



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4055

by Rep. Mark Batinick

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Restricts participation in the General Assembly Retirement System to persons who became participants before the effective date. Provides separate benefits for persons who, on or after 6 months after the effective date, first become participants or members under Article 15 or 16 or a noncovered participant under Article 14. Requires those retirement systems to establish a defined contribution plan for certain members. For Articles 7, 8, 9, 10, 11, 12, 13, and 17, establishes similar benefits if the governing body of the unit of local government adopts those benefits by resolution or ordinance. Requires the 5 State-funded Retirement Systems to offer certain inactive members the opportunity to elect to receive an accelerated pension benefit payment in lieu of receiving any pension benefit and authorizes the issuance of bonds for those payments. Amends other Acts to make conforming changes. In the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, makes funding changes. In Articles 15 and 16, shifts certain costs to the local employer. Amends the Budget Stabilization Act. Provides for the transfer of certain amounts to the Pension Stabilization Fund. Makes other changes. Effective immediately.

LRB100 12851 RPS 26572 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE DEBT
IMPACT NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

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

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Articles 2 (including an employee who
21 meets the criteria for retirement, but in lieu of receiving an
22 annuity under that Article has elected to receive an
23 accelerated pension benefit payment under Section 2-154.5 of

1 that Article), 14 (including an employee who has elected to
2 receive an alternative retirement cancellation payment under
3 Section 14-108.5 of the Illinois Pension Code in lieu of an
4 annuity or who meets the criteria for retirement, but in lieu
5 of receiving an annuity under that Article has elected to
6 receive an accelerated pension benefit payment under Section
7 14-147.5 of that Article), 15 (including an employee who has
8 retired under the optional retirement program established
9 under Section 15-158.2 or who meets the criteria for retirement
10 but in lieu of receiving an annuity under that Article has
11 elected to receive an accelerated pension benefit payment under
12 Section 15-185.5 of the Article), paragraphs (2), (3), or (5)
13 of Section 16-106 (including an employee who meets the criteria
14 for retirement, but in lieu of receiving an annuity under that
15 Article has elected to receive an accelerated pension benefit
16 payment under Section 16-190.5 of the Illinois Pension Code),
17 or Article 18 (including an employee who meets the criteria for
18 retirement, but in lieu of receiving an annuity under that
19 Article, has elected to receive an accelerated pension benefit
20 payment under Section 18-161.5 of that Article) of the Illinois
21 Pension Code; (2) any person who was receiving group insurance
22 coverage under this Act as of March 31, 1978 by reason of his
23 status as an annuitant, even though the annuity in relation to
24 which such coverage was provided is a proportional annuity
25 based on less than the minimum period of service required for a
26 retirement annuity in the system involved; (3) any person not

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

18 (b-5) (Blank).

19 (b-6) (Blank).

20 (b-7) (Blank).

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

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

22 (e) "Commission" means the State Employees Group Insurance
23 Advisory Commission authorized by this Act. Commencing July 1,
24 1984, "Commission" as used in this Act means the Commission on
25 Government Forecasting and Accountability as established by
26 the Legislative Commission Reorganization Act of 1984.

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

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

21 (h) "Dependent", when the term is used in the context of
22 the health and life plan, means a member's spouse and any child
23 (1) from birth to age 26 including an adopted child, a child
24 who lives with the member from the time of the filing of a
25 petition for adoption until entry of an order of adoption, a
26 stepchild or adjudicated child, or a child who lives with the

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

16 (i) "Director" means the Director of the Illinois
17 Department of Central Management Services.

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

21 (k) "Employee" means and includes each officer or employee
22 in the service of a department who (1) receives his
23 compensation for service rendered to the department on a
24 warrant issued pursuant to a payroll certified by a department
25 or on a warrant or check issued and drawn by a department upon
26 a trust, federal or other fund or on a warrant issued pursuant

