



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB2902

by Rep. Mike Fortner

SYNOPSIS AS INTRODUCED:

See Index

Creates the Pension Buyout Act. Authorizes the Department of Central Management Services to enter into contracts with approved vendors to provide pension buyout payments to eligible retirees in the State Universities and Downstate Teachers Articles. Requires the Illinois Finance Authority to issue bonds if the amount appropriated to implement the pension buyout option is less than the amount necessary for the Department to pay the approved vendor the amount required under a contract between the Department and the approved vendor for any fiscal year. Amends the State Universities and Downstate Teachers Articles of the Illinois Pension Code. Provides that an eligible retiree may relinquish his or her right to receive any benefits from the System in exchange for a lump sum payment made by an approved vendor that is equal to the present value of the retirement annuity. Contains provisions concerning the form of the contract; rulemaking; notice to the system; certification to the Department of the amount of lump sum payments made; and qualified plan status. Establishes optional defined contribution plans. Provides that a person who participates in the pension buyout option or the defined contribution plan shall be entitled to any benefits under the State Employees Group Insurance Act of 1971 that he or she would have otherwise been entitled to. Amends the State Employees Group Insurance Act of 1971, the Department of Central Management Services Law of the Civil Administrative Code of Illinois, the Illinois Procurement Code, and the Illinois Finance Authority Act to make related changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB100 05932 RPS 15959 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 1. Short title. This Act may be cited as the
5 Pension Buyout Act.

6 Section 5. Definitions. As used in this Act:

7 "Approved vendor" means a vendor who has entered into a
8 contract with the Department to provide lump sum payments to
9 eligible retirees pursuant to a pension buyout option.

10 "Authority" means the Illinois Finance Authority.

11 "Chief procurement officer" means the chief procurement
12 officer appointed under paragraph (4) of subsection (a) of
13 Section 10-20 of the Illinois Procurement Code.

14 "Department" means the Department of Central Management
15 Services.

16 "Director" means the Director of Central Management
17 Services.

18 "Pension buyout option" means a plan under Section 15-185.5
19 or 16-190.5 of the Illinois Pension Code.

20 "Retirement system" means a retirement system established
21 under Article 15 or 16 of the Illinois Pension Code.

22 Section 10. Pension buyout option administration.

1 (a) The Department, on behalf of the State, may enter into
2 contracts with approved vendors who will provide lump sum
3 payments to eligible retirees pursuant to a pension buyout
4 option. The contract shall be subject to the applicable
5 requirements of the Illinois Procurement Code. The Department
6 shall only enter into the contract after an open and
7 competitive bidding process and the process shall comply with
8 the procedures established by the chief procurement officer
9 pursuant to Section 45-32 of the Illinois Procurement Code.

10 The contract entered into by the Department shall:

11 (1) not interfere with the ability of each retirement
12 system to include any safeguards or other provisions that
13 the retirement system may require to be included in the
14 standardized form contract approved by the retirement
15 system; and

16 (2) require the approved vendor to provide, at no cost
17 to the eligible retiree, a minimum amount of certified
18 financial planning services to the eligible retiree before
19 he or she makes an election pursuant to a pension buyout
20 option.

21 (b) The Department shall establish by rule dates by which
22 the Board of Trustees of each retirement system must certify
23 the amount of lump sum payments made under the pension buyout
24 option for that retirement system. The Department shall
25 establish by rule the minimum amount of certified financial
26 planning services that the approved vendor must provide to each

1 eligible retiree at no cost to the eligible retiree.

2 (c) If in any fiscal year the amount appropriated for all
3 pension buyout options is less than the amount necessary for
4 the Department to pay the amount required for that fiscal year
5 under a contract between the Department and an approved vendor,
6 the Director shall certify to the Authority the additional
7 amount required for that fiscal year. The Authority shall issue
8 bonds in the amount certified by the Director. The proceeds
9 from the bonds issued under this Act shall only be used by the
10 Department to pay an approved vendor the amount required for
11 that fiscal year.

12 Section 15. Bond authorization. The Authority shall not
13 have outstanding at any one time bonds for any of the purposes
14 of this Act in an aggregate principal amount exceeding
15 \$500,000,000, excluding bonds issued to refund outstanding
16 bonds.

17 Section 900. The State Employees Group Insurance Act of
18 1971 is amended by changing Sections 3 and 10 as follows:

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

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

1 implementing specific programs providing benefits under this
2 Act.

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

8 (b) "Annuitant" means (1) an employee who retires, or has
9 retired, on or after January 1, 1966 on an immediate annuity
10 under the provisions of Articles 2, 14 (including an employee
11 who has elected to receive an alternative retirement
12 cancellation payment under Section 14-108.5 of the Illinois
13 Pension Code in lieu of an annuity), 15 (including an employee
14 who has retired under the optional retirement program
15 established under Section 15-158.2 or who, in lieu of receiving
16 an annuity under that Article, has elected to participate in
17 the pension buyout option under Section 15-185.5 of the
18 Illinois Pension Code or has retired under the Tier 3 plan
19 established under Section 15-155.5 of the Illinois Pension
20 Code), paragraphs (2), (3), or (5) of Section 16-106 (including
21 an employee who, in lieu of receiving an annuity under that
22 Article, has elected to participate in the pension buyout
23 option under Section 16-190.5 of the Illinois Pension Code, has
24 retired under the Tier 3 plan established under Section
25 16-205.5 of the Illinois Pension Code, or has retired under the
26 Tier 4 plan established under Section 16-205.6 of the Illinois

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

25 (b-5) (Blank).

26 (b-6) (Blank).

1 (b-7) (Blank).

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

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

1 domestic violence shelter or service, or qualified child
2 advocacy center.

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

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

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

1 Act, and the Illinois Finance Authority.

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

23 (i) "Director" means the Director of the Illinois
24 Department of Central Management Services.

25 (j) "Eligibility period" means the period of time a member
26 has to elect enrollment in programs or to select benefits

1 without regard to age, sex or health.

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

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

1 qualified local government, including persons appointed as
2 trustees of sanitary districts regardless of hours devoted to
3 the service of the sanitary district, (ii) each employee in the
4 service of a qualified rehabilitation facility, (iii) each
5 full-time employee in the service of a qualified domestic
6 violence shelter or service, and (iv) each full-time employee
7 in the service of a qualified child advocacy center, as
8 determined according to rules promulgated by the Director.

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

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

26 (n) "Program" means the group life insurance, health

1 benefits and other employee benefits designed and contracted
2 for by the Director under this Act.

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

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

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

1 was an annuitant under this Act by virtue of receiving an
2 alternative retirement cancellation payment under Section
3 14-108.5 of the Illinois Pension Code.

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

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

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

12 (q-5) (Blank).

13 (q-6) (Blank).

14 (q-7) (Blank).

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

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

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

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

1 participating in a program created under subsection (j) of
2 Section 10 of this Act.

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

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

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

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

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

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

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

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

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

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

24 (y) (Blank).

25 (z) "Community college benefit recipient" means a person
26 who:

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

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

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

18 (aa) "Community college dependent beneficiary" means a
19 person who:

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

22 (2) is a community college benefit recipient's: (A)
23 spouse, (B) dependent parent who is receiving at least half
24 of his or her support from the community college benefit
25 recipient, or (C) natural, step, adjudicated, or adopted
26 child who is (i) under age 26, or (ii) age 19 or over and

1 has a mental or physical disability from a cause
2 originating prior to the age of 19 (age 26 if enrolled as
3 an adult child).

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

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

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

20 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

22 (a) The State shall pay the cost of basic non-contributory
23 group life insurance and, subject to member paid contributions
24 set by the Department or required by this Section and except as
25 provided in this Section, the basic program of group health

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

25 The cost of participation in the basic program of group
26 health benefits for the dependent or survivor of a living or

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

10 (a-1) (Blank).

11 (a-2) (Blank).

12 (a-3) (Blank).

13 (a-4) (Blank).

14 (a-5) (Blank).

15 (a-6) (Blank).

16 (a-7) (Blank).

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

26 (a-8.5) Beginning on the effective date of this amendatory

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

24 Contributions required of annuitants, survivors, and
25 retired employees shall be the same for all retirement systems
26 and shall also be based on whether an individual has made an

1 election under Section 15-135.1 of the Illinois Pension Code.
2 Contributions may be based on annuitants', survivors', or
3 retired employees' Medicare eligibility, but may not be based
4 on Social Security eligibility.

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

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

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

19 The Department of Central Management Services, or any
20 successor agency designated to procure healthcare contracts
21 pursuant to this Act, is authorized to establish funds,
22 separate accounts provided by any bank or banks as defined by
23 the Illinois Banking Act, or separate accounts provided by any
24 savings and loan association or associations as defined by the
25 Illinois Savings and Loan Act of 1985 to be held by the
26 Director, outside the State treasury, for the purpose of

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

15 (a-10) For purposes of determining State contributions
16 under this Section, service credit established under a Tier 3
17 plan or Tier 4 plan under Article 15 or 16 of the Illinois
18 Pension Code shall be included in determining an employee's
19 creditable service for the purposes of this Act.

