase determined as
2 follows:

3 (1) 1.5% of the originally granted retirement annuity
4 or disability retirement annuity multiplied by the number
5 of years elapsed, if any, from the date of retirement until
6 January 1, 1972, plus

7 (2) 2% of the originally granted annuity multiplied by
8 the number of years elapsed, if any, from the date of
9 retirement or January 1, 1972, whichever is later, until
10 January 1, 1978, plus

11 (3) 3% of the originally granted annuity multiplied by
12 the number of years elapsed from the date of retirement or
13 January 1, 1978, whichever is later, until the effective
14 date of the initial increase.

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

21 Except as otherwise provided in subsection (a-1),
22 following ~~Following~~ the initial increase, automatic annual
23 increases in annuity shall be payable on each January 1
24 thereafter during the lifetime of the annuitant, determined as
25 a percentage of the originally granted retirement annuity or
26 disability retirement annuity for increases granted prior to

1 January 1, 1990, and calculated as a percentage of the total
2 amount of annuity, including previous increases under this
3 Section, for increases granted on or after January 1, 1990, as
4 follows: 1.5% for periods prior to January 1, 1972, 2% for
5 periods after December 31, 1971 and prior to January 1, 1978,
6 and 3% for periods after December 31, 1977.

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

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

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

1 increased.

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

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

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

24 (d) An annuitant receiving a retirement annuity or
25 disability retirement annuity on July 1, 1969, who subsequently
26 re-enters service as a teacher is eligible for the automatic

1 annual increases in annuity provided under this Section if he
2 or she renders at least one year of creditable service
3 following the latest re-entry.

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

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

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

21 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

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

25 (a) Any annuitant receiving a retirement annuity on June

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

9 (b) Except as otherwise provided in subsection (b-1), an An
10 annuitant entitled to increases under this Section shall be
11 entitled to the initial increase as of the later of: (1)
12 January 1 following attainment of age 65, (2) January 1
13 following the first anniversary of retirement, or (3) the first
14 day of the month following receipt of the required qualifying
15 contribution from the annuitant. The initial monthly increase
16 shall be computed on the basis of the period elapsed between
17 the later of the date of last retirement or attainment of age
18 50 and the date of qualification for the initial increase, at
19 the rate of 1 1/2% of the original monthly retirement annuity
20 per year for periods prior to September 1, 1971, and at the
21 rate of 2% per year for periods between September 1, 1971 and
22 September 1, 1978, and at the rate of 3% per year for periods
23 thereafter.

24 Except as otherwise provided in subsection (b-1), if
25 applicable, an An annuitant who has received an initial
26 increase under this Section, shall be entitled, on each January

1 following the granting of the initial increase, to an
2 increase of 3% of the original monthly retirement annuity for
3 increases granted prior to January 1, 1990, and equal to 3% of
4 the total annuity, including previous increases under this
5 Section, for increases granted on or after January 1, 1990. The
6 original monthly retirement annuity for computations under
7 this subsection (b) shall be considered to be \$83.34 for any
8 annuitant entitled to benefits under Section 16-134. The
9 minimum original disability retirement annuity for
10 computations under this subsection (b) shall be considered to
11 be \$33.34 per month for any annuitant retired on account of
12 disability.

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

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

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

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

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

17 (c) An annuitant who otherwise qualifies for annual
18 increases under this Section must make a one-time payment of 1%
19 of the monthly final average salary for each full year of the
20 creditable service forming the basis of the retirement annuity
21 or, if the retirement annuity was not computed using final
22 average salary, 1% of the original monthly retirement annuity
23 for each full year of service forming the basis of the
24 retirement annuity.

25 (d) In addition to other increases which may be provided by
26 this Section, regardless of creditable service, annuitants not

1 meeting the service requirements of Section 16-133.1 and whose
2 retirement annuity began on or before January 1, 1971 shall
3 receive, on January 1, 1981, an increase in the retirement
4 annuity then being paid of one dollar per month for each year
5 of creditable service forming the basis of the retirement
6 allowance. On January 1, 1982, annuitants whose retirement
7 annuity began on or before January 1, 1977, shall receive an
8 increase in the retirement annuity then being paid of one
9 dollar per month for each year of creditable service.

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

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

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

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

19 Sec. 16-152. Contributions by members.

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

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

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

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

9 (4) Effective July 1, 2005, contributions of 0.40% of
10 salary toward the cost of the early retirement without
11 discount option provided under Section 16-133.2. This
12 contribution shall cease upon termination of the early
13 retirement without discount option as provided in Section
14 16-133.2.

15 (a-5) Beginning July 1, 2020 or the effective date of the
16 Tier 1 employee's election under paragraph (1) of subsection
17 (a) of Section 16-122.9, whichever is later, in lieu of the
18 contributions otherwise required under subsection (a), each
19 Tier 1 employee who made the election under paragraph (1) of
20 subsection (a) of Section 16-122.9 shall make contributions as
21 follows:

22 (1) Contributions of 7.50% of salary towards the cost
23 of the retirement annuity. Such contributions shall be
24 deemed "normal contributions".

25 (2) Contributions of 0.60% towards the cost of survivor
26 benefits. Such contributions shall not be credited to the

1 individual account of the member and shall not be subject
2 to refund except as provided in Section 16-143.2.

3 (3) Contributions of 0.40% of salary toward the cost of
4 the early retirement without discount option provided
5 under Section 16-133.2. This contribution shall cease upon
6 termination of the early retirement without discount
7 option as provided in Section 16-133.2.

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

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

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

22 (e) A member's contributions toward the cost of early
23 retirement without discount made under item (a)(4) of this
24 Section shall not be refunded if the member has elected early
25 retirement without discount under Section 16-133.2 and has
26 begun to receive a retirement annuity under this Article

1 calculated in accordance with that election. Otherwise, a
2 member's contributions toward the cost of early retirement
3 without discount made under item (a)(4) of this Section shall
4 be refunded according to whichever one of the following
5 circumstances occurs first:

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

10 (2) The contributions shall be included, without
11 interest, in any refund claimed by the member under Section
12 16-151.

13 (3) The contributions shall be refunded to the member's
14 designated beneficiary (or if there is no beneficiary, to
15 the member's estate), without interest, if the member dies
16 without having begun to receive a retirement annuity under
17 this Article.

18 (4) The contributions shall be refunded to the member,
19 without interest, if the early retirement without discount
20 option provided under subsection (d) of Section 16-133.2 is
21 terminated. In that event, the System shall provide to the
22 member, within 120 days after the option is terminated, an
23 application for a refund of those contributions.

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

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

2 Sec. 16-158. Contributions by State and other employing
3 units.

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

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (b-3).