1 to a payroll certified by an elected or duly appointed officer
2 of the State or who receives payment of the performance of
3 personal services on a warrant issued pursuant to a payroll
4 certified by a Department and drawn by the Comptroller upon the
5 State Treasurer against appropriations made by the General
6 Assembly from any fund or against trust funds held by the State
7 Treasurer, and (2) is employed full-time or part-time in a
8 position normally requiring actual performance of duty during
9 not less than 1/2 of a normal work period, as established by
10 the Director in cooperation with each department, except that
11 persons elected by popular vote will be considered employees
12 during the entire term for which they are elected regardless of
13 hours devoted to the service of the State, and (3) except that
14 "employee" does not include any person who is not eligible by
15 reason of such person's employment to participate in one of the
16 State retirement systems under Articles 2, 14, 15 (either the
17 regular Article 15 system or the optional retirement program
18 established under Section 15-158.2) or 18, or under paragraph
19 (2), (3), or (5) of Section 16-106, of the Illinois Pension
20 Code, but such term does include persons who are employed
21 during the 6 month qualifying period under Article 14 of the
22 Illinois Pension Code. Such term also includes any person who
23 (1) after January 1, 1966, is receiving ordinary or accidental
24 disability benefits under Articles 2, 14, 15 (including
25 ordinary or accidental disability benefits under the optional
26 retirement program established under Section 15-158.2),

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

1 determined according to rules promulgated by the Director.

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

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

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

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

24 (p) "Retired employee" means any person who would be an
25 annuitant as that term is defined herein but for the fact that
26 such person retired prior to January 1, 1966. Such term also

1 includes any person formerly employed by the University of
2 Illinois in the Cooperative Extension Service who would be an
3 annuitant but for the fact that such person was made ineligible
4 to participate in the State Universities Retirement System by
5 clause (4) of subsection (a) of Section 15-107 of the Illinois
6 Pension Code.

7 (q) "Survivor" means a person receiving an annuity as a
8 survivor of an employee or of an annuitant. "Survivor" also
9 includes: (1) the surviving dependent of a person who satisfies
10 the definition of "employee" except that such person is made
11 ineligible to participate in the State Universities Retirement
12 System by clause (4) of subsection (a) of Section 15-107 of the
13 Illinois Pension Code; (2) the surviving dependent of any
14 person formerly employed by the University of Illinois in the
15 Cooperative Extension Service who would be an annuitant except
16 for the fact that such person was made ineligible to
17 participate in the State Universities Retirement System by
18 clause (4) of subsection (a) of Section 15-107 of the Illinois
19 Pension Code; and (3) the surviving dependent of a person who
20 was an annuitant under this Act by virtue of receiving an
21 alternative retirement cancellation payment under Section
22 14-108.5 of the Illinois Pension Code.

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

26 (q-3) "SURS" means the State Universities Retirement

1 System, created under Article 15 of the Illinois Pension Code.

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

5 (q-5) (Blank).

6 (q-6) (Blank).

7 (q-7) (Blank).

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

11 (s) "Unit of local government" means any county,
12 municipality, township, school district (including a
13 combination of school districts under the Intergovernmental
14 Cooperation Act), special district or other unit, designated as
15 a unit of local government by law, which exercises limited
16 governmental powers or powers in respect to limited
17 governmental subjects, any not-for-profit association with a
18 membership that primarily includes townships and township
19 officials, that has duties that include provision of research
20 service, dissemination of information, and other acts for the
21 purpose of improving township government, and that is funded
22 wholly or partly in accordance with Section 85-15 of the
23 Township Code; any not-for-profit corporation or association,
24 with a membership consisting primarily of municipalities, that
25 operates its own utility system, and provides research,
26 training, dissemination of information, or other acts to

1 promote cooperation between and among municipalities that
2 provide utility services and for the advancement of the goals
3 and purposes of its membership; the Southern Illinois
4 Collegiate Common Market, which is a consortium of higher
5 education institutions in Southern Illinois; the Illinois
6 Association of Park Districts; and any hospital provider that
7 is owned by a county that has 100 or fewer hospital beds and
8 has not already joined the program. "Qualified local
9 government" means a unit of local government approved by the
10 Director and participating in a program created under
11 subsection (i) of Section 10 of this Act.

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

22 (u) "Qualified domestic violence shelter or service" means
23 any Illinois domestic violence shelter or service and its
24 administrative offices funded by the Department of Human
25 Services (as successor to the Illinois Department of Public
26 Aid), approved by the Director and participating in a program

1 created under subsection (k) of Section 10.

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

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

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

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

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

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

20 (2) is a TRS benefit recipient's: (A) spouse, (B)
21 dependent parent who is receiving at least half of his or
22 her support from the TRS benefit recipient, or (C) natural,
23 step, adjudicated, or adopted child who is (i) under age
24 26, (ii) was, on January 1, 1996, participating as a
25 dependent beneficiary in the health insurance program
26 offered under Article 16 of the Illinois Pension Code, or

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

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

12 (x) "Military leave" refers to individuals in basic
13 training for reserves, special/advanced training, annual
14 training, emergency call up, activation by the President of the
15 United States, or any other training or duty in service to the
16 United States Armed Forces.