20 For purposes of determining State contributions under this
21 Section, any service credit terminated (i) as part of a pension
22 buyout option under Article 15 or 16 of the Illinois Pension
23 Code, (ii) as part of a transfer of contributions to a Tier 3
24 plan under Article 15 or 16 of the Illinois Pension Code, or
25 (iii) as part of a transfer of contributions to a Tier 4 plan
26 under Article 16 shall be included in determining an employee's

1 creditable service for the purposes of this Act; but no such
2 service credit shall be counted more than once.

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

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

26 (d) The basic group life insurance coverage shall continue,

1 with full State contribution, where such person is (1) absent
2 from active service by reason of disability arising from any
3 cause other than self-inflicted, (2) on authorized educational
4 leave of absence or sabbatical leave, or (3) on military leave.

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

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

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

1 reduction in the cost of participation, if any, resulting from
2 the amendment to subsection (a) made by this amendatory Act of
3 the 91st General Assembly.

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

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

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

26 Employees of a participating unit of local government who

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

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

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

26 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the unit of local government.

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

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

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

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

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

17 (j) Any rehabilitation facility within the State of
18 Illinois may apply to the Director to have its employees,
19 annuitants, and their eligible dependents provided group
20 health coverage under this Act on a non-insured basis. To
21 participate, a rehabilitation facility must agree to enroll all
22 of its employees and remit the entire cost of providing such
23 coverage for its employees, except that the rehabilitation
24 facility shall not be required to enroll those of its employees
25 who are covered spouses or dependents under this plan or
26 another group policy or plan providing health benefits as long

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

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

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

1 demographic variables, plus an amount sufficient to pay for
2 the additional administrative costs of providing coverage
3 to employees of the rehabilitation facility and their
4 dependents.

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

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

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

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

12 The Director shall annually determine rates of payment,
13 subject to the following constraints:

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

25 (2) In subsequent years, a further adjustment shall be
26 made to reflect the actual prior years' claims experience

1 of the employees of the domestic violence shelter or
2 service.

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

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

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

25 (1-5) The provisions of subsection (1) become inoperative
26 on July 1, 1999.

1 (m) The Director shall adopt any rules deemed necessary for
2 implementation of this amendatory Act of 1989 (Public Act
3 86-978).

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

1 of the 2 as determined by the child advocacy center. The child
2 advocacy center shall be responsible for timely collection and
3 transmission of dependent premiums.

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

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

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

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

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

24 Section 905. The Department of Central Management Services
25 Law of the Civil Administrative Code of Illinois is amended by

1 adding Section 405-298 as follows:

2 (20 ILCS 405/405-298 new)

3 Sec. 405-298. Pension buyout option. To enter into
4 contracts with approved vendors under the Pension Buyout Act
5 and to adopt those rules needed to implement the provisions of
6 the Pension Buyout Act.

7 Section 910. The Illinois Finance Authority Act is amended
8 by changing Section 801-40 as follows:

9 (20 ILCS 3501/801-40)

10 Sec. 801-40. In addition to the powers otherwise authorized
11 by law and in addition to the foregoing general corporate
12 powers, the Authority shall also have the following additional
13 specific powers to be exercised in furtherance of the purposes
14 of this Act.

15 (a) The Authority shall have power (i) to accept grants,
16 loans or appropriations from the federal government or the
17 State, or any agency or instrumentality thereof, to be used for
18 the operating expenses of the Authority, or for any purposes of
19 the Authority, including the making of direct loans of such
20 funds with respect to projects, and (ii) to enter into any
21 agreement with the federal government or the State, or any
22 agency or instrumentality thereof, in relationship to such
23 grants, loans or appropriations.

1 (b) The Authority shall have power to procure and enter
2 into contracts for any type of insurance and indemnity
3 agreements covering loss or damage to property from any cause,
4 including loss of use and occupancy, or covering any other
5 insurable risk.

6 (c) The Authority shall have the continuing power to issue
7 bonds for its corporate purposes. Bonds may be issued by the
8 Authority in one or more series and may provide for the payment
9 of any interest deemed necessary on such bonds, of the costs of
10 issuance of such bonds, of any premium on any insurance, or of
11 the cost of any guarantees, letters of credit or other similar
12 documents, may provide for the funding of the reserves deemed
13 necessary in connection with such bonds, and may provide for
14 the refunding or advance refunding of any bonds or for accounts
15 deemed necessary in connection with any purpose of the
16 Authority. The bonds may bear interest payable at any time or
17 times and at any rate or rates, notwithstanding any other
18 provision of law to the contrary, and such rate or rates may be
19 established by an index or formula which may be implemented or
20 established by persons appointed or retained therefor by the
21 Authority, or may bear no interest or may bear interest payable
22 at maturity or upon redemption prior to maturity, may bear such
23 date or dates, may be payable at such time or times and at such
24 place or places, may mature at any time or times not later than
25 40 years from the date of issuance, may be sold at public or
26 private sale at such time or times and at such price or prices,

1 may be secured by such pledges, reserves, guarantees, letters
2 of credit, insurance contracts or other similar credit support
3 or liquidity instruments, may be executed in such manner, may
4 be subject to redemption prior to maturity, may provide for the
5 registration of the bonds, and may be subject to such other
6 terms and conditions all as may be provided by the resolution
7 or indenture authorizing the issuance of such bonds. The holder
8 or holders of any bonds issued by the Authority may bring suits
9 at law or proceedings in equity to compel the performance and
10 observance by any person or by the Authority or any of its
11 agents or employees of any contract or covenant made with the
12 holders of such bonds and to compel such person or the
13 Authority and any of its agents or employees to perform any
14 duties required to be performed for the benefit of the holders
15 of any such bonds by the provision of the resolution
16 authorizing their issuance, and to enjoin such person or the
17 Authority and any of its agents or employees from taking any
18 action in conflict with any such contract or covenant.
19 Notwithstanding the form and tenor of any such bonds and in the
20 absence of any express recital on the face thereof that it is
21 non-negotiable, all such bonds shall be negotiable
22 instruments. Pending the preparation and execution of any such
23 bonds, temporary bonds may be issued as provided by the
24 resolution. The bonds shall be sold by the Authority in such
25 manner as it shall determine. The bonds may be secured as
26 provided in the authorizing resolution by the receipts,

1 revenues, income and other available funds of the Authority and
2 by any amounts derived by the Authority from the loan agreement
3 or lease agreement with respect to the project or projects; and
4 bonds may be issued as general obligations of the Authority
5 payable from such revenues, funds and obligations of the
6 Authority as the bond resolution shall provide, or may be
7 issued as limited obligations with a claim for payment solely
8 from such revenues, funds and obligations as the bond
9 resolution shall provide. The Authority may grant a specific
10 pledge or assignment of and lien on or security interest in
11 such rights, revenues, income, or amounts and may grant a
12 specific pledge or assignment of and lien on or security
13 interest in any reserves, funds or accounts established in the
14 resolution authorizing the issuance of bonds. Any such pledge,
15 assignment, lien or security interest for the benefit of the
16 holders of the Authority's bonds shall be valid and binding
17 from the time the bonds are issued without any physical
18 delivery or further act, and shall be valid and binding as
19 against and prior to the claims of all other parties having
20 claims against the Authority or any other person irrespective
21 of whether the other parties have notice of the pledge,
22 assignment, lien or security interest. As evidence of such
23 pledge, assignment, lien and security interest, the Authority
24 may execute and deliver a mortgage, trust agreement, indenture
25 or security agreement or an assignment thereof. A remedy for
26 any breach or default of the terms of any such agreement by the

1 Authority may be by mandamus proceedings in any court of
2 competent jurisdiction to compel the performance and
3 compliance therewith, but the agreement may prescribe by whom
4 or on whose behalf such action may be instituted. It is
5 expressly understood that the Authority may, but need not,
6 acquire title to any project with respect to which it exercises
7 its authority.

8 (c-5) The Authority shall have the power to issue bonds
9 under subsection (c) of Section 10 of the Pension Buyout Act
10 and to adopt those rules needed to implement the provisions of
11 the Pension Buyout Act.

12 (d) With respect to the powers granted by this Act, the
13 Authority may adopt rules and regulations prescribing the
14 procedures by which persons may apply for assistance under this
15 Act. Nothing herein shall be deemed to preclude the Authority,
16 prior to the filing of any formal application, from conducting
17 preliminary discussions and investigations with respect to the
18 subject matter of any prospective application.

19 (e) The Authority shall have power to acquire by purchase,
20 lease, gift or otherwise any property or rights therein from
21 any person useful for its purposes, whether improved for the
22 purposes of any prospective project, or unimproved. The
23 Authority may also accept any donation of funds for its
24 purposes from any such source. The Authority shall have no
25 independent power of condemnation but may acquire any property
26 or rights therein obtained upon condemnation by any other

1 authority, governmental entity or unit of local government with
2 such power.

3 (f) The Authority shall have power to develop, construct
4 and improve either under its own direction, or through
5 collaboration with any approved applicant, or to acquire
6 through purchase or otherwise, any project, using for such
7 purpose the proceeds derived from the sale of its bonds or from
8 governmental loans or grants, and to hold title in the name of
9 the Authority to such projects.