16 (a-1) Annually, on or before November 15 until November 15,
17 2011, the Board shall certify to the Governor the amount of the
18 required State contribution for the coming fiscal year. The
19 certification under this subsection (a-1) shall include a copy
20 of the actuarial recommendations upon which it is based and
21 shall specifically identify the System's projected State
22 normal cost for that fiscal year.

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

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

3 On or before July 1, 2005, the Board shall recalculate and
4 recertify to the Governor the amount of the required State
5 contribution to the System for State fiscal year 2006, taking
6 into account the changes in required State contributions made
7 by Public Act 94-4.

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

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

1 shall certify to the Governor and the General Assembly the
2 amount of the required State contribution for the next fiscal
3 year. The Board's certification must note any deviations from
4 the State Actuary's recommended changes, the reason or reasons
5 for not following the State Actuary's recommended changes, and
6 the fiscal impact of not following the State Actuary's
7 recommended changes on the required State contribution.

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

24 (a-15) On or after June 15, 2019, but no later than June
25 30, 2019, the Board shall recalculate and recertify to the
26 Governor and the General Assembly the amount of the State

1 contribution to the System for State fiscal year 2019, taking
2 into account the changes in required State contributions made
3 by Public Act 100-587 ~~this amendatory Act of the 100th General~~
4 ~~Assembly~~. The recalculation shall be made using assumptions
5 adopted by the Board for the original fiscal year 2019
6 certification. The monthly voucher for the 12th month of fiscal
7 year 2019 shall be paid by the Comptroller after the
8 recertification required pursuant to this subsection is
9 submitted to the Governor, Comptroller, and General Assembly.
10 The recertification submitted to the General Assembly shall be
11 filed with the Clerk of the House of Representatives and the
12 Secretary of the Senate in electronic form only, in the manner
13 that the Clerk and the Secretary shall direct.

14 (a-20) On or before May 1, 2020, the Board shall
15 recalculate and recertify to the Governor and the General
16 Assembly the amount of the required State contribution to the
17 System for State fiscal year 2021, taking into account the
18 effect on the System's liabilities of the elections made under
19 Section 16-122.9.

20 On or before October 1, 2020, the Board shall recalculate
21 and recertify to the Governor and the General Assembly the
22 amount of the required State contribution to the System for
23 State fiscal year 2021, taking into account the reduction
24 specified under item (3) of subsection (b-3) of this Section.

25 (b) Through State fiscal year 1995, the State contributions
26 shall be paid to the System in accordance with Section 18-7 of

1 the School Code.

2 (b-1) Beginning in State fiscal year 1996, on the 15th day
3 of each month, or as soon thereafter as may be practicable, the
4 Board shall submit vouchers for payment of State contributions
5 to the System, in a total monthly amount of one-twelfth of the
6 required annual State contribution certified under subsection
7 (a-1). From March 5, 2004 (the effective date of Public Act
8 93-665) through June 30, 2004, the Board shall not submit
9 vouchers for the remainder of fiscal year 2004 in excess of the
10 fiscal year 2004 certified contribution amount determined
11 under this Section after taking into consideration the transfer
12 to the System under subsection (a) of Section 6z-61 of the
13 State Finance Act. These vouchers shall be paid by the State
14 Comptroller and Treasurer by warrants drawn on the funds
15 appropriated to the System for that fiscal year.

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

25 (b-2) Allocations from the Common School Fund apportioned
26 to school districts not coming under this System shall not be

1 diminished or affected by the provisions of this Article.

2 (b-3) For State fiscal years 2012 through 2045 (except as
3 otherwise provided for fiscal year 2021), the minimum
4 contribution to the System to be made by the State for each
5 fiscal year shall be an amount determined by the System to be
6 sufficient to bring the total assets of the System up to 90% of
7 the total actuarial liabilities of the System by the end of
8 State fiscal year 2045. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of payroll over the years remaining to and
11 including fiscal year 2045 and shall be determined under the
12 projected unit credit actuarial cost method.

13 For State fiscal year 2021:

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

16 (2) For purposes of the recertification due on or
17 before May 1, 2020, the recalculation of the required State
18 contribution for fiscal year 2021 shall take into account
19 the effect on the System's liabilities of the elections
20 made under Section 16-122.9.

21 (3) For purposes of the recertification due on or
22 before October 1, 2020, the total required State
23 contribution for fiscal year 2021 shall be reduced by the
24 amount of the consideration payments made to Tier 1
25 employees who made the election under paragraph (1) of
26 subsection (a) of Section 16-122.9.

1 For each of State fiscal years 2018, 2019, and 2020, the
2 State shall make an additional contribution to the System equal
3 to 2% of the total payroll of each employee who is deemed to
4 have elected the benefits under Section 1-161 or who has made
5 the election under subsection (c) of Section 1-161.

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

12 A change in an actuarial or investment assumption that
13 increases or decreases the required State contribution and
14 first applied to the State contribution in fiscal year 2014,
15 2015, 2016, or 2017 shall be implemented:

16 (i) as already applied in State fiscal years before
17 2018; and

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

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section; except that in the
4 following specified State fiscal years, the State contribution
5 to the System shall not be less than the following indicated
6 percentages of the applicable employee payroll, even if the
7 indicated percentage will produce a State contribution in
8 excess of the amount otherwise required under this subsection
9 and subsection (a), and notwithstanding any contrary
10 certification made under subsection (a-1) before May 27, 1998
11 (the effective date of Public Act 90-582): 10.02% in FY 1999;
12 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86%
13 in FY 2003; and 13.56% in FY 2004.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$534,627,700.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$738,014,500.

20 For each of State fiscal years 2008 through 2009, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$2,089,268,000 and shall be made from the proceeds of bonds
3 sold in fiscal year 2010 pursuant to Section 7.2 of the General
4 Obligation Bond Act, less (i) the pro rata share of bond sale
5 expenses determined by the System's share of total bond
6 proceeds, (ii) any amounts received from the Common School Fund
7 in fiscal year 2010, and (iii) any reduction in bond proceeds
8 due to the issuance of discounted bonds, if applicable.