17 (y) (Blank).

18 (z) "Community college benefit recipient" means a person
19 who:

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

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

24 (3) either (i) was a full-time employee of a community
25 college district or an association of community college
26 boards created under the Public Community College Act

1 (other than an employee whose last employer under Article
2 15 of the Illinois Pension Code was a community college
3 district subject to Article VII of the Public Community
4 College Act) and was eligible to participate in a group
5 health benefit plan as an employee during the time of
6 employment with a community college district (other than a
7 community college district subject to Article VII of the
8 Public Community College Act) or an association of
9 community college boards, or (ii) is the survivor of a
10 person described in item (i).

11 (aa) "Community college dependent beneficiary" means a
12 person who:

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

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

23 "Community college dependent beneficiary" does not
24 include, as indicated under paragraph (2) of this subsection
25 (aa), a dependent of the survivor of a community college
26 benefit recipient who first becomes a dependent of a survivor

1 of a community college benefit recipient on or after the
2 effective date of this amendatory Act of the 97th General
3 Assembly unless that dependent would have been eligible for
4 coverage as a dependent of the deceased community college
5 benefit recipient upon whom the survivor annuity is based.

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

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

13 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

15 (a) The State shall pay the cost of basic non-contributory
16 group life insurance and, subject to member paid contributions
17 set by the Department or required by this Section and except as
18 provided in this Section, the basic program of group health
19 benefits on each eligible member, except a member, not
20 otherwise covered by this Act, who has retired as a
21 participating member under Article 2 of the Illinois Pension
22 Code but is ineligible for the retirement annuity under Section
23 2-119 of the Illinois Pension Code, and part of each eligible
24 member's and retired member's premiums for health insurance
25 coverage for enrolled dependents as provided by Section 9. The

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

18 The cost of participation in the basic program of group
19 health benefits for the dependent or survivor of a living or
20 deceased retired employee who was formerly employed by the
21 University of Illinois in the Cooperative Extension Service and
22 would be an annuitant but for the fact that he or she was made
23 ineligible to participate in the State Universities Retirement
24 System by clause (4) of subsection (a) of Section 15-107 of the
25 Illinois Pension Code shall not be greater than the cost of
26 participation that would otherwise apply to that dependent or

1 survivor if he or she were the dependent or survivor of an
2 annuitant under the State Universities Retirement System.

3 (a-1) (Blank).

4 (a-2) (Blank).

5 (a-3) (Blank).

6 (a-4) (Blank).

7 (a-5) (Blank).

8 (a-6) (Blank).

9 (a-7) (Blank).

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

19 (a-8.5) Beginning on the effective date of this amendatory
20 Act of the 97th General Assembly, the Director of Central
21 Management Services shall, on an annual basis, determine the
22 amount that the State shall contribute toward the basic program
23 of group health benefits on behalf of annuitants (including
24 individuals who (i) participated in the General Assembly
25 Retirement System, the State Employees' Retirement System of
26 Illinois, the State Universities Retirement System, the

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

17 Contributions required of annuitants, survivors, and
18 retired employees shall be the same for all retirement systems
19 and shall also be based on whether an individual has made an
20 election under Section 15-135.1 of the Illinois Pension Code.
21 Contributions may be based on annuitants', survivors', or
22 retired employees' Medicare eligibility, but may not be based
23 on Social Security eligibility.

24 (a-9) No later than May 1 of each calendar year, the
25 Director of Central Management Services shall certify in
26 writing to the Executive Secretary of the State Employees'

1 Retirement System of Illinois the amounts of the Medicare
2 supplement health care premiums and the amounts of the health
3 care premiums for all other retirees who are not Medicare
4 eligible.

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

7 The Director of Central Management Services shall provide
8 to the Executive Secretary of the State Employees' Retirement
9 System of Illinois such information, statistics, and other data
10 as he or she may require to review the premium amounts
11 certified by the Director of Central Management Services.

12 The Department of Central Management Services, or any
13 successor agency designated to procure healthcare contracts
14 pursuant to this Act, is authorized to establish funds,
15 separate accounts provided by any bank or banks as defined by
16 the Illinois Banking Act, or separate accounts provided by any
17 savings and loan association or associations as defined by the
18 Illinois Savings and Loan Act of 1985 to be held by the
19 Director, outside the State treasury, for the purpose of
20 receiving the transfer of moneys from the Local Government
21 Health Insurance Reserve Fund. The Department may promulgate
22 rules further defining the methodology for the transfers. Any
23 interest earned by moneys in the funds or accounts shall inure
24 to the Local Government Health Insurance Reserve Fund. The
25 transferred moneys, and interest accrued thereon, shall be used
26 exclusively for transfers to administrative service

1 organizations or their financial institutions for payments of
2 claims to claimants and providers under the self-insurance
3 health plan. The transferred moneys, and interest accrued
4 thereon, shall not be used for any other purpose including, but
5 not limited to, reimbursement of administration fees due the
6 administrative service organization pursuant to its contract
7 or contracts with the Department.