10 (g) The Authority shall have power to lease pursuant to a
11 lease agreement any project so developed and constructed or
12 acquired to the approved tenant on such terms and conditions as
13 may be appropriate to further the purposes of this Act and to
14 maintain the credit of the Authority. Any such lease may
15 provide for either the Authority or the approved tenant to
16 assume initially, in whole or in part, the costs of
17 maintenance, repair and improvements during the leasehold
18 period. In no case, however, shall the total rentals from any
19 project during any initial leasehold period or the total loan
20 repayments to be made pursuant to any loan agreement, be less
21 than an amount necessary to return over such lease or loan
22 period (1) all costs incurred in connection with the
23 development, construction, acquisition or improvement of the
24 project and for repair, maintenance and improvements thereto
25 during the period of the lease or loan; provided, however, that
26 the rentals or loan repayments need not include costs met

1 through the use of funds other than those obtained by the
2 Authority through the issuance of its bonds or governmental
3 loans; (2) a reasonable percentage additive to be agreed upon
4 by the Authority and the borrower or tenant to cover a properly
5 allocable portion of the Authority's general expenses,
6 including, but not limited to, administrative expenses,
7 salaries and general insurance, and (3) an amount sufficient to
8 pay when due all principal of, interest and premium, if any on,
9 any bonds issued by the Authority with respect to the project.
10 The portion of total rentals payable under clause (3) of this
11 subsection (g) shall be deposited in such special accounts,
12 including all sinking funds, acquisition or construction
13 funds, debt service and other funds as provided by any
14 resolution, mortgage or trust agreement of the Authority
15 pursuant to which any bond is issued.

16 (h) The Authority has the power, upon the termination of
17 any leasehold period of any project, to sell or lease for a
18 further term or terms such project on such terms and conditions
19 as the Authority shall deem reasonable and consistent with the
20 purposes of the Act. The net proceeds from all such sales and
21 the revenues or income from such leases shall be used to
22 satisfy any indebtedness of the Authority with respect to such
23 project and any balance may be used to pay any expenses of the
24 Authority or be used for the further development, construction,
25 acquisition or improvement of projects. In the event any
26 project is vacated by a tenant prior to the termination of the

1 initial leasehold period, the Authority shall sell or lease the
2 facilities of the project on the most advantageous terms
3 available. The net proceeds of any such disposition shall be
4 treated in the same manner as the proceeds from sales or the
5 revenues or income from leases subsequent to the termination of
6 any initial leasehold period.

7 (i) The Authority shall have the power to make loans to
8 persons to finance a project, to enter into loan agreements
9 with respect thereto, and to accept guarantees from persons of
10 its loans or the resultant evidences of obligations of the
11 Authority.

12 (j) The Authority may fix, determine, charge and collect
13 any premiums, fees, charges, costs and expenses, including,
14 without limitation, any application fees, commitment fees,
15 program fees, financing charges or publication fees from any
16 person in connection with its activities under this Act.

17 (k) In addition to the funds established as provided
18 herein, the Authority shall have the power to create and
19 establish such reserve funds and accounts as may be necessary
20 or desirable to accomplish its purposes under this Act and to
21 deposit its available monies into the funds and accounts.

22 (l) At the request of the governing body of any unit of
23 local government, the Authority is authorized to market such
24 local government's revenue bond offerings by preparing bond
25 issues for sale, advertising for sealed bids, receiving bids at
26 its offices, making the award to the bidder that offers the

1 most favorable terms or arranging for negotiated placements or
2 underwritings of such securities. The Authority may, at its
3 discretion, offer for concurrent sale the revenue bonds of
4 several local governments. Sales by the Authority of revenue
5 bonds under this Section shall in no way imply State guarantee
6 of such debt issue. The Authority may require such financial
7 information from participating local governments as it deems
8 necessary in order to carry out the purposes of this subsection
9 (1).

10 (m) The Authority may make grants to any county to which
11 Division 5-37 of the Counties Code is applicable to assist in
12 the financing of capital development, construction and
13 renovation of new or existing facilities for hospitals and
14 health care facilities under that Act. Such grants may only be
15 made from funds appropriated for such purposes from the Build
16 Illinois Bond Fund.

17 (n) The Authority may establish an urban development action
18 grant program for the purpose of assisting municipalities in
19 Illinois which are experiencing severe economic distress to
20 help stimulate economic development activities needed to aid in
21 economic recovery. The Authority shall determine the types of
22 activities and projects for which the urban development action
23 grants may be used, provided that such projects and activities
24 are broadly defined to include all reasonable projects and
25 activities the primary objectives of which are the development
26 of viable urban communities, including decent housing and a

1 suitable living environment, and expansion of economic
2 opportunity, principally for persons of low and moderate
3 incomes. The Authority shall enter into grant agreements from
4 monies appropriated for such purposes from the Build Illinois
5 Bond Fund. The Authority shall monitor the use of the grants,
6 and shall provide for audits of the funds as well as recovery
7 by the Authority of any funds determined to have been spent in
8 violation of this subsection (n) or any rule or regulation
9 promulgated hereunder. The Authority shall provide technical
10 assistance with regard to the effective use of the urban
11 development action grants. The Authority shall file an annual
12 report to the General Assembly concerning the progress of the
13 grant program.

14 (o) The Authority may establish a Housing Partnership
15 Program whereby the Authority provides zero-interest loans to
16 municipalities for the purpose of assisting in the financing of
17 projects for the rehabilitation of affordable multi-family
18 housing for low and moderate income residents. The Authority
19 may provide such loans only upon a municipality's providing
20 evidence that it has obtained private funding for the
21 rehabilitation project. The Authority shall provide 3 State
22 dollars for every 7 dollars obtained by the municipality from
23 sources other than the State of Illinois. The loans shall be
24 made from monies appropriated for such purpose from the Build
25 Illinois Bond Fund. The total amount of loans available under
26 the Housing Partnership Program shall not exceed \$30,000,000.

1 State loan monies under this subsection shall be used only for
2 the acquisition and rehabilitation of existing buildings
3 containing 4 or more dwelling units. The terms of any loan made
4 by the municipality under this subsection shall require
5 repayment of the loan to the municipality upon any sale or
6 other transfer of the project.

7 (p) The Authority may award grants to universities and
8 research institutions, research consortiums and other
9 not-for-profit entities for the purposes of: remodeling or
10 otherwise physically altering existing laboratory or research
11 facilities, expansion or physical additions to existing
12 laboratory or research facilities, construction of new
13 laboratory or research facilities or acquisition of modern
14 equipment to support laboratory or research operations
15 provided that such grants (i) be used solely in support of
16 project and equipment acquisitions which enhance technology
17 transfer, and (ii) not constitute more than 60 percent of the
18 total project or acquisition cost.

19 (q) Grants may be awarded by the Authority to units of
20 local government for the purpose of developing the appropriate
21 infrastructure or defraying other costs to the local government
22 in support of laboratory or research facilities provided that
23 such grants may not exceed 40% of the cost to the unit of local
24 government.

25 (r) The Authority may establish a Direct Loan Program to
26 make loans to individuals, partnerships or corporations for the

1 purpose of an industrial project, as defined in Section 801-10
2 of this Act. For the purposes of such program and not by way of
3 limitation on any other program of the Authority, the Authority
4 shall have the power to issue bonds, notes, or other evidences
5 of indebtedness including commercial paper for purposes of
6 providing a fund of capital from which it may make such loans.
7 The Authority shall have the power to use any appropriations
8 from the State made especially for the Authority's Direct Loan
9 Program for additional capital to make such loans or for the
10 purposes of reserve funds or pledged funds which secure the
11 Authority's obligations of repayment of any bond, note or other
12 form of indebtedness established for the purpose of providing
13 capital for which it intends to make such loans under the
14 Direct Loan Program. For the purpose of obtaining such capital,
15 the Authority may also enter into agreements with financial
16 institutions and other persons for the purpose of selling loans
17 and developing a secondary market for such loans. Loans made
18 under the Direct Loan Program may be in an amount not to exceed
19 \$300,000 and shall be made for a portion of an industrial
20 project which does not exceed 50% of the total project. No loan
21 may be made by the Authority unless approved by the affirmative
22 vote of at least 8 members of the board. The Authority shall
23 establish procedures and publish rules which shall provide for
24 the submission, review, and analysis of each direct loan
25 application and which shall preserve the ability of each board
26 member to reach an individual business judgment regarding the

1 propriety of making each direct loan. The collective discretion
2 of the board to approve or disapprove each loan shall be
3 unencumbered. The Authority may establish and collect such fees
4 and charges, determine and enforce such terms and conditions,
5 and charge such interest rates as it determines to be necessary
6 and appropriate to the successful administration of the Direct
7 Loan Program. The Authority may require such interests in
8 collateral and such guarantees as it determines are necessary
9 to project the Authority's interest in the repayment of the
10 principal and interest of each loan made under the Direct Loan
11 Program.

12 (s) The Authority may guarantee private loans to third
13 parties up to a specified dollar amount in order to promote
14 economic development in this State.

15 (t) The Authority may adopt rules and regulations as may be
16 necessary or advisable to implement the powers conferred by
17 this Act.