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

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

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

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

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 and each fiscal year thereafter, as calculated
18 under this Section and certified under subsection (a-1), shall
19 not exceed an amount equal to (i) the amount of the required
20 State contribution that would have been calculated under this
21 Section for that fiscal year if the System had not received any
22 payments under subsection (d) of Section 7.2 of the General
23 Obligation Bond Act, minus (ii) the portion of the State's
24 total debt service payments for that fiscal year on the bonds
25 issued in fiscal year 2003 for the purposes of that Section
26 7.2, as determined and certified by the Comptroller, that is

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

14 (b-4) Beginning in fiscal year 2018, each employer under
15 this Article shall pay to the System a required contribution
16 determined as a percentage of projected payroll and sufficient
17 to produce an annual amount equal to:

18 (i) for each of fiscal years 2018, 2019, and 2020, the
19 defined benefit normal cost of the defined benefit plan,
20 less the employee contribution, for each employee of that
21 employer who has elected or who is deemed to have elected
22 the benefits under Section 1-161 or who has made the
23 election under subsection (b) of Section 1-161; for fiscal
24 year 2021 and each fiscal year thereafter, the defined
25 benefit normal cost of the defined benefit plan, less the
26 employee contribution, plus 2%, for each employee of that

1 employer who has elected or who is deemed to have elected
2 the benefits under Section 1-161 or who has made the
3 election under subsection (b) of Section 1-161; plus

4 (ii) the amount required for that fiscal year to
5 amortize any unfunded actuarial accrued liability
6 associated with the present value of liabilities
7 attributable to the employer's account under Section
8 16-158.3, determined as a level percentage of payroll over
9 a 30-year rolling amortization period.

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

14 In determining the contributions required under item (ii)
15 of this subsection, the amount shall be computed by the System
16 on the basis of the actuarial assumptions and tables used in
17 the most recent actuarial valuation of the System that is
18 available at the time of the computation.

19 The contributions required under this subsection (b-4)
20 shall be paid by an employer concurrently with that employer's
21 payroll payment period. The State, as the actual employer of an
22 employee, shall make the required contributions under this
23 subsection.

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

1 expenses in connection with the administration and operation
2 thereof, are obligations of the State.

3 If members are paid from special trust or federal funds
4 which are administered by the employing unit, whether school
5 district or other unit, the employing unit shall pay to the
6 System from such funds the full accruing retirement costs based
7 upon that service, which, beginning July 1, 2017, shall be at a
8 rate, expressed as a percentage of salary, equal to the total
9 employer's normal cost, expressed as a percentage of payroll,
10 as determined by the System. Employer contributions, based on
11 salary paid to members from federal funds, may be forwarded by
12 the distributing agency of the State of Illinois to the System
13 prior to allocation, in an amount determined in accordance with
14 guidelines established by such agency and the System. Any
15 contribution for fiscal year 2015 collected as a result of the
16 change made by Public Act 98-674 shall be considered a State
17 contribution under subsection (b-3) of this Section.

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

25 However, with respect to benefits granted under Section
26 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)

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

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

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

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

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

25 These employer contributions are intended to offset a
26 portion of the cost to the System of the increases in

1 retirement benefits resulting from Public Act 90-582.

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

9 The additional 1% employee contribution required under
10 Section 16-152 by Public Act 90-582 is the responsibility of
11 the teacher and not the teacher's employer, unless the employer
12 agrees, through collective bargaining or otherwise, to make the
13 contribution on behalf of the teacher.

14 If an employer is required by a contract in effect on May
15 1, 1998 between the employer and an employee organization to
16 pay, on behalf of all its full-time employees covered by this
17 Article, all mandatory employee contributions required under
18 this Article, then the employer shall be excused from paying
19 the employer contribution required under this subsection (e)
20 for the balance of the term of that contract. The employer and
21 the employee organization shall jointly certify to the System
22 the existence of the contractual requirement, in such form as
23 the System may prescribe. This exclusion shall cease upon the
24 termination, extension, or renewal of the contract at any time
25 after May 1, 1998.

26 (f) For school years beginning on or after June 1, 2005 and

1 before July 1, 2018 and for salary paid to a teacher under a
2 contract or collective bargaining agreement entered into,
3 amended, or renewed before June 4, 2018 (the effective date of
4 Public Act 100-587) ~~this amendatory Act of the 100th General~~
5 ~~Assembly~~, if the amount of a teacher's salary for any school
6 year used to determine final average salary exceeds the
7 member's annual full-time salary rate with the same employer
8 for the previous school year by more than 6%, the teacher's
9 employer shall pay to the System, in addition to all other
10 payments required under this Section and in accordance with
11 guidelines established by the System, the present value of the
12 increase in benefits resulting from the portion of the increase
13 in salary that is in excess of 6%. This present value shall be
14 computed by the System on the basis of the actuarial
15 assumptions and tables used in the most recent actuarial
16 valuation of the System that is available at the time of the
17 computation. If a teacher's salary for the 2005-2006 school
18 year is used to determine final average salary under this
19 subsection (f), then the changes made to this subsection (f) by
20 Public Act 94-1057 shall apply in calculating whether the
21 increase in his or her salary is in excess of 6%. For the
22 purposes of this Section, change in employment under Section
23 10-21.12 of the School Code on or after June 1, 2005 shall
24 constitute a change in employer. The System may require the
25 employer to provide any pertinent information or
26 documentation. The changes made to this subsection (f) by

1 Public Act 94-1111 apply without regard to whether the teacher
2 was in service on or after its effective date.

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

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

1 (f-1) For school years beginning on or after July 1, 2018
2 and for salary paid to a teacher under a contract or collective
3 bargaining agreement entered into, amended, or renewed on or
4 after June 4, 2018 (the effective date of Public Act 100-587)
5 ~~this amendatory Act of the 100th General Assembly~~, if the
6 amount of a teacher's salary for any school year used to
7 determine final average salary exceeds the member's annual
8 full-time salary rate with the same employer for the previous
9 school year by more than 3%, then the teacher's employer shall
10 pay to the System, in addition to all other payments required
11 under this Section and in accordance with guidelines
12 established by the System, the present value of the increase in
13 benefits resulting from the portion of the increase in salary
14 that is in excess of 3%. This present value shall be computed
15 by the System on the basis of the actuarial assumptions and
16 tables used in the most recent actuarial valuation of the
17 System that is available at the time of the computation. The
18 System may require the employer to provide any pertinent
19 information or documentation.

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

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

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

17 (g) This subsection (g) applies only to payments made or
18 salary increases given on or after June 1, 2005 but before July
19 1, 2011. The changes made by Public Act 94-1057 shall not
20 require the System to refund any payments received before July
21 31, 2006 (the effective date of Public Act 94-1057).

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to a
2 teacher at a time when the teacher is 10 or more years from
3 retirement eligibility under Section 16-132 or 16-133.2.

4 When assessing payment for any amount due under subsection
5 (f), the System shall exclude salary increases resulting from
6 overload work, including summer school, when the school
7 district has certified to the System, and the System has
8 approved the certification, that (i) the overload work is for
9 the sole purpose of classroom instruction in excess of the
10 standard number of classes for a full-time teacher in a school
11 district during a school year and (ii) the salary increases are
12 equal to or less than the rate of pay for classroom instruction
13 computed on the teacher's current salary and work schedule.