8 (a-10) To the extent that participation, benefits, or
9 premiums under this Act are based on a person's service credit
10 under an Article of the Illinois Pension Code, service credit
11 terminated in exchange for an accelerated pension benefit
12 payment under Section 2-154.5, 14-147.5, 15-185.5, 16-190.5,
13 or 18-161.5 of that Code shall be included in determining a
14 person's service credit for the purposes of this Act.

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

25 (c) The basic non-contributory coverage from the basic
26 program of group health benefits shall be continued for each

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

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

17 (e) Where the person is in non-pay status for a period in
18 excess of 30 days or on leave of absence, other than by reason
19 of disability, educational or sabbatical leave, or military
20 leave, such person may continue coverage only by making
21 personal payment equal to the amount normally contributed by
22 the State on such person's behalf. Such payments and coverage
23 may be continued: (1) until such time as the person returns to
24 a status eligible for coverage at State expense, but not to
25 exceed 24 months or (2) until such person's employment or
26 annuitant status with the State is terminated (exclusive of any

1 additional service imposed pursuant to law).

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

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

16 (h) Those persons occupying positions with any department
17 as a result of emergency appointments pursuant to Section 8b.8
18 of the Personnel Code who are not considered employees under
19 this Act shall be given the option of participating in the
20 programs of group life insurance, health benefits and other
21 employee benefits. Such persons electing coverage may
22 participate only by making payment equal to the amount normally
23 contributed by the State for similarly situated employees. Such
24 amounts shall be determined by the Director. Such payments and
25 coverage may be continued until such time as the person becomes
26 an employee pursuant to this Act or such person's appointment

1 is terminated.

2 (i) Any unit of local government within the State of
3 Illinois may apply to the Director to have its employees,
4 annuitants, and their dependents provided group health
5 coverage under this Act on a non-insured basis. To participate,
6 a unit of local government must agree to enroll all of its
7 employees, who may select coverage under either the State group
8 health benefits plan or a health maintenance organization that
9 has contracted with the State to be available as a health care
10 provider for employees as defined in this Act. A unit of local
11 government must remit the entire cost of providing coverage
12 under the State group health benefits plan or, for coverage
13 under a health maintenance organization, an amount determined
14 by the Director based on an analysis of the sex, age,
15 geographic location, or other relevant demographic variables
16 for its employees, except that the unit of local government
17 shall not be required to enroll those of its employees who are
18 covered spouses or dependents under this plan or another group
19 policy or plan providing health benefits as long as (1) an
20 appropriate official from the unit of local government attests
21 that each employee not enrolled is a covered spouse or
22 dependent under this plan or another group policy or plan, and
23 (2) at least 50% of the employees are enrolled and the unit of
24 local government remits the entire cost of providing coverage
25 to those employees, except that a participating school district
26 must have enrolled at least 50% of its full-time employees who

1 have not waived coverage under the district's group health plan
2 by participating in a component of the district's cafeteria
3 plan. A participating school district is not required to enroll
4 a full-time employee who has waived coverage under the
5 district's health plan, provided that an appropriate official
6 from the participating school district attests that the
7 full-time employee has waived coverage by participating in a
8 component of the district's cafeteria plan. For the purposes of
9 this subsection, "participating school district" includes a
10 unit of local government whose primary purpose is education as
11 defined by the Department's rules.

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

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

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages, or contributed
4 by the State for basic insurance coverages on behalf of its
5 employees, adjusted for differences between State
6 employees and employees of the local government in age,
7 sex, geographic location or other relevant demographic
8 variables, plus an amount sufficient to pay for the
9 additional administrative costs of providing coverage to
10 employees of the unit of local government and their
11 dependents.

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

15 In the case of coverage of local government employees under
16 a health maintenance organization, the Director shall annually
17 determine for each participating unit of local government the
18 maximum monthly amount the unit may contribute toward that
19 coverage, based on an analysis of (i) the age, sex, geographic
20 location, and other relevant demographic variables of the
21 unit's employees and (ii) the cost to cover those employees
22 under the State group health benefits plan. The Director may
23 similarly determine the maximum monthly amount each unit of
24 local government may contribute toward coverage of its
25 employees' dependents under a health maintenance organization.