18 (u) The Authority shall have the power to issue bonds,
19 notes or other evidences of indebtedness, which may be used to
20 make loans to units of local government which are authorized to
21 enter into loan agreements and other documents and to issue
22 bonds, notes and other evidences of indebtedness for the
23 purpose of financing the protection of storm sewer outfalls,
24 the construction of adequate storm sewer outfalls, and the
25 provision for flood protection of sanitary sewage treatment
26 plans, in counties that have established a stormwater

1 management planning committee in accordance with Section
2 5-1062 of the Counties Code. Any such loan shall be made by the
3 Authority pursuant to the provisions of Section 820-5 to 820-60
4 of this Act. The unit of local government shall pay back to the
5 Authority the principal amount of the loan, plus annual
6 interest as determined by the Authority. The Authority shall
7 have the power, subject to appropriations by the General
8 Assembly, to subsidize or buy down a portion of the interest on
9 such loans, up to 4% per annum.

10 (v) The Authority may accept security interests as provided
11 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

12 (w) Moral Obligation. In the event that the Authority
13 determines that monies of the Authority will not be sufficient
14 for the payment of the principal of and interest on its bonds
15 during the next State fiscal year, the Chairperson, as soon as
16 practicable, shall certify to the Governor the amount required
17 by the Authority to enable it to pay such principal of and
18 interest on the bonds. The Governor shall submit the amount so
19 certified to the General Assembly as soon as practicable, but
20 no later than the end of the current State fiscal year. This
21 subsection shall apply only to any bonds or notes as to which
22 the Authority shall have determined, in the resolution
23 authorizing the issuance of the bonds or notes, that this
24 subsection shall apply. Whenever the Authority makes such a
25 determination, that fact shall be plainly stated on the face of
26 the bonds or notes and that fact shall also be reported to the

1 Governor. In the event of a withdrawal of moneys from a reserve
2 fund established with respect to any issue or issues of bonds
3 of the Authority to pay principal or interest on those bonds,
4 the Chairperson of the Authority, as soon as practicable, shall
5 certify to the Governor the amount required to restore the
6 reserve fund to the level required in the resolution or
7 indenture securing those bonds. The Governor shall submit the
8 amount so certified to the General Assembly as soon as
9 practicable, but no later than the end of the current State
10 fiscal year. The Authority shall obtain written approval from
11 the Governor for any bonds and notes to be issued under this
12 Section. In addition to any other bonds authorized to be issued
13 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
14 principal amount of Authority bonds outstanding issued under
15 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
16 360/2-6(c), which have been assumed by the Authority, shall not
17 exceed \$150,000,000. This subsection (w) shall in no way be
18 applied to any bonds issued by the Authority on behalf of the
19 Illinois Power Agency under Section 825-90 of this Act.

20 (x) The Authority may enter into agreements or contracts
21 with any person necessary or appropriate to place the payment
22 obligations of the Authority under any of its bonds in whole or
23 in part on any interest rate basis, cash flow basis, or other
24 basis desired by the Authority, including without limitation
25 agreements or contracts commonly known as "interest rate swap
26 agreements", "forward payment conversion agreements", and

1 "futures", or agreements or contracts to exchange cash flows or
2 a series of payments, or agreements or contracts, including
3 without limitation agreements or contracts commonly known as
4 "options", "puts", or "calls", to hedge payment, rate spread,
5 or similar exposure; provided that any such agreement or
6 contract shall not constitute an obligation for borrowed money
7 and shall not be taken into account under Section 845-5 of this
8 Act or any other debt limit of the Authority or the State of
9 Illinois.

10 (y) The Authority shall publish summaries of projects and
11 actions approved by the members of the Authority on its
12 website. These summaries shall include, but not be limited to,
13 information regarding the:

- 14 (1) project;
- 15 (2) Board's action or actions;
- 16 (3) purpose of the project;
- 17 (4) Authority's program and contribution;
- 18 (5) volume cap;
- 19 (6) jobs retained;
- 20 (7) projected new jobs;
- 21 (8) construction jobs created;
- 22 (9) estimated sources and uses of funds;
- 23 (10) financing summary;
- 24 (11) project summary;
- 25 (12) business summary;
- 26 (13) ownership or economic disclosure statement;

- 1 (14) professional and financial information;
2 (15) service area; and
3 (16) legislative district.

4 The disclosure of information pursuant to this subsection
5 shall comply with the Freedom of Information Act.

6 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
7 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
8 P.A. 96-793 for the effective date of changes made by P.A.
9 96-795).)

10 Section 915. The Illinois Procurement Code is amended by
11 adding Section 45-32 as follows:

12 (30 ILCS 500/45-32 new)

13 Sec. 45-32. Pension buyout option. The chief procurement
14 officer appointed pursuant to paragraph (4) of subsection (a)
15 of Section 10-20 shall determine for the Department of Central
16 Management Services which vendors are approved to provide lump
17 sum payments pursuant to a pension buyout option under Article
18 15 or 16 of the Illinois Pension Code and the Pension Buyout
19 Act. The chief procurement officer appointed pursuant to
20 paragraph (4) of subsection (a) of Section 10-20 shall develop
21 and distribute to the Department of Central Management Services
22 a listing of all procedures for implementing this Section.

23 Section 920. The Illinois Pension Code is amended by

1 changing Sections 15-108.1, 15-108.2, 15-185, 15-198, 16-158,
2 16-190, 16-203, 20-121, 20-123, 20-124, and 20-125 and by
3 adding Sections 15-108.3, 15-185.5, 15-200.5, 16-106.40,
4 16-106.41, 16-106.42, 16-106.43, 16-190.5, 16-205.5, and
5 16-205.6 as follows:

6 (40 ILCS 5/15-108.1)

7 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
8 participant or an annuitant of a retirement annuity under this
9 Article, other than a participant in the self-managed plan
10 under Section 15-158.2, who first became a participant or
11 member before January 1, 2011 under any reciprocal retirement
12 system or pension fund established under this Code, other than
13 a retirement system or pension fund established under Articles
14 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
15 person who first became a participant under this System before
16 January 1, 2011 and who accepts a refund and is subsequently
17 reemployed by an employer on or after January 1, 2011.

18 In the case of a Tier 1 member who elects to participate in
19 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
20 1 member shall be deemed a Tier 1 member only with respect to
21 service performed or established before the effective date of
22 that election.

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

24 (40 ILCS 5/15-108.2)

1 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
2 first becomes a participant under this Article on or after
3 January 1, 2011, other than a person in the self-managed plan
4 established under Section 15-158.2, unless the person is
5 otherwise a Tier 1 member. The changes made to this Section by
6 this amendatory Act of the 98th General Assembly are a
7 correction of existing law and are intended to be retroactive
8 to the effective date of Public Act 96-889, notwithstanding the
9 provisions of Section 1-103.1 of this Code.

10 In the case of a Tier 2 member who elects to participate in
11 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
12 2 member shall be deemed a Tier 2 member only with respect to
13 service performed or established before the effective date of
14 that election.

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

16 (40 ILCS 5/15-108.3 new)

17 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or
18 Tier 2 member who elects to participate in the Tier 3 plan
19 under Section 15-200.5 of this Code, but only with respect to
20 service performed on or after the effective date of that
21 election.

22 (40 ILCS 5/15-185) (from Ch. 108 1/2, par. 15-185)

23 Sec. 15-185. Annuities, etc., exempt. The accumulated
24 employee and employer contributions shall be held in trust for

1 each participant and annuitant, and this trust shall be treated
2 as a spendthrift trust. Except as provided in this Article, all
3 cash, securities and other property of this system, all
4 annuities and other benefits payable under this Article and all
5 accumulated credits of participants and annuitants in this
6 system and the right of any person to receive an annuity or
7 other benefit under this Article, or a refund of contributions,
8 shall not be subject to judgment, execution, garnishment,
9 attachment, or other seizure by process, in bankruptcy or
10 otherwise, nor to sale, pledge, mortgage or other alienation,
11 and shall not be assignable. However, a person may relinquish
12 his or her creditable service under this Article and all rights
13 arising from his or her service under this Article in
14 accordance with Section 15-185.5. The board, however, may
15 deduct from the benefits, refunds and credits payable to the
16 participant, annuitant or beneficiary, amounts owed by the
17 participant or annuitant to the system. No attempted sale,
18 transfer or assignment of any benefit, refund or credit shall
19 prevent the right of the board to make the deduction and offset
20 authorized in this Section. Any participant or annuitant may
21 authorize the board to deduct from disability benefits or
22 annuities, premiums due under any group hospital-surgical
23 insurance program which is sponsored or approved by any
24 employer; however, the deductions from disability benefits may
25 not begin prior to 6 months after the disability occurs.

26 A person receiving an annuity or benefit under this Article

1 may also authorize withholding from that annuity or benefit for
2 the purposes enumerated in and in accordance with the
3 provisions of the State Salary and Annuity Withholding Act.

4 This Section is not intended to, and does not, affect the
5 calculation of any benefit under this Article or dictate how or
6 to what extent employee or employer contributions are to be
7 taken into account in calculating benefits. This amendatory Act
8 of the 91st General Assembly is a clarification of existing law
9 and applies to every participant and annuitant without regard
10 to whether status as an employee terminates before the
11 effective date of this amendatory Act.

12 Public Act 86-273 is a clarification of existing law and
13 shall be applicable to every participant and annuitant without
14 regard to whether status as an employee terminates before the
15 effective date of that Act.