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

1 requiring the same certification.

2 When assessing payment for any amount due under subsection
3 (f), the System shall exclude any payment to the teacher from
4 the State of Illinois or the State Board of Education over
5 which the employer does not have discretion, notwithstanding
6 that the payment is included in the computation of final
7 average salary.

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

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

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

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

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

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

7 (i-5) For school years beginning on or after July 1, 2017,
8 if the amount of a participant's salary for any school year
9 exceeds the amount of the salary set for the Governor, the
10 participant's employer shall pay to the System, in addition to
11 all other payments required under this Section and in
12 accordance with guidelines established by the System, an amount
13 determined by the System to be equal to the employer normal
14 cost, as established by the System and expressed as a total
15 percentage of payroll, multiplied by the amount of salary in
16 excess of the amount of the salary set for the Governor. This
17 amount shall be computed by the System on the basis of the
18 actuarial assumptions and tables used in the most recent
19 actuarial valuation of the System that is available at the time
20 of the computation. The System may require the employer to
21 provide any pertinent information or documentation.

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

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

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

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

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

26 (k) For purposes of determining the required State

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

4 (1) If Section 16-122.9 is determined to be
5 unconstitutional or otherwise invalid by a final unappealable
6 decision of an Illinois court or a court of competent
7 jurisdiction, then the changes made to this Section by this
8 amendatory Act of the 101st General Assembly shall not take
9 effect and are repealed by operation of law.

10 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;
11 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 100-863, eff.
12 8-14-18; revised 10-4-18.)

13 (40 ILCS 5/16-203)

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

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after June 1, 2005 (the
21 effective date of Public Act 94-4). "New benefit increase",
22 however, does not include any benefit increase resulting from
23 the changes made to Article 1 or this Article by Public Act
24 95-910, Public Act 100-23, Public Act 100-587, Public Act
25 100-743, Public Act 100-769, or this amendatory Act of the

1 ~~101st General Assembly or by this amendatory Act of the 100th~~
2 ~~General Assembly.~~

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

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

12 Every new benefit increase is contingent upon the General
13 Assembly providing the additional funding required under this
14 subsection. The Commission on Government Forecasting and
15 Accountability shall analyze whether adequate additional
16 funding has been provided for the new benefit increase and
17 shall report its analysis to the Public Pension Division of the
18 Department of Insurance. A new benefit increase created by a
19 Public Act that does not include the additional funding
20 required under this subsection is null and void. If the Public
21 Pension Division determines that the additional funding
22 provided for a new benefit increase under this subsection is or
23 has become inadequate, it may so certify to the Governor and
24 the State Comptroller and, in the absence of corrective action
25 by the General Assembly, the new benefit increase shall expire
26 at the end of the fiscal year in which the certification is

1 made.

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

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

18 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
19 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; revised
20 10-15-18.)

21 (40 ILCS 5/17-106.05 new)

22 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
23 teacher under this Article who first became a member or
24 participant before January 1, 2011 under any reciprocal
25 retirement system or pension fund established under this Code

1 other than a retirement system or pension fund established
2 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for
3 the purposes of the election under Section 17-115.5, "Tier 1
4 employee" does not include a teacher under this Article who
5 would qualify as a Tier 1 employee but who has made an
6 irrevocable election on or before June 1, 2019 to retire from
7 service pursuant to the terms of an employment contract or a
8 collective bargaining agreement in effect on June 1, 2019,
9 excluding any extension, amendment, or renewal of that
10 agreement after that date, and has notified the Fund of that
11 election.

12 (40 ILCS 5/17-113.4 new)

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

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

1 (40 ILCS 5/17-113.5 new)

2 Sec. 17-113.5. Future increase in income. "Future increase
3 in income" means an increase to a Tier 1 employee's base pay
4 that is offered by an employer to the Tier 1 employee for
5 service under this Article after June 30, 2020 that qualifies
6 as "salary", as defined in Section 17-113.4, or would qualify
7 as "salary" but for the fact that it was offered to and
8 accepted by the Tier 1 employee under the condition set forth
9 in subsection (c) of Section 17-115.5. The term "future
10 increase in income" includes an increase to a Tier 1 employee's
11 base pay that is paid to the Tier 1 employee pursuant to an
12 extension, amendment, or renewal of any employment contract or
13 collective bargaining agreement after the effective date of
14 this Section.

15 (40 ILCS 5/17-113.6 new)

16 Sec. 17-113.6. Base pay. As used in Section 17-113.5 of
17 this Code, "base pay" means the greater of either (i) the Tier
18 1 employee's annualized rate of salary as of June 30, 2020, or
19 (ii) the Tier 1 employee's annualized rate of salary
20 immediately preceding the expiration, renewal, or amendment of
21 an employment contract or collective bargaining agreement in
22 effect on the effective date of this Section. For a person
23 returning to active service as a Tier 1 employee after June 30,
24 2020, however, "base pay" means the employee's annualized rate
25 of salary as of the employee's last date of service prior to

1 July 1, 2020. The Fund shall calculate the base pay of each
2 Tier 1 employee pursuant to this Section.

3 (40 ILCS 5/17-115.5 new)

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

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

7 (1) to agree to delay his or her eligibility for
8 automatic annual increases in service retirement pension
9 as provided in Section 17-119.2 and to have the amount of
10 the automatic annual increases in his or her service
11 retirement pension and survivor's pension that are
12 otherwise provided for in this Article calculated,
13 instead, as provided in Section 17-119.2; or

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

15 The election required under this subsection (a) shall be
16 made by each active Tier 1 employee no earlier than January 1,
17 2020 and no later than March 31, 2020, except that:

18 (i) a person who becomes a Tier 1 employee under this
19 Article on or after January 1, 2020 must make the election
20 under this subsection (a) within 60 days after becoming a
21 Tier 1 employee; and

22 (ii) a person who returns to active service as a Tier 1
23 employee under this Article on or after January 1, 2020 and
24 has not yet made an election under this Section must make
25 the election under this subsection (a) within 60 days after

1 returning to active service as a Tier 1 employee.

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

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

16 (a-10) All elections under subsection (a) that are made or
17 deemed to be made before July 1, 2020 shall take effect on July
18 1, 2020. Elections that are made or deemed to be made on or
19 after July 1, 2020 shall take effect on the first day of the
20 month following the month in which the election is made or
21 deemed to be made.

22 (b) As adequate and legal consideration provided under this
23 amendatory Act of the 101st General Assembly for making an
24 election under paragraph (1) of subsection (a) of this Section,
25 an employer shall be expressly and irrevocably prohibited from
26 offering any future increases in income to a Tier 1 employee

1 who has made an election under paragraph (1) of subsection (a)
2 of this Section on the condition of not constituting salary
3 under Section 17-113.4.