26 Monthly payments by the unit of local government or its

1 employees for group health benefits plan or health maintenance
2 organization coverage shall be deposited in the Local
3 Government Health Insurance Reserve Fund.

4 The Local Government Health Insurance Reserve Fund is
5 hereby created as a nonappropriated trust fund to be held
6 outside the State Treasury, with the State Treasurer as
7 custodian. The Local Government Health Insurance Reserve Fund
8 shall be a continuing fund not subject to fiscal year
9 limitations. The Local Government Health Insurance Reserve
10 Fund is not subject to administrative charges or charge-backs,
11 including but not limited to those authorized under Section 8h
12 of the State Finance Act. All revenues arising from the
13 administration of the health benefits program established
14 under this Section shall be deposited into the Local Government
15 Health Insurance Reserve Fund. Any interest earned on moneys in
16 the Local Government Health Insurance Reserve Fund shall be
17 deposited into the Fund. All expenditures from this Fund shall
18 be used for payments for health care benefits for local
19 government and rehabilitation facility employees, annuitants,
20 and dependents, and to reimburse the Department or its
21 administrative service organization for all expenses incurred
22 in the administration of benefits. No other State funds may be
23 used for these purposes.

24 A local government employer's participation or desire to
25 participate in a program created under this subsection shall
26 not limit that employer's duty to bargain with the

1 representative of any collective bargaining unit of its
2 employees.

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

1 combination of the 2 as determined by the rehabilitation
2 facility. The rehabilitation facility shall be responsible for
3 timely collection and transmission of dependent premiums.

4 The Director shall annually determine quarterly rates of
5 payment, 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 rehabilitation facility 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 rehabilitation facility 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 rehabilitation facility.

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

23 (k) Any domestic violence shelter or service within the
24 State of Illinois may apply to the Director to have its
25 employees, annuitants, and their dependents provided group
26 health coverage under this Act on a non-insured basis. To

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

24 The Director shall annually determine rates of payment,
25 subject to the following constraints:

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages on behalf of its
4 employees, adjusted for differences between State
5 employees and employees of the domestic violence shelter or
6 service in age, sex, geographic location or other relevant
7 demographic variables, plus an amount sufficient to pay for
8 the additional administrative costs of providing coverage
9 to employees of the domestic violence shelter or service
10 and their dependents.

11 (2) In subsequent years, a further adjustment shall be
12 made to reflect the actual prior years' claims experience
13 of the employees of the domestic violence shelter or
14 service.

15 Monthly payments by the domestic violence shelter or
16 service or its employees for group health insurance shall be
17 deposited in the Local Government Health Insurance Reserve
18 Fund.

19 (1) A public community college or entity organized pursuant
20 to the Public Community College Act may apply to the Director
21 initially to have only annuitants not covered prior to July 1,
22 1992 by the district's health plan provided health coverage
23 under this Act on a non-insured basis. The community college
24 must execute a 2-year contract to participate in the Local
25 Government Health Plan. Any annuitant may enroll in the event
26 of a qualifying change in status, special enrollment, special

1 circumstance as defined by the Director, or during the annual
2 Benefit Choice Period.

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

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

13 (m) The Director shall adopt any rules deemed necessary for
14 implementation of this amendatory Act of 1989 (Public Act
15 86-978).

16 (n) Any child advocacy center within the State of Illinois
17 may apply to the Director to have its employees, annuitants,
18 and their dependents provided group health coverage under this
19 Act on a non-insured basis. To participate, a child advocacy
20 center must agree to enroll all of its employees and pay the
21 entire cost of providing coverage for its employees. The child
22 advocacy center shall not be required to enroll those of its
23 employees who are covered spouses or dependents under this plan
24 or another group policy or plan providing health benefits as
25 long as (1) an appropriate official from the child advocacy
26 center attests that each employee not enrolled is a covered

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

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

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

1 to employees of the child advocacy center and their
2 dependents.

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

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

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

10 Section 10. The Illinois Finance Authority Act is amended
11 by changing Section 801-40 as follows:

12 (20 ILCS 3501/801-40)

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

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

1 agency or instrumentality thereof, in relationship to such
2 grants, loans or appropriations.