16 (Source: P.A. 90-65, eff. 7-7-97; 90-448, eff. 8-16-97; 90-511,
17 eff. 8-22-97; 90-655, eff. 7-30-98; 91-887, eff. 7-6-00.)

18 (40 ILCS 5/15-185.5 new)

19 Sec. 15-185.5. Pension buyout option.

20 (a) As used in this Section:

21 "Approved vendor" means a vendor that has entered into
22 a contract with the Department of Central Management
23 Services to provide lump sum payments under this Section.

24 "Eligible retiree" means a person who (i) has made the
25 election to receive a retirement annuity; (ii) is eligible

1 to receive a retirement annuity; (iii) has terminated
2 service; (iv) is not subject to a QILDRO under this
3 Article; (v) is not a participant in the self-managed plan
4 or the Tier 3 plan; and (vi) has received at least the
5 minimum amount of certified financial planning services,
6 in accordance with rules adopted by the Department of
7 Central Management Services, provided by the approved
8 vendor.

9 "Pension buyout option" means a plan that authorizes an
10 eligible retiree to relinquish all service credit, rights,
11 and benefits under this Article (and this Code to the
12 extent that the provisions of this Code relate to benefits
13 under this Article), including, but not limited to, a
14 survivor's annuity, a retirement annuity, and a refund of
15 contributions, in exchange for a lump sum payment equal to
16 the present value of the retirement annuity as calculated
17 by the System using the actuarial tables and other
18 assumptions adopted by the Board.

19 "Standardized form contract" means the contract
20 approved by the System in accordance with subsection (c).

21 (b) In the event that the Department of Central Management
22 Services enters into a contract with an approved vendor and
23 implements a pension buyout option:

24 (1) An eligible retiree may make the election
25 authorized under this Section at any time after he or she
26 has elected to retire and has terminated service. However,

1 a retiree who has elected to proceed under the Retirement
2 Systems Reciprocal Act is not eligible to elect the pension
3 buyout option under this Section.

4 (2) An eligible retiree who wishes to participate in
5 the pension buyout option may request that the System
6 determine the dollar amount that the eligible retiree would
7 receive under the pension buyout option.

8 (3) After the System determines the dollar amount that
9 the eligible retiree would receive under the pension buyout
10 option, an eligible retiree who wishes to participate in
11 the pension buyout option shall do so by (i) notifying the
12 approved vendor and the System and (ii) executing the
13 standardized form contract with the approved vendor. As
14 soon as practical after the execution of the standardized
15 form contract, the approved vendor shall notify the System
16 that the eligible retiree executed the standardized form
17 contract. The System shall adopt rules concerning the
18 notice requirements.

19 (4) On the first day of the month following the
20 execution of the standardized form contract between the
21 approved vendor and the eligible retiree, the eligible
22 retiree shall have no rights or benefits under this Article
23 and this Code (to the extent that the provisions of this
24 Code relate to the eligible retiree's rights under this
25 Article) and shall be deemed to have no service credit
26 established under this Article. However, an eligible

1 retiree who receives a pension buyout payment under this
2 Section shall be deemed to be an annuitant for the purposes
3 of the State Employees Group Insurance Act of 1971 and
4 shall be entitled to any benefits under the State Employees
5 Group Insurance Act of 1971 that he or she would have
6 otherwise been entitled to.

7 (c) The System shall approve a standardized form contract.
8 The System may by rule specify provisions that must be included
9 in the standardized form contract.

10 (d) Any reduction in the System's liability arising from
11 the pension buyout option shall not be included in the
12 calculation or certification of required State contributions
13 sooner than the next certification following the exercise of
14 the pension buyout option. The calculation of required State
15 contributions under this Article shall not include any
16 reduction in the System's liability due to any anticipated
17 pension buyout under this Section that has not yet been made.

18 (e) In accordance with rules adopted by the Department of
19 Central Management Services, the Board shall certify to the
20 Department of Central Management Services the amount of lump
21 sum payments made under this Section by an approved vendor.

22 (f) The Board shall adopt rules necessary to implement this
23 Section.

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

1 (40 ILCS 5/15-198)

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

4 Sec. 15-198. Application and expiration of new benefit
5 increases.

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

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

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

24 Every new benefit increase is contingent upon the General
25 Assembly providing the additional funding required under this

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

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

21 (e) Except as otherwise provided in the language creating
22 the new benefit increase, a new benefit increase that expires
23 under this Section continues to apply to persons who applied
24 and qualified for the affected benefit while the new benefit
25 increase was in effect and to the affected beneficiaries and
26 alternate payees of such persons, but does not apply to any

1 other person, including without limitation a person who
2 continues in service after the expiration date and did not
3 apply and qualify for the affected benefit while the new
4 benefit increase was in effect.

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

6 (40 ILCS 5/15-200.5 new)

7 Sec. 15-200.5. Tier 3 plan.

8 (a) By July 1, 2018, the System shall prepare and implement
9 a Tier 3 plan. The Tier 3 plan developed under this Section
10 shall be a plan that aggregates employee contributions and
11 employer contributions, if the employer elects to contribute,
12 in individual participant accounts which, after meeting any
13 other requirements, are used for payouts after retirement in
14 accordance with this Section and any other applicable laws.

15 (a-5) As used in this Section, "defined benefit plan" means
16 the traditional benefit package or the portable benefit package
17 available under this Article to Tier 1 or Tier 2 members who
18 have not made the election authorized under this Section and do
19 not participate in the self-managed plan under Section
20 15-158.2.

21 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
22 member of this System may elect, in writing, to cease accruing
23 benefits in the defined benefit plan and begin accruing
24 benefits for future service in the Tier 3 plan. An active Tier
25 1 or Tier 2 member who elects to cease accruing benefits in his

1 or her defined benefit plan shall be prohibited from purchasing
2 service credit on or after the date of his or her election. A
3 Tier 1 or Tier 2 member who elects to participate in the Tier 3
4 plan shall not receive interest accruals to his or her Rule 2
5 benefit on or after the date of his or her election. The
6 election to participate in the Tier 3 plan is voluntary and
7 irrevocable.

8 (1) Service credit under the Tier 3 plan may be used
9 for determining retirement eligibility under the defined
10 benefit plan.

11 (2) The System shall make a good faith effort to
12 contact all active Tier 1 and Tier 2 members who are
13 eligible to participate in the Tier 3 plan. The System
14 shall mail information describing the option to join the
15 Tier 3 plan to each of these employees to his or her last
16 known address on file with the System. If the employee is
17 not responsive to other means of contact, it is sufficient
18 for the System to publish the details of the option on its
19 website.

20 (3) Upon request for further information describing
21 the option, the System shall provide employees with
22 information from the System before exercising the option to
23 join the plan, including information on the impact to their
24 benefits and service. The individual consultation shall
25 include projections of the member's defined benefits at
26 retirement or earlier termination of service and the value

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

10 (c) The Tier 3 plan developed and implemented by the System
11 shall comply with the following requirements:

12 (1) A participant in the Tier 3 plan shall pay employee
13 contributions at a rate determined by the participant, but
14 not less than 3% of earnings and not more than a percentage
15 of earnings determined by the Board in accordance with the
16 requirements of State and federal law.

17 (2) An employer is not required to make employer
18 contributions to the Tier 3 plan, but if the employer
19 elects to contribute, then those contributions shall be
20 paid into the individual account of each participant in the
21 Tier 3 plan that is employed by the employer at a rate,
22 expressed as a percentage of earnings, equal to the rate of
23 the individual employee's contributions.

24 (3) The Tier 3 plan shall require 5 years of
25 participation in the Tier 3 plan before vesting in employer
26 contributions. If the participant fails to vest in them,

1 the employer contributions, and the earnings thereon,
2 shall be forfeited.

3 (5) The Tier 3 plan shall provide a variety of options
4 for investments. These options shall include investments
5 in a fund created by the System and managed in accordance
6 with legal and fiduciary standards, as well as investment
7 options otherwise available.

8 (6) The Tier 3 plan shall provide a variety of options
9 for payouts to participants in the Tier 3 plan who are no
10 longer active in the System and their survivors.

11 (7) To the extent authorized under federal law and as
12 authorized by the System, the plan shall allow former
13 participants in the plan to transfer or roll over employee
14 and vested State contributions, and the earnings thereon,
15 from the Tier 3 plan into other qualified retirement plans.

16 (8) The System shall reduce the employee contributions
17 credited to the member's Tier 3 plan account by an amount
18 determined by the System to cover the cost of offering
19 these benefits and any applicable administrative fees.

20 (b-5) A Tier 1 or Tier 2 member who elects to participate
21 in the Tier 3 plan may irrevocably elect to terminate all
22 participation in the defined benefit plan. Upon that election,
23 the System shall transfer to the member's individual account an
24 amount equal to the amount of contribution refund that the
25 member would be eligible to receive if the member terminated
26 employment on that date and elected a refund of contributions,

1 including regular interest for the respective years. The System
2 shall make the transfer as a tax free transfer in accordance
3 with Internal Revenue Service guidelines, for purposes of
4 funding the amount credited to the member's individual account.