4 As adequate and legal consideration provided under this
5 amendatory Act of the 101st General Assembly for making an
6 election under paragraph (1) of subsection (a) of this Section,
7 each Tier 1 employee who has made an election under paragraph
8 (1) of subsection (a) of this Section shall receive a
9 consideration payment equal to 10% of the contributions made by
10 or on behalf of the employee under Section 17-130 before the
11 effective date of that election. The State Comptroller shall
12 pay the consideration payment to the Tier 1 employee out of
13 funds appropriated for that purpose under Section 1.10 of the
14 State Pension Funds Continuing Appropriation Act. The Fund
15 shall calculate the amount of each consideration payment and,
16 by July 1, 2020, shall certify to the State Comptroller the
17 amount of the consideration payment, together with the name,
18 address, and any other available payment information of the
19 Tier 1 employee as found in the records of the Fund. The Fund
20 shall make additional calculations and certifications of
21 consideration payments to the State Comptroller as the Fund
22 deems necessary.

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

1 under this Article to a Tier 1 employee who has made the
2 election under paragraph (2) of subsection (a) of this Section
3 shall be offered by the employer expressly and irrevocably on
4 the condition of not constituting salary under Section 17-113.4
5 and that the Tier 1 employee's acceptance of the offered future
6 increase in income shall constitute his or her agreement to
7 that condition.

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

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

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

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

10 In no event shall the Fund, its staff, or the Board be held
11 liable for any information given to a member regarding the
12 elections under this Section. The Fund shall coordinate with
13 the Illinois Department of Central Management Services and each
14 other retirement system administering an election in
15 accordance with this amendatory Act of the 101st General
16 Assembly to provide information concerning the impact of the
17 election set forth in this Section.

18 (e) Notwithstanding any other provision of law, an employer
19 under this Article is required to offer each future increase in
20 income expressly and irrevocably on the condition of not
21 constituting "salary" under Section 17-113.4 to any Tier 1
22 employee who has made an election under paragraph (2) of
23 subsection (a) of this Section. The offer shall also provide
24 that the Tier 1 employee's acceptance of the offered future
25 increase in income shall constitute his or her agreement to the
26 condition set forth in this subsection.

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

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

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

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

19 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

20 Sec. 17-116. Service retirement pension.

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

1 to receive a service retirement pension upon or after
2 attainment of age 62.

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

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

13 (2) For creditable service earned on or after July 1,
14 1998 by a member who has at least 30 years of creditable
15 service on July 1, 1998 and who does not elect to augment
16 service under Section 17-119.1: 2.3% of average salary for
17 each year of creditable service earned on or after July 1,
18 1998.

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

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

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

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

26 2. Proportionate credit shall be given for validated

1 service of less than one year.

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

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

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

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

1 benefit.

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

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

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

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

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

24 (40 ILCS 5/17-119.2 new)

25 Sec. 17-119.2. Automatic annual increases in service

1 retirement pension and survivor's pension for certain Tier 1
2 employees. Notwithstanding any other provision of this
3 Article, for a Tier 1 employee who made the election under
4 paragraph (1) of subsection (a) of Section 17-115.5:

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

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

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

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

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

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

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

1 have arisen, under this subsection (a) as a result of any
2 deficiency or deficiencies in the fiscal year of the Board of
3 Education ending in calendar year 1997.

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

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

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

15 (iv) For fiscal years 2014 through 2059, the minimum
16 contribution to the Fund to be made by the Board of Education
17 in each fiscal year shall be an amount determined by the Fund
18 to be sufficient to bring the total assets of the Fund up to
19 90% of the total actuarial liabilities of the Fund by the end
20 of fiscal year 2059. In making these determinations, the
21 required Board of Education contribution shall be calculated
22 each year as a level percentage of the applicable employee
23 payrolls over the years remaining to and including fiscal year
24 2059 and shall be determined under the projected unit credit
25 actuarial cost method.

26 (v) Beginning in fiscal year 2060, the minimum Board of

1 Education contribution for each fiscal year shall be the amount
2 needed to maintain the total assets of the Fund at 90% of the
3 total actuarial liabilities of the Fund.

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

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

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

25 (d) On or before May 1, 2020, the Board shall recalculate
26 and recertify to the Board of Education the amount of the

1 required Board of Education contribution to the Fund for fiscal
2 year 2021, taking into account the effect on the Fund's
3 liabilities of the elections made under Section 17-115.5.

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

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

6 Sec. 17-130. Participants' contributions by payroll
7 deductions.

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

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

15 (a-5) Beginning on July 1, 2020 or the effective date of
16 the Tier 1 employee's election under paragraph (1) of Section
17 17-115.5, whichever is later, in lieu of the contributions
18 otherwise required under subsection (a), each Tier 1 employee
19 who made the election under paragraph (1) of Section 17-115.5
20 shall make contributions of 7.50% of salary for service or
21 disability retirement pension and 0.6% of salary for survivors'
22 and children's pensions.

23 (b) An Employer and any employer of eligible contributors
24 as defined in Section 17-106 is authorized to make the
25 necessary deductions from the salaries of its teachers. Such

1 amounts shall be included as a part of the Fund. An Employer
2 and any employer of eligible contributors as defined in Section
3 17-106 shall formulate such rules and regulations as may be
4 necessary to give effect to the provisions of this Section.

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

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

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

22 Section 40. The State Pension Funds Continuing
23 Appropriation Act is amended by adding Section 1.10 as follows:

24 (40 ILCS 15/1.10 new)

1 Sec. 1.10. Appropriation for consideration payment. There
2 is hereby appropriated from the General Revenue Fund to the
3 State Comptroller, on a continuing basis, all amounts necessary
4 for the payment of consideration payments under subsection (b)
5 of Sections 2-110.3, 14-106.5, 15-132.9, 16-122.9, and
6 17-115.5 of the Illinois Pension Code, in the amounts certified
7 to the State Comptroller by the respective retirement system or
8 pension fund.

9 Section 45. The School Code is amended by changing Sections
10 24-1, 24-8, and 34-18.61 as follows:

11 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

12 Sec. 24-1. Appointment-Salaries-Payment-School
13 month-School term.) School boards shall appoint all teachers,
14 determine qualifications of employment and fix the amount of
15 their salaries subject to any limitation set forth in this Act
16 and subject to any applicable restrictions in Section 16-122.9
17 of the Illinois Pension Code. They shall pay the wages of
18 teachers monthly, subject, however, to the provisions of
19 Section 24-21. The school month shall be the same as the
20 calendar month but by resolution the school board may adopt for
21 its use a month of 20 days, including holidays. The school term
22 shall consist of at least the minimum number of pupil
23 attendance days required by Section 10-19, any additional legal
24 school holidays, days of teachers' institutes, or equivalent

1 professional educational experiences, and one or two days at
2 the beginning of the school term when used as a teachers'
3 workshop.