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

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

1 40 years from the date of issuance, may be sold at public or
2 private sale at such time or times and at such price or prices,
3 may be secured by such pledges, reserves, guarantees, letters
4 of credit, insurance contracts or other similar credit support
5 or liquidity instruments, may be executed in such manner, may
6 be subject to redemption prior to maturity, may provide for the
7 registration of the bonds, and may be subject to such other
8 terms and conditions all as may be provided by the resolution
9 or indenture authorizing the issuance of such bonds. The holder
10 or holders of any bonds issued by the Authority may bring suits
11 at law or proceedings in equity to compel the performance and
12 observance by any person or by the Authority or any of its
13 agents or employees of any contract or covenant made with the
14 holders of such bonds and to compel such person or the
15 Authority and any of its agents or employees to perform any
16 duties required to be performed for the benefit of the holders
17 of any such bonds by the provision of the resolution
18 authorizing their issuance, and to enjoin such person or the
19 Authority and any of its agents or employees from taking any
20 action in conflict with any such contract or covenant.
21 Notwithstanding the form and tenor of any such bonds and in the
22 absence of any express recital on the face thereof that it is
23 non-negotiable, all such bonds shall be negotiable
24 instruments. Pending the preparation and execution of any such
25 bonds, temporary bonds may be issued as provided by the
26 resolution. The bonds shall be sold by the Authority in such

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

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

10 (c-5) The Authority shall have the power to issue State
11 Pension Obligation Acceleration Bonds if in any fiscal year the
12 amount appropriated for all accelerated pension benefit
13 payments is less than the amount required for those payments.
14 The proceeds from the State Pension Obligation Acceleration
15 Bonds issued under this subsection may only be used to pay for
16 accelerated pension benefit payments for the fiscal year in
17 which the State Pension Obligation Acceleration Bonds are
18 issued.

19 The Authority shall not have outstanding at any one time
20 State Pension Obligation Acceleration Bonds for any of the
21 purposes of this subsection in an aggregate principal amount
22 exceeding \$250,000,000, excluding bonds issued to refund
23 outstanding State Pension Obligation Acceleration Bonds.

24 (d) With respect to the powers granted by this Act, the
25 Authority may adopt rules and regulations prescribing the
26 procedures by which persons may apply for assistance under this

1 Act. Nothing herein shall be deemed to preclude the Authority,
2 prior to the filing of any formal application, from conducting
3 preliminary discussions and investigations with respect to the
4 subject matter of any prospective application.

5 (e) The Authority shall have power to acquire by purchase,
6 lease, gift or otherwise any property or rights therein from
7 any person useful for its purposes, whether improved for the
8 purposes of any prospective project, or unimproved. The
9 Authority may also accept any donation of funds for its
10 purposes from any such source. The Authority shall have no
11 independent power of condemnation but may acquire any property
12 or rights therein obtained upon condemnation by any other
13 authority, governmental entity or unit of local government with
14 such power.

15 (f) The Authority shall have power to develop, construct
16 and improve either under its own direction, or through
17 collaboration with any approved applicant, or to acquire
18 through purchase or otherwise, any project, using for such
19 purpose the proceeds derived from the sale of its bonds or from
20 governmental loans or grants, and to hold title in the name of
21 the Authority to such projects.

22 (g) The Authority shall have power to lease pursuant to a
23 lease agreement any project so developed and constructed or
24 acquired to the approved tenant on such terms and conditions as
25 may be appropriate to further the purposes of this Act and to
26 maintain the credit of the Authority. Any such lease may

1 provide for either the Authority or the approved tenant to
2 assume initially, in whole or in part, the costs of
3 maintenance, repair and improvements during the leasehold
4 period. In no case, however, shall the total rentals from any
5 project during any initial leasehold period or the total loan
6 repayments to be made pursuant to any loan agreement, be less
7 than an amount necessary to return over such lease or loan
8 period (1) all costs incurred in connection with the
9 development, construction, acquisition or improvement of the
10 project and for repair, maintenance and improvements thereto
11 during the period of the lease or loan; provided, however, that
12 the rentals or loan repayments need not include costs met
13 through the use of funds other than those obtained by the
14 Authority through the issuance of its bonds or governmental
15 loans; (2) a reasonable percentage additive to be agreed upon
16 by the Authority and the borrower or tenant to cover a properly
17 allocable portion of the Authority's general expenses,
18 including, but not limited to, administrative expenses,
19 salaries and general insurance, and (3) an amount sufficient to
20 pay when due all principal of, interest and premium, if any on,
21 any bonds issued by the Authority with respect to the project.
22 The portion of total rentals payable under clause (3) of this
23 subsection (g) shall be deposited in such special accounts,
24 including all sinking funds, acquisition or construction
25 funds, debt service and other funds as provided by any
26 resolution, mortgage or trust agreement of the Authority

1 pursuant to which any bond is issued.