5 (c) In no event shall the System, its staff, its authorized
6 representatives, or the Board be liable for any information
7 given to an employee under this Section. The System may
8 coordinate with the Illinois Department of Central Management
9 Services and other retirement systems administering a Tier 3
10 plan in accordance with this amendatory Act of the 100th
11 General Assembly to provide information concerning the impact
12 of the Tier 3 plan set forth in this Section.

13 (d) Notwithstanding any other provision of this Section, no
14 person shall begin participating in the Tier 3 plan until it
15 has attained qualified plan status and received all necessary
16 approvals from the U.S. Internal Revenue Service.

17 (e) The System shall report on its progress under this
18 Section, including the available details of the Tier 3 plan and
19 the System's plans for informing eligible Tier 1 and Tier 2
20 members about the plan, to the Governor and the General
21 Assembly on or before January 15, 2018.

22 (40 ILCS 5/16-106.40 new)

23 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member
24 under this Article who first became a member or participant
25 before January 1, 2011 under any reciprocal retirement system

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

4 In the case of a Tier 1 member who elects to participate in
5 the Tier 3 plan under Section 16-205.5 of this Code or the Tier
6 4 plan under Section 16-205.6 of this Code, that Tier 1 member
7 shall be deemed a Tier 1 member only with respect to service
8 performed or established before the effective date of that
9 election.

10 (40 ILCS 5/16-106.41 new)

11 Sec. 16-106.41. Tier 2 member. "Tier 2 member": A member of
12 the System who first becomes a member under this Article on or
13 after January 1, 2011 and who is not a Tier 1 member.

14 In the case of a Tier 2 member who elects to participate in
15 the Tier 3 plan under Section 16-205.5 of this Code or the Tier
16 4 plan under Section 16-205.6 of this Code, the Tier 2 member
17 shall be deemed a Tier 2 member only with respect to service
18 performed or established before the effective date of that
19 election.

20 (40 ILCS 5/16-106.42 new)

21 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A Tier 1 or
22 Tier 2 member who elects to participate in the Tier 3 plan
23 under Section 16-205.5 of this Code, but only with respect to
24 service performed on or after the effective date of that

1 election.

2 (40 ILCS 5/16-106.43 new)

3 Sec. 16-106.43. Tier 4 member. "Tier 4 member": A Tier 1 or
4 Tier 2 member who elects to participate in the Tier 4 plan
5 under Section 16-205.6 of this Code, but only with respect to
6 service performed on or after the effective date of that
7 election.

8 (40 ILCS 5/16-190) (from Ch. 108 1/2, par. 16-190)

9 Sec. 16-190. Annuities, etc., - exempt. The right of a
10 person to a retirement annuity or other benefit, to the return
11 of contributions, the retirement annuity or other benefit
12 itself, any optional benefit, any other right accrued or
13 accruing to any person under the provisions of this Article,
14 and the moneys in the fund created by this Article, shall be
15 subject neither to attachment, garnishment, execution, or
16 other seizure by process, nor to sale, pledge, mortgage or
17 other alienation, and shall not be assignable except as in this
18 Article provided. However, a person may relinquish his or her
19 creditable service under this Article and all rights arising
20 from his or her service under this Article in accordance with
21 Section 16-190.5. A person receiving an annuity or benefit may
22 authorize withholding from such annuity or benefit for the
23 purposes enumerated in the "State Salary and Annuity
24 Withholding Act", approved August 21, 1961, as now or hereafter

1 amended. The moneys in the fund are exempt from any state or
2 municipal tax.

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

4 (40 ILCS 5/16-190.5 new)

5 Sec. 16-190.5. Pension buyout option.

6 (a) As used in this Section:

7 "Approved vendor" means a vendor that has entered into
8 a contract with the Department of Central Management
9 Services to provide lump sum payments under this Section.

10 "Eligible retiree" means a person who (i) has made the
11 election to receive a retirement annuity; (ii) is eligible
12 to receive a retirement annuity; (iii) has terminated
13 service; (iv) is not a participant in the Tier 3 plan or
14 the Tier 4 plan; (v) is not subject to a QILDRO under this
15 Article; and (vi) has received at least the minimum amount
16 of certified financial planning services, in accordance
17 with rules adopted by the Department of Central Management
18 Services, provided by the approved vendor.

19 "Pension buyout option" means a plan that authorizes an
20 eligible retiree to relinquish all service credit, rights,
21 and benefits under this Article (and this Code to the
22 extent that the provisions of this Code relate to benefits
23 under this Article), including, but not limited to, a
24 survivor's annuity, a retirement annuity, and a refund of
25 contributions, in exchange for a lump sum payment equal to

1 the present value of the retirement annuity as calculated
2 by the System using the actuarial tables and other
3 assumptions adopted by the Board.

4 "Standardized form contract" means the contract
5 approved by the System in accordance with subsection (c).

6 (b) In the event that the Department of Central Management
7 Services enters into a contract with an approved vendor and
8 implements a pension buyout option:

9 (1) An eligible retiree may make the election
10 authorized under this Section at any time after he or she
11 has elected to retire and has terminated service. However,
12 a retiree who has elected to proceed under the Retirement
13 Systems Reciprocal Act is not eligible to elect the pension
14 buyout option under this Section.

15 (2) An eligible retiree who wishes to participate in
16 the pension buyout option may request that the System
17 determine the dollar amount that the eligible retiree would
18 receive under the pension buyout option.

19 (3) After the System determines the dollar amount that
20 the eligible retiree would receive under the pension buyout
21 option, an eligible retiree who wishes to participate in
22 the pension buyout option shall do so by (i) notifying the
23 approved vendor and the System and (ii) executing the
24 standardized form contract with the approved vendor. As
25 soon as practical after the execution of the standardized
26 form contract, the approved vendor shall notify the System

1 that the eligible retiree executed the standardized form
2 contract. The System shall adopt rules concerning the
3 notice requirements.

4 (4) On the first day of the month following the
5 execution of the standardized form contract between the
6 approved vendor and the eligible retiree, the eligible
7 retiree shall have no rights or benefits under this Article
8 and this Code (to the extent that the provisions of this
9 Code relate to the eligible retiree's rights under this
10 Article) and shall be deemed to have no service credit
11 established under this Article. However, an eligible
12 retiree who receives a pension buyout payment under this
13 Section shall be deemed to be an annuitant for the purposes
14 of the State Employees Group Insurance Act of 1971 and
15 shall be entitled to any benefits under the State Employees
16 Group Insurance Act of 1971 that he or she would have
17 otherwise been entitled to.

18 (c) The System shall approve a standardized form contract.
19 The System may by rule specify provisions that must be included
20 in the standardized form contract.

21 (d) Any reduction in the System's liability arising from
22 the pension buyout option shall not be included in the
23 calculation or certification of required State contributions
24 sooner than the next certification following the exercise of
25 the pension buyout option. The calculation of required State
26 contributions under this Article shall not include any

1 reduction in the System's liability due to any anticipated
2 pension buyout under this Section that has not yet been made.

3 (e) In accordance with rules adopted by the Department of
4 Central Management Services, the Board shall certify to the
5 Department of Central Management Services the amount of lump
6 sum payments made under this Section by an approved vendor.

7 (f) The Board shall adopt rules necessary to implement this
8 Section.

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

12 (40 ILCS 5/16-203)

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

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

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

1 ~~Act of the 95th General Assembly.~~

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

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

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

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

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

17 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

18 (40 ILCS 5/16-205.5 new)

19 Sec. 16-205.5. Tier 3 plan.

20 (a) By July 1, 2018, the System shall prepare and implement
21 a Tier 3 plan. The Tier 3 plan developed under this Section
22 shall be a plan that aggregates employee contributions and
23 employer contributions, if the employer elects to contribute,
24 in individual participant accounts which, after meeting any
25 other requirements, are used for payouts after retirement in

1 accordance with this Section and any other applicable laws.

2 (a-5) As used in this Section, "defined benefit plan" means
3 the retirement plan available under this Article to Tier 1 or
4 Tier 2 members who have not made the election authorized under
5 this Section or Section 16-205.6.

6 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
7 member of this System may elect, in writing, to cease accruing
8 benefits in the defined benefit plan and begin accruing
9 benefits for future service in the Tier 3 plan. An active Tier
10 1 or Tier 2 member who elects to cease accruing benefits in his
11 or her defined benefit plan shall be prohibited from purchasing
12 service credit on or after the date of his or her election. A
13 Tier 1 or Tier 2 member making the irrevocable election
14 provided under this subsection shall not receive interest
15 accruals to his or her benefit under paragraph (A) of
16 subsection (a) of Section 16-133 of this Code on or after the
17 date of his or her election. The election to participate in the
18 Tier 3 plan is voluntary and irrevocable.

19 (1) Service credit under the Tier 3 plan may be used
20 for determining retirement eligibility under the defined
21 benefit plan.

22 (2) The System shall make a good faith effort to
23 contact all active Tier 1 and Tier 2 members who are
24 eligible to participate in the Tier 3 plan. The System
25 shall mail information describing the option to join the
26 Tier 3 plan to each of these employees to his or her last

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

5 (3) Upon request for further information describing
6 the option, the System shall provide employees with
7 information from the System before exercising the option to
8 join the plan, including information on the impact to their
9 benefits and service. The individual consultation shall
10 include projections of the member's defined benefits at
11 retirement or earlier termination of service and the value
12 of the member's account at retirement or earlier
13 termination of service. The System shall not provide advice
14 or counseling with respect to whether the employee should
15 exercise the option. The System shall inform Tier 1 and
16 Tier 2 members who are eligible to participate in the Tier
17 3 plan that they may also wish to obtain information and
18 counsel relating to their option from any other available
19 source, including but not limited to labor organizations,
20 private counsel, and financial advisors.