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

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

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

14 Based upon previous public school experience in this State
15 or any other state, territory, dependency or possession of the
16 United States, or in schools operated by or under the auspices
17 of the United States, teachers who serve on a full-time basis
18 shall have their salaries increased to at least the following
19 amounts above the starting salary for a teacher in such
20 district in the same classification: with less than a
21 bachelor's degree, \$750 after 5 years; with 120 semester hours
22 or more and a bachelor's degree, \$1,000 after 5 years and
23 \$1,600 after 8 years; with 150 semester hours or more and a
24 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
25 \$2,750 after 13 years. However, any salary increase is subject

1 to any applicable restrictions in Section 16-122.9 of the
2 Illinois Pension Code.

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

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

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

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

18 (105 ILCS 5/34-18.61 new)

19 Sec. 34-18.61. Future increase in income. The Board of
20 Education must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section 17-113.5
22 of the Illinois Pension Code, to any person in a manner that
23 violates Section 17-115.5 of the Illinois Pension Code.

24 Section 50. The State Universities Civil Service Act is

1 amended by changing Section 36d as follows:

2 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

3 Sec. 36d. Powers and duties of the Merit Board. The Merit
4 Board shall have the power and duty:

5 (1) To approve a classification plan prepared under its
6 direction, assigning to each class positions of
7 substantially similar duties. The Merit Board shall have
8 power to delegate to its Executive Director the duty of
9 assigning each position in the classified service to the
10 appropriate class in the classification plan approved by
11 the Merit Board.

12 (2) To prescribe the duties of each class of positions
13 and the qualifications required by employment in that
14 class.

15 (3) To prescribe the range of compensation for each
16 class or to fix a single rate of compensation for employees
17 in a particular class; and to establish other conditions of
18 employment which an employer and employee representatives
19 have agreed upon as fair and equitable. The Merit Board
20 shall direct the payment of the "prevailing rate of wages"
21 in those classifications in which, on January 1, 1952, any
22 employer is paying such prevailing rate and in such other
23 classes as the Merit Board may thereafter determine.
24 "Prevailing rate of wages" as used herein shall be the
25 wages paid generally in the locality in which the work is

1 being performed to employees engaged in work of a similar
2 character. Subject to any applicable restrictions in
3 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois
4 Pension Code, each ~~Each~~ employer covered by the University
5 System shall be authorized to negotiate with
6 representatives of employees to determine appropriate
7 ranges or rates of compensation or other conditions of
8 employment and may recommend to the Merit Board for
9 establishment the rates or ranges or other conditions of
10 employment which the employer and employee representatives
11 have agreed upon as fair and equitable, but excluding the
12 changes, the impact of changes, and the implementation of
13 the changes set forth in this amendatory Act of the 101st
14 General Assembly. Any rates or ranges established prior to
15 January 1, 1952, and hereafter, shall not be changed except
16 in accordance with the procedures herein provided.

17 (4) To recommend to the institutions and agencies
18 specified in Section 36e standards for hours of work,
19 holidays, sick leave, overtime compensation and vacation
20 for the purpose of improving conditions of employment
21 covered therein and for the purpose of insuring conformity
22 with the prevailing rate principal.

23 (5) To prescribe standards of examination for each
24 class, the examinations to be related to the duties of such
25 class. The Merit Board shall have power to delegate to the
26 Executive Director and his or her staff the preparation,

1 conduct and grading of examinations.

2 (6) To authorize the continuous recruitment of
3 personnel and to that end, to delegate to the Executive
4 Director and his or her staff the power and the duty to
5 conduct open and continuous competitive examinations for
6 all classifications of employment.

7 (7) To cause to be established, from the results of
8 examinations, registers for each class of positions in the
9 classified service of the University System of the persons
10 who shall attain the minimum mark fixed by the Merit Board
11 for the examination; and such persons shall take rank upon
12 the registers as candidates in the order of their relative
13 excellence as determined by examination, without reference
14 to priority of time of examination.

15 (8) To provide by its rules for promotions in the
16 classified service.

17 (8.5) To issue subpoenas to secure the attendance and
18 testimony of witnesses and the production of books and
19 papers in the course of any investigation or hearing
20 conducted pursuant to the Act.

21 (9) (Blank).

22 (10) To provide by its rules for employment at regular
23 rates of compensation of persons with physical
24 disabilities in positions in which the disability does not
25 prevent the individual from furnishing satisfactory
26 service.

1 (11) To make and publish rules to carry out the purpose
2 of the University System and for examination,
3 appointments, transfers and removals and for maintaining
4 and keeping records of the efficiency of officers and
5 employees and groups of officers and employees in
6 accordance with the provisions of Sections 36b to 36q,
7 inclusive, and said Merit Board may from time to time make
8 changes in such rules.

9 (12) To appoint an Executive Director who shall appoint
10 staff to help as may be necessary efficiently to administer
11 Sections 36b to 36q, inclusive. To authorize the Executive
12 Director to appoint a Designated Employer Representative
13 at the place of employment of each employer specified in
14 Section 36e, and this Designated Employer Representative
15 may be authorized to give examinations and to certify names
16 from the regional registers provided in Section 36k. The
17 enumeration of specific duties and powers that the Merit
18 Board may delegate to the Executive Director in this
19 Section does not preclude the Merit Board from delegating
20 other duties and powers to the Executive Director.

21 (13) To submit to the Governor of this state on or
22 before November 1 of each year prior to the regular session
23 of the General Assembly a report of the University System's
24 business and an estimate of the amount of appropriation
25 from state funds required for the purpose of administering
26 the University System.

1 (14) To authorize the creation and use of pilot
2 programs to further the goals of the Act, which may be
3 inconsistent with any rules adopted by the Merit Board,
4 provided that such programs are of limited duration and do
5 not reduce any rights or benefits of employees subject to
6 this Act.

7 (Source: P.A. 99-143, eff. 7-27-15; 100-615, eff. 1-1-19.)

8 Section 55. The University of Illinois Act is amended by
9 adding Section 105 as follows:

10 (110 ILCS 305/105 new)

11 Sec. 105. Future increases in income. The University of
12 Illinois must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section
14 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
15 to any person in a manner that violates Section 14-106.5,
16 15-132.9, or 16-122.9 of the Illinois Pension Code.