2 (h) The Authority has the power, upon the termination of
3 any leasehold period of any project, to sell or lease for a
4 further term or terms such project on such terms and conditions
5 as the Authority shall deem reasonable and consistent with the
6 purposes of the Act. The net proceeds from all such sales and
7 the revenues or income from such leases shall be used to
8 satisfy any indebtedness of the Authority with respect to such
9 project and any balance may be used to pay any expenses of the
10 Authority or be used for the further development, construction,
11 acquisition or improvement of projects. In the event any
12 project is vacated by a tenant prior to the termination of the
13 initial leasehold period, the Authority shall sell or lease the
14 facilities of the project on the most advantageous terms
15 available. The net proceeds of any such disposition shall be
16 treated in the same manner as the proceeds from sales or the
17 revenues or income from leases subsequent to the termination of
18 any initial leasehold period.

19 (i) The Authority shall have the power to make loans to
20 persons to finance a project, to enter into loan agreements
21 with respect thereto, and to accept guarantees from persons of
22 its loans or the resultant evidences of obligations of the
23 Authority.

24 (j) The Authority may fix, determine, charge and collect
25 any premiums, fees, charges, costs and expenses, including,
26 without limitation, any application fees, commitment fees,

1 program fees, financing charges or publication fees from any
2 person in connection with its activities under this Act.

3 (k) In addition to the funds established as provided
4 herein, the Authority shall have the power to create and
5 establish such reserve funds and accounts as may be necessary
6 or desirable to accomplish its purposes under this Act and to
7 deposit its available monies into the funds and accounts.

8 (l) At the request of the governing body of any unit of
9 local government, the Authority is authorized to market such
10 local government's revenue bond offerings by preparing bond
11 issues for sale, advertising for sealed bids, receiving bids at
12 its offices, making the award to the bidder that offers the
13 most favorable terms or arranging for negotiated placements or
14 underwritings of such securities. The Authority may, at its
15 discretion, offer for concurrent sale the revenue bonds of
16 several local governments. Sales by the Authority of revenue
17 bonds under this Section shall in no way imply State guarantee
18 of such debt issue. The Authority may require such financial
19 information from participating local governments as it deems
20 necessary in order to carry out the purposes of this subsection
21 (1).

22 (m) The Authority may make grants to any county to which
23 Division 5-37 of the Counties Code is applicable to assist in
24 the financing of capital development, construction and
25 renovation of new or existing facilities for hospitals and
26 health care facilities under that Act. Such grants may only be

1 made from funds appropriated for such purposes from the Build
2 Illinois Bond Fund.

3 (n) The Authority may establish an urban development action
4 grant program for the purpose of assisting municipalities in
5 Illinois which are experiencing severe economic distress to
6 help stimulate economic development activities needed to aid in
7 economic recovery. The Authority shall determine the types of
8 activities and projects for which the urban development action
9 grants may be used, provided that such projects and activities
10 are broadly defined to include all reasonable projects and
11 activities the primary objectives of which are the development
12 of viable urban communities, including decent housing and a
13 suitable living environment, and expansion of economic
14 opportunity, principally for persons of low and moderate
15 incomes. The Authority shall enter into grant agreements from
16 monies appropriated for such purposes from the Build Illinois
17 Bond Fund. The Authority shall monitor the use of the grants,
18 and shall provide for audits of the funds as well as recovery
19 by the Authority of any funds determined to have been spent in
20 violation of this subsection (n) or any rule or regulation
21 promulgated hereunder. The Authority shall provide technical
22 assistance with regard to the effective use of the urban
23 development action grants. The Authority shall file an annual
24 report to the General Assembly concerning the progress of the
25 grant program.

26 (o) The Authority may establish a Housing Partnership

1 Program whereby the Authority provides zero-interest loans to
2 municipalities for the purpose of assisting in the financing of
3 projects for the rehabilitation of affordable multi-family
4 housing for low and moderate income residents. The Authority
5 may provide such loans only upon a municipality's providing
6 evidence that it has obtained private funding for the
7 rehabilitation project. The Authority shall provide 3 State
8 dollars for every 7 dollars obtained by the municipality from
9 sources other than the State of Illinois. The loans shall be
10 made from monies appropriated for such purpose from the Build
11 Illinois Bond Fund. The total amount of loans available under
12 the Housing Partnership Program shall not exceed \$30,000,000.
13 State loan monies under this subsection shall be used only for
14 the acquisition and rehabilitation of existing buildings
15 containing 4 or more dwelling units. The terms of any loan made
16 by the municipality under this subsection shall require
17 repayment of the loan to the municipality upon any sale or
18 other transfer of the project.

19 (p) The Authority may award grants to universities and
20 research institutions, research consortiums and other
21 not-for-profit entities for the purposes of: remodeling or
22 otherwise physically altering existing laboratory or research
23 facilities, expansion or physical additions to existing
24 laboratory or research facilities, construction of new
25 laboratory or research facilities or acquisition of modern
26 equipment to support laboratory or research operations

1 provided that such grants (i) be used solely in support of
2 project and equipment acquisitions which enhance technology
3 transfer, and (ii) not constitute more than 60 percent of the
4 total project or acquisition cost.

5 (q) Grants may be awarded by the Authority to units of
6 local government for the purpose of developing the appropriate
7 infrastructure or defraying other costs to the local government
8 in support of laboratory or research facilities provided that
9 such grants may not exceed 40% of the cost to the unit of local
10 government.

11 (r) The Authority may establish a Direct Loan Program to
12 make loans to individuals, partnerships or corporations for the
13 purpose of an industrial project, as defined in Section 801-10
14 of this Act. For the purposes of such program and not by way of
15 limitation on any other program of the Authority, the Authority
16 shall have the power to issue bonds, notes, or other evidences
17 of indebtedness including commercial paper for purposes of
18 providing a fund of capital from which it may make such loans.
19 The Authority shall have the power to use any appropriations
20 from the State made especially for the Authority's Direct Loan
21 Program for additional capital to make such loans or for the
22 purposes of reserve funds or pledged funds which secure the
23 Authority's obligations of repayment of any bond, note or other
24 form of indebtedness established for the purpose of providing
25 capital for which it intends to make such loans under the
26 Direct Loan Program. For the purpose of obtaining such capital,

1 the Authority may also enter into agreements with financial
2 institutions and other persons for the purpose of selling loans
3 and developing a secondary market for such loans. Loans made
4 under the Direct Loan Program may be in an amount not to exceed
5 \$300,000 and shall be made for a portion of an industrial
6 project which does not exceed 50% of the total project. No loan
7 may be made by the Authority unless approved by the affirmative
8 vote of at least 8 members of the board. The Authority shall
9 establish procedures and publish rules which shall provide for
10 the submission, review, and analysis of each direct loan
11 application and which shall preserve the ability of each board
12 member to reach an individual business judgment regarding the
13 propriety of making each direct loan. The collective discretion
14 of the board to approve or disapprove each loan shall be
15 unencumbered. The Authority may establish and collect such fees
16 and charges, determine and enforce such terms and conditions,
17 and charge such interest rates as it determines to be necessary
18 and appropriate to the successful administration of the Direct
19 Loan Program. The Authority may require such interests in
20 collateral and such guarantees as it determines are necessary
21 to protect the Authority's interest in the repayment of the
22 principal and interest of each loan made under the Direct Loan
23 Program.

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

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

4 (u) The Authority shall have the power to issue bonds,
5 notes or other evidences of indebtedness, which may be used to
6 make loans to units of local government which are authorized to
7 enter into loan agreements and other documents and to issue
8 bonds, notes and other evidences of indebtedness for the
9 purpose of financing the protection of storm sewer outfalls,
10 the construction of adequate storm sewer outfalls, and the
11 provision for flood protection of sanitary sewage treatment
12 plans, in counties that have established a stormwater
13 management planning committee in accordance with Section
14 5-1062 of the Counties Code. Any such loan shall be made by the
15 Authority pursuant to the provisions of Section 820-5 to 820-60
16 of this Act. The unit of local government shall pay back to the
17 Authority the principal amount of the loan, plus annual
18 interest as determined by the Authority. The Authority shall
19 have the power, subject to appropriations by the General
20 Assembly, to subsidize or buy down a portion of the interest on
21 such loans, up to 4% per annum.

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

24 (w) Moral Obligation. In the event that the Authority
25 determines that monies of the Authority will not be sufficient
26 for the payment of the principal of and interest on its bonds

1 during the next State fiscal year, the Chairperson, as soon as
2 practicable, shall certify to the Governor the amount required
3 by the Authority to enable it to pay such principal of and
4 interest on the bonds. The Governor shall submit the amount so
5 certified to the General Assembly as