21 (c) The Tier 3 plan developed and implemented by the System
22 shall comply with the following requirements:

23 (1) A participant in the Tier 3 plan shall pay employee
24 contributions at a rate determined by the participant, but
25 not less than 3% of salary and not more than a percentage
26 of salary determined by the Board in accordance with the

1 requirements of State and federal law.

2 (2) An employer is not required to make employer
3 contributions to the Tier 3 plan, but if the employer
4 elects to contribute, then those contributions shall be
5 paid into the individual account of each participant in the
6 Tier 3 plan that is employed by the employer at a rate,
7 expressed as a percentage of salary, equal to the rate of
8 the individual employee's contributions.

9 (3) The Tier 3 plan shall require 5 years of
10 participation in the Tier 3 plan before vesting in employer
11 contributions. If the participant fails to vest in them,
12 the employer contributions, and the earnings thereon,
13 shall be forfeited.

14 (4) The Tier 3 plan shall provide a variety of options
15 for investments. These options shall include investments
16 in a fund created by the System and managed in accordance
17 with legal and fiduciary standards, as well as investment
18 options otherwise available.

19 (5) The Tier 3 plan shall provide a variety of options
20 for payouts to participants in the Tier 3 plan who are no
21 longer active in the System and their survivors.

22 (6) To the extent authorized under federal law and as
23 authorized by the System, the plan shall allow former
24 participants in the plan to transfer or roll over employee
25 and vested State contributions, and the earnings thereon,
26 from the Tier 3 plan into other qualified retirement plans.

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

5 (b-5) A Tier 1 or Tier 2 member who elects to participate
6 in the Tier 3 plan may irrevocably elect to terminate all
7 participation in the defined benefit plan. Upon that election,
8 the System shall transfer to the member's individual account an
9 amount equal to the amount of contribution refund that the
10 member would be eligible to receive if the member terminated
11 employment on that date and elected a refund of contributions,
12 including regular interest for the respective years. The System
13 shall make the transfer as a tax free transfer in accordance
14 with Internal Revenue Service guidelines, for purposes of
15 funding the amount credited to the member's individual account.

16 (c) In no event shall the System, its staff, its authorized
17 representatives, or the Board be liable for any information
18 given to an employee under this Section. The System may
19 coordinate with the Illinois Department of Central Management
20 Services and other retirement systems administering a Tier 3
21 plan in accordance with this amendatory Act of the 100th
22 General Assembly to provide information concerning the impact
23 of the Tier 3 plan set forth in this Section.

24 (d) Notwithstanding any other provision of this Section, no
25 person shall begin participating in the Tier 3 plan until it
26 has attained qualified plan status and received all necessary

1 approvals from the U.S. Internal Revenue Service.

2 (e) The System shall report on its progress under this
3 Section, including the available details of the Tier 3 plan and
4 the System's plans for informing eligible Tier 1 and Tier 2
5 members about the plan, to the Governor and the General
6 Assembly on or before January 15, 2018.

7 (40 ILCS 5/16-205.6 new)

8 Sec. 16-205.6. Tier 4 plan.

9 (a) By July 1, 2018, the System shall prepare and implement
10 a Tier 4 plan. The Tier 4 plan developed under this Section
11 shall be a plan that aggregates employee and State
12 contributions in individual participant accounts which, after
13 meeting any other requirements, are used for payouts after
14 retirement in accordance with this Section and any other
15 applicable laws.

16 (a-5) As used in this Section, "defined benefit plan" means
17 the retirement plan available under this Article to Tier 1 or
18 Tier 2 members who have not made the election authorized under
19 this Section or Section 16-205.5.

20 (b) Under the Tier 4 plan, an active Tier 1 or Tier 2
21 member of this System may elect, in writing, to cease accruing
22 benefits in the defined benefit plan and begin accruing
23 benefits for future service in the Tier 4 plan. An active Tier
24 1 or Tier 2 member who elects to cease accruing benefits in his
25 or her defined benefit plan shall be prohibited from purchasing

1 service credit on or after the date of his or her election. A
2 Tier 1 or Tier 2 member making the irrevocable election
3 provided under this subsection shall not receive interest
4 accruals to his or her benefit under paragraph (A) of
5 subsection (a) of Section 16-133 of this Code on or after the
6 date of his or her election. The election to participate in the
7 Tier 4 plan is voluntary and irrevocable.

8 (1) Service credit under the Tier 4 plan may be used
9 for determining retirement eligibility under the defined
10 benefit plan.

11 (2) The System shall make a good faith effort to
12 contact all active Tier 1 and Tier 2 members who are
13 eligible to participate in the Tier 4 plan. The System
14 shall mail information describing the option to join the
15 Tier 4 plan to each of these employees to his or her last
16 known address on file with the System. If the employee is
17 not responsive to other means of contact, it is sufficient
18 for the System to publish the details of the option on its
19 website.

20 (3) Upon request for further information describing
21 the option, the System shall provide employees with
22 information from the System before exercising the option to
23 join the plan, including information on the impact to their
24 benefits and service. The individual consultation shall
25 include projections of the member's defined benefits at
26 retirement or earlier termination of service and the value

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

10 (c) The Tier 4 plan developed and implemented by the System
11 shall comply with the following requirements:

12 (1) A participant in the Tier 4 plan shall pay employee
13 contributions at a rate of 8% of salary.

14 (2) State contributions shall be paid into the accounts
15 of all participants in the Tier 4 plan at a rate of 8% of
16 salary.

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

22 (4) The Tier 4 plan shall provide for participants in
23 the plan to be eligible for the defined disability benefits
24 available to other participants under this Article. The
25 System shall reduce the State contributions credited to the
26 member's Tier 4 plan account by an amount determined by the

1 System to cover the cost of offering such benefits.

2 (5) The Tier 4 plan shall provide a variety of options
3 for investments. These options shall include investments
4 in a fund created by the System and managed in accordance
5 with legal and fiduciary standards, as well as investment
6 options otherwise available.

7 (6) The Tier 4 plan shall provide a variety of options
8 for payouts to participants in the Tier 4 plan who are no
9 longer active in the System and their survivors.

10 (7) To the extent authorized under federal law and as
11 authorized by the System, the plan shall allow former
12 participants in the plan to transfer or roll over employee
13 and vested State contributions, and the earnings thereon,
14 from the Tier 4 plan into other qualified retirement plans.

15 (8) The System shall reduce the employee contributions
16 credited to the member's Tier 4 plan account by an amount,
17 not exceeding 1% of the member's salary, determined by the
18 System to cover the cost of offering these benefits and any
19 applicable administrative fees.

20 (b-5) A Tier 1 or Tier 2 member who elects to participate
21 in the Tier 4 plan may irrevocably elect to terminate all
22 participation in the defined benefit plan. Upon that election,
23 the System shall transfer to the member's individual account an
24 amount equal to the amount of contribution refund that the
25 member would be eligible to receive if the member terminated
26 employment on that date and elected a refund of contributions,

1 including regular interest for the respective years. The System
2 shall make the transfer as a tax free transfer in accordance
3 with Internal Revenue Service guidelines, for purposes of
4 funding the amount credited to the member's individual account.

5 (c) In no event shall the System, its staff, its authorized
6 representatives, or the Board be liable for any information
7 given to an employee under this Section. The System may
8 coordinate with the Illinois Department of Central Management
9 Services and other retirement systems administering a Tier 4
10 plan in accordance with this amendatory Act of the 100th
11 General Assembly to provide information concerning the impact
12 of the Tier 4 plan set forth in this Section.

13 (d) Notwithstanding any other provision of this Section, no
14 person shall begin participating in the Tier 4 plan until it
15 has attained qualified plan status and received all necessary
16 approvals from the U.S. Internal Revenue Service.

17 (e) The System shall report on its progress under this
18 Section, including the available details of the Tier 4 plan and
19 the System's plans for informing eligible Tier 1 and Tier 2
20 members about the plan, to the Governor and the General
21 Assembly on or before January 15, 2018.

22 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

25 Sec. 20-121. Calculation of proportional retirement

1 annuities.

2 (a) Upon retirement of the employee, a proportional
3 retirement annuity shall be computed by each participating
4 system in which pension credit has been established on the
5 basis of pension credits under each system. The computation
6 shall be in accordance with the formula or method prescribed by
7 each participating system which is in effect at the date of the
8 employee's latest withdrawal from service covered by any of the
9 systems in which he has pension credits which he elects to have
10 considered under this Article. However, the amount of any
11 retirement annuity payable under the self-managed plan
12 established under Section 15-158.2 of this Code depends solely
13 on the value of the participant's vested account balances and
14 is not subject to any proportional adjustment under this
15 Section.