17 Section 65. The Southern Illinois University Management
18 Act is amended by adding Section 90 as follows:

19 (110 ILCS 520/90 new)

20 Sec. 90. Future increases in income. Southern Illinois
21 University must not pay, offer, or agree to pay any future
22 increase in income, as that term is defined in Section

1 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
2 to any person in a manner that violates Section 14-106.5,
3 15-132.9, or 16-122.9 of the Illinois Pension Code.

4 Section 70. The Chicago State University Law is amended by
5 adding Section 5-200 as follows:

6 (110 ILCS 660/5-200 new)

7 Sec. 5-200. Future increases in income. Chicago State
8 University must not pay, offer, or agree to pay any future
9 increase in income, as that term is defined in Section
10 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
11 to any person in a manner that violates Section 14-106.5,
12 15-132.9, or 16-122.9 of the Illinois Pension Code.

13 Section 75. The Eastern Illinois University Law is amended
14 by adding Section 10-200 as follows:

15 (110 ILCS 665/10-200 new)

16 Sec. 10-200. Future increases in income. Eastern Illinois
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section
19 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
20 to any person in a manner that violates Section 14-106.5,
21 15-132.9, or 16-122.9 of the Illinois Pension Code.

1 Section 80. The Governors State University Law is amended
2 by adding Section 15-200 as follows:

3 (110 ILCS 670/15-200 new)

4 Sec. 15-200. Future increases in income. Governors State
5 University must not pay, offer, or agree to pay any future
6 increase in income, as that term is defined in Section
7 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
8 to any person in a manner that violates Section 14-106.5,
9 15-132.9, or 16-122.9 of the Illinois Pension Code.

10 Section 85. The Illinois State University Law is amended by
11 adding Section 20-205 as follows:

12 (110 ILCS 675/20-205 new)

13 Sec. 20-205. Future increases in income. Illinois State
14 University must not pay, offer, or agree to pay any future
15 increase in income, as that term is defined in Section
16 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
17 to any person in a manner that violates Section 14-106.5,
18 15-132.9, or 16-122.9 of the Illinois Pension Code.

19 Section 90. The Northeastern Illinois University Law is
20 amended by adding Section 25-200 as follows:

21 (110 ILCS 680/25-200 new)

1 Sec. 25-200. Future increases in income. Northeastern
2 Illinois University must not pay, offer, or agree to pay any
3 future increase in income, as that term is defined in Section
4 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
5 to any person in a manner that violates Section 14-106.5,
6 15-132.9, or 16-122.9 of the Illinois Pension Code.

7 Section 95. The Northern Illinois University Law is amended
8 by adding Section 30-210 as follows:

9 (110 ILCS 685/30-210 new)

10 Sec. 30-210. Future increases in income. Northern Illinois
11 University must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section
13 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,
14 to any person in a manner that violates Section 14-106.5,
15 15-132.9, or 16-122.9 of the Illinois Pension Code.

16 Section 100. The Western Illinois University Law is amended
17 by adding Section 35-205 as follows:

18 (110 ILCS 690/35-205 new)

19 Sec. 35-205. Future increases in income. Western Illinois
20 University must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section
22 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,

1 to any person in a manner that violates Section 14-106.5,
2 15-132.9, or 16-122.9 of the Illinois Pension Code.

3 Section 105. The Public Community College Act is amended by
4 changing Sections 3-26 and 3-42 as follows:

5 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

6 Sec. 3-26. (a) To make appointments and fix the salaries of
7 a chief administrative officer, who shall be the executive
8 officer of the board, other administrative personnel, and all
9 teachers, but subject to any applicable restrictions in Section
10 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code.

11 In making these appointments and fixing the salaries, the board
12 may make no discrimination on account of sex, race, creed,
13 color or national origin.

14 (b) Upon the written request of an employee, to withhold
15 from the compensation of that employee the membership dues of
16 such employee payable to any specified labor organization as
17 defined in the Illinois Educational Labor Relations Act. Under
18 such arrangement, an amount shall be withheld for each regular
19 payroll period which is equal to the prorata share of the
20 annual membership dues plus any payments or contributions and
21 the board shall pay such withholding to the specified labor
22 organization within 10 working days from the time of the
23 withholding.

24 (Source: P.A. 83-1014.)

1 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

2 Sec. 3-42. To employ such personnel as may be needed, to
3 establish policies governing their employment and dismissal,
4 and to fix the amount of their compensation, subject to any
5 applicable restrictions in Section 14-106.5, 15-132.9, or
6 16-122.9 of the Illinois Pension Code. In the employment,
7 establishment of policies and fixing of compensation the board
8 may make no discrimination on account of sex, race, creed,
9 color or national origin.

10 Residence within any community college district or outside
11 any community college district shall not be considered:

12 (a) in determining whether to retain or not retain any
13 employee of a community college employed prior to July 1,
14 1977 or prior to the adoption by the community college
15 board of a resolution making residency within the community
16 college district of some or all employees a condition of
17 employment, whichever is later;

18 (b) in assigning, promoting or transferring any
19 employee of a community college to an office or position
20 employed prior to July 1, 1977 or prior to the adoption by
21 the community college board of a resolution making
22 residency within the community college district of some or
23 all employees a condition of employment, whichever is
24 later; or

25 (c) in determining the salary or other compensation of

1 any employee of a community college.

2 (Source: P.A. 80-248.)

3 Section 110. The Illinois Educational Labor Relations Act
4 is amended by changing Sections 4, 14, and 17 and by adding
5 Section 10.6 as follows:

6 (115 ILCS 5/4) (from Ch. 48, par. 1704)

7 Sec. 4. Employer rights. Employers shall not be required to
8 bargain over matters of inherent managerial policy, which shall
9 include such areas of discretion or policy as the functions of
10 the employer, standards of services, its overall budget, the
11 organizational structure and selection of new employees and
12 direction of employees. Employers, however, shall be required
13 to bargain collectively with regard to policy matters directly
14 affecting wages (but subject to any applicable restrictions in
15 Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
16 Illinois Pension Code), hours and terms and conditions of
17 employment as well as the impact thereon upon request by
18 employee representatives, but excluding the changes, the
19 impact of changes, and the implementation of the changes set
20 forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of
21 the Illinois Pension Code. To preserve the rights of employers
22 and exclusive representatives which have established
23 collective bargaining relationships or negotiated collective
24 bargaining agreements prior to the effective date of this Act,

1 employers shall be required to bargain collectively with regard
2 to any matter concerning wages (but subject to any applicable
3 restrictions in Section 14-106.5, 15-132.9, 16-122.9, or
4 17-115.5 of the Illinois Pension Code), hours or conditions of
5 employment about which they have bargained for and agreed to in
6 a collective bargaining agreement prior to the effective date
7 of this Act, but excluding the changes, the impact of changes,
8 and the implementation of the changes set forth in Section
9 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois
10 Pension Code.

11 (Source: P.A. 83-1014.)

12 (115 ILCS 5/10.6 new)

13 Sec. 10.6. No collective bargaining or interest
14 arbitration regarding certain changes to the Illinois Pension
15 Code.

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

1 Code made by the addition of Section 14-106.5, 15-132.9,
2 16-122.9, or 17-115.5 of the Illinois Pension Code shall not be
3 subject to interest arbitration or any award issued pursuant to
4 interest arbitration. The provisions of this Section shall not
5 apply to an employment contract or collective bargaining
6 agreement that is in effect on the effective date of this
7 amendatory Act of the 101st General Assembly. However, any such
8 contract or agreement that is modified, amended, renewed, or
9 superseded after the effective date of this amendatory Act of
10 the 101st General Assembly shall be subject to the provisions
11 of this Section. The provisions of this Section shall not apply
12 to the ability of any employer and employee representative to
13 bargain collectively with regard to the pick up of employee
14 contributions pursuant to Section 14-133.1, 15-157.1,
15 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

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

1 provisions of this Act, except for the matters set forth in
2 subsection (a) of this Section that are deemed prohibited
3 subjects of bargaining.

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

7 (115 ILCS 5/14) (from Ch. 48, par. 1714)

8 Sec. 14. Unfair labor practices.

9 (a) Educational employers, their agents or representatives
10 are prohibited from:

11 (1) Interfering, restraining or coercing employees in
12 the exercise of the rights guaranteed under this Act.

13 (2) Dominating or interfering with the formation,
14 existence or administration of any employee organization.

15 (3) Discriminating in regard to hire or tenure of
16 employment or any term or condition of employment to
17 encourage or discourage membership in any employee
18 organization.

19 (4) Discharging or otherwise discriminating against an
20 employee because he or she has signed or filed an
21 affidavit, authorization card, petition or complaint or
22 given any information or testimony under this Act.

23 (5) Subject to and except as provided in Section 10.6,
24 refusing ~~Refusing~~ to bargain collectively in good faith
25 with an employee representative which is the exclusive

1 representative of employees in an appropriate unit,
2 including but not limited to the discussing of grievances
3 with the exclusive representative; provided, however, that
4 if an alleged unfair labor practice involves
5 interpretation or application of the terms of a collective
6 bargaining agreement and said agreement contains a
7 grievance and arbitration procedure, the Board may defer
8 the resolution of such dispute to the grievance and
9 arbitration procedure contained in said agreement.
10 However, no actions of the employer taken to implement or
11 otherwise comply with the provisions of subsection (a) of
12 Section 10.6 shall constitute or give rise to an unfair
13 labor practice under this Act.

14 (6) Refusing to reduce a collective bargaining
15 agreement to writing and signing such agreement.

16 (7) Violating any of the rules and regulations
17 promulgated by the Board regulating the conduct of
18 representation elections.

19 (8) Refusing to comply with the provisions of a binding
20 arbitration award.

21 (9) Expending or causing the expenditure of public
22 funds to any external agent, individual, firm, agency,
23 partnership or association in any attempt to influence the
24 outcome of representational elections held pursuant to
25 paragraph (c) of Section 7 of this Act; provided, that
26 nothing in this subsection shall be construed to limit an

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

18 (b) Employee organizations, their agents or
19 representatives or educational employees are prohibited from:

20 (1) Restraining or coercing employees in the exercise
21 of the rights guaranteed under this Act, provided that a
22 labor organization or its agents shall commit an unfair
23 labor practice under this paragraph in duty of fair
24 representation cases only by intentional misconduct in
25 representing employees under this Act.

26 (2) Restraining or coercing an educational employer in

1 the selection of his representative for the purposes of
2 collective bargaining or the adjustment of grievances.

3 (3) Refusing to bargain collectively in good faith with
4 an educational employer, if they have been designated in
5 accordance with the provisions of this Act as the exclusive
6 representative of employees in an appropriate unit.

7 (4) Violating any of the rules and regulations
8 promulgated by the Board regulating the conduct of
9 representation elections.

10 (5) Refusing to reduce a collective bargaining
11 agreement to writing and signing such agreement.

12 (6) Refusing to comply with the provisions of a binding
13 arbitration award.

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

20 (d) The actions of a Financial Oversight Panel created
21 pursuant to Section 1A-8 of the School Code due to a district
22 violating a financial plan shall not constitute or be evidence
23 of an unfair labor practice under any of the provisions of this
24 Act. Such actions include, but are not limited to, reviewing,
25 approving, or rejecting a school district budget or a
26 collective bargaining agreement.

1 (Source: P.A. 89-572, eff. 7-30-96.)

2 (115 ILCS 5/17) (from Ch. 48, par. 1717)

3 Sec. 17. Effect on other laws. In case of any conflict
4 between the provisions of this Act and any other law (other
5 than Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the
6 Illinois Pension Code), executive order or administrative
7 regulation, the provisions of this Act shall prevail and
8 control. The provisions of this Act are subject to any
9 applicable restrictions in Section 14-106.5, 15-132.9,
10 16-122.9, or 17-115.5 of the Illinois Pension Code, as well as
11 the changes, impact of changes, and implementation of changes
12 set forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5
13 of the Illinois Pension Code. Nothing in this Act shall be
14 construed to replace or diminish the rights of employees
15 established by Section 36d of "An Act to create the State
16 Universities Civil Service System", approved May 11, 1905, as
17 amended or modified.

18 (Source: P.A. 83-1014.)

19 Section 900. The State Mandates Act is amended by adding
20 Section 8.43 as follows:

21 (30 ILCS 805/8.43 new)

22 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
23 of this Act, no reimbursement by the State is required for the

1 implementation of any mandate created by this amendatory Act of
2 the 101st General Assembly.

3 Section 970. Severability. Except as otherwise provided in
4 this Act, the provisions of this Act are severable under
5 Section 1.31 of the Statute on Statutes.

6 Section 999. Effective date. This Act takes effect upon
7 becoming law.

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5 ILCS 315/10

from Ch. 48, par. 1610

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5 ILCS 315/15

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6

15 ILCS 205/5 new

7

15 ILCS 310/13a new

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15 ILCS 410/13a new

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15 ILCS 510/12a new

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20 ILCS 5/5-647 new

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40 ILCS 5/2-105.3 new

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40 ILCS 5/2-107.10 new

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40 ILCS 5/2-108

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40 ILCS 5/2-110.3 new

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40 ILCS 5/2-119.1

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40 ILCS 5/2-124

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