16 (a-5) For persons who participate in a Tier 3 plan
17 established under Article 15 or 16 of this Code to whom the
18 provisions of this Article apply, the pension credits
19 established under the Tier 3 plan may be considered in
20 determining eligibility for or the amount of the defined
21 benefit retirement annuity that is payable by any other
22 participating system.

23 (a-10) For persons who participate in a Tier 4 plan
24 established under Article 16 of this Code to whom the
25 provisions of this Article apply, the pension credits
26 established under the Tier 4 plan may be considered in

1 determining eligibility for or the amount of the defined
2 benefit retirement annuity that is payable by any other
3 participating system.

4 (b) Combined pension credit under all retirement systems
5 subject to this Article shall be considered in determining
6 whether the minimum qualification has been met and the formula
7 or method of computation which shall be applied, except as may
8 be otherwise provided with respect to vesting in State or
9 employer contributions in a Tier 3 or Tier 4 plan. If a system
10 has a step-rate formula for calculation of the retirement
11 annuity, pension credits covering previous service which have
12 been established under another system shall be considered in
13 determining which range or ranges of the step-rate formula are
14 to be applicable to the employee.

15 (c) Interest on pension credit shall continue to accumulate
16 in accordance with the provisions of the law governing the
17 retirement system in which the same has been established during
18 the time an employee is in the service of another employer, on
19 the assumption such employee, for interest purposes for pension
20 credit, is continuing in the service covered by such retirement
21 system.

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

23 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

1 Sec. 20-123. Survivor's annuity. The provisions governing
2 a retirement annuity shall be applicable to a survivor's
3 annuity. Appropriate credits shall be established for
4 survivor's annuity purposes in those participating systems
5 which provide survivor's annuities, according to the same
6 conditions and subject to the same limitations and restrictions
7 herein prescribed for a retirement annuity. If a participating
8 system has no survivor's annuity benefit, or if the survivor's
9 annuity benefit under that system is waived, pension credit
10 established in that system shall not be considered in
11 determining eligibility for or the amount of the survivor's
12 annuity which may be payable by any other participating system.

13 For persons who participate in the self-managed plan
14 established under Section 15-158.2 or the portable benefit
15 package established under Section 15-136.4, pension credit
16 established under Article 15 may be considered in determining
17 eligibility for or the amount of the survivor's annuity that is
18 payable by any other participating system, but pension credit
19 established in any other system shall not result in any right
20 to a survivor's annuity under the Article 15 system.

21 For persons who participate in a Tier 3 plan established
22 under Article 15 or 16 of this Code to whom the provisions of
23 this Article apply, the pension credits established under the
24 Tier 3 plan may be considered in determining eligibility for or
25 the amount of the defined benefit survivor's annuity that is
26 payable by any other participating system, but pension credits

1 established in any other system shall not result in any right
2 to or increase in the value of a survivor's annuity under the
3 Tier 3 plan, which depends solely on the options chosen and the
4 value of the participant's vested account balances and is not
5 subject to any proportional adjustment under this Section.

6 For persons who participate in a Tier 4 plan established
7 under Article 16 of this Code to whom the provisions of this
8 Article apply, the pension credits established under the Tier 4
9 plan may be considered in determining eligibility for or the
10 amount of the defined benefit survivor's annuity that is
11 payable by any other participating system, but pension credits
12 established in any other system shall not result in any right
13 to or increase in the value of a survivor's annuity under the
14 Tier 4 plan, which depends solely on the options chosen and the
15 value of the participant's vested account balances and is not
16 subject to any proportional adjustment under this Section.

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

18 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

21 Sec. 20-124. Maximum benefits.

22 (a) In no event shall the combined retirement or survivors
23 annuities exceed the highest annuity which would have been
24 payable by any participating system in which the employee has
25 pension credits, if all of his pension credits had been

1 validated in that system.

2 If the combined annuities should exceed the highest maximum
3 as determined in accordance with this Section, the respective
4 annuities shall be reduced proportionately according to the
5 ratio which the amount of each proportional annuity bears to
6 the aggregate of all such annuities.

7 (b) In the case of a participant in the self-managed plan
8 established under Section 15-158.2 of this Code to whom the
9 provisions of this Article apply:

10 (i) For purposes of calculating the combined
11 retirement annuity and the proportionate reduction, if
12 any, in a retirement annuity other than one payable under
13 the self-managed plan, the amount of the Article 15
14 retirement annuity shall be deemed to be the highest
15 annuity to which the annuitant would have been entitled if
16 he or she had participated in the traditional benefit
17 package as defined in Section 15-103.1 rather than the
18 self-managed plan.

19 (ii) For purposes of calculating the combined
20 survivor's annuity and the proportionate reduction, if
21 any, in a survivor's annuity other than one payable under
22 the self-managed plan, the amount of the Article 15
23 survivor's annuity shall be deemed to be the highest
24 survivor's annuity to which the survivor would have been
25 entitled if the deceased employee had participated in the
26 traditional benefit package as defined in Section 15-103.1

1 rather than the self-managed plan.

2 (iii) Benefits payable under the self-managed plan are
3 not subject to proportionate reduction under this Section.

4 (c) In the case of a participant in a Tier 3 plan
5 established under Article 15 or 16 of this Code to whom the
6 provisions of this Article apply:

7 (i) For purposes of calculating the combined
8 retirement annuity and the proportionate reduction, if
9 any, in a defined benefit retirement annuity, any benefit
10 payable under the Tier 3 plan shall not be considered.

11 (ii) For purposes of calculating the combined
12 survivor's annuity and the proportionate reduction, if
13 any, in a defined benefit survivor's annuity, any benefit
14 payable under the Tier 3 plan shall not be considered.

15 (iii) Benefits payable under a Tier 3 plan established
16 under Article 15 or 16 of this Code are not subject to
17 proportionate reduction under this Section.

18 (d) In the case of a participant in a Tier 4 plan
19 established under Article 16 of this Code to whom the
20 provisions of this Article apply:

21 (i) For purposes of calculating the combined
22 retirement annuity and the proportionate reduction, if
23 any, in a defined benefit retirement annuity, any benefit
24 payable under the Tier 4 plan shall not be considered.

25 (ii) For purposes of calculating the combined
26 survivor's annuity and the proportionate reduction, if

1 any, in a defined benefit survivor's annuity, any benefit
2 payable under the Tier 4 plan shall not be considered.

3 (iii) Benefits payable under a Tier 4 plan established
4 under Article 16 of this Code are not subject to
5 proportionate reduction under this Section.

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

7 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

10 Sec. 20-125. Return to employment - suspension of benefits.
11 If a retired employee returns to employment which is covered by
12 a system from which he is receiving a proportional annuity
13 under this Article, his proportional annuity from all
14 participating systems shall be suspended during the period of
15 re-employment, except that this suspension does not apply to
16 any distributions payable under the self-managed plan
17 established under Section 15-158.2 of this Code, under a Tier 3
18 plan established under Article 15 or 16 of this Code, or under
19 a Tier 4 plan established under Article 16 of this Code.

20 The provisions of the Article under which such employment
21 would be covered shall govern the determination of whether the
22 employee has returned to employment, and if applicable the
23 exemption of temporary employment or employment not exceeding a
24 specified duration or frequency, for all participating systems
25 from which the retired employee is receiving a proportional

1 annuity under this Article, notwithstanding any contrary
2 provisions in the other Articles governing such systems.

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

4 Section 990. The State Mandates Act is amended by adding
5 Section 8.41 as follows:

6 (30 ILCS 805/8.41 new)

7 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
8 of this Act, no reimbursement by the State is required for the
9 implementation of any mandate created by this amendatory Act of
10 the 100th General Assembly.

11 Section 999. Effective date. This Act takes effect upon
12 becoming law.

1 INDEX
2 Statutes amended in order of appearance

3 New Act

- 4 5 ILCS 375/3 from Ch. 127, par. 523
- 5 5 ILCS 375/10 from Ch. 127, par. 530
- 6 20 ILCS 405/405-298 new
- 7 20 ILCS 3501/801-40
- 8 30 ILCS 500/45-32 new
- 9 40 ILCS 5/15-108.1
- 10 40 ILCS 5/15-108.2
- 11 40 ILCS 5/15-108.3 new
- 12 40 ILCS 5/15-185 from Ch. 108 1/2, par. 15-185
- 13 40 ILCS 5/15-185.5 new
- 14 40 ILCS 5/15-198
- 15 40 ILCS 5/15-200.5 new
- 16 40 ILCS 5/16-106.40 new
- 17 40 ILCS 5/16-106.41 new
- 18 40 ILCS 5/16-106.42 new
- 19 40 ILCS 5/16-106.43 new
- 20 40 ILCS 5/16-190 from Ch. 108 1/2, par. 16-190
- 21 40 ILCS 5/16-190.5 new
- 22 40 ILCS 5/16-203
- 23 40 ILCS 5/16-205.5 new
- 24 40 ILCS 5/16-205.6 new
- 25 40 ILCS 5/20-121 from Ch. 108 1/2, par. 20-121

- 1 40 ILCS 5/20-123 from Ch. 108 1/2, par. 20-123
- 2 40 ILCS 5/20-124 from Ch. 108 1/2, par. 20-124
- 3 40 ILCS 5/20-125 from Ch. 108 1/2, par. 20-125
- 4 30 ILCS 805/8.41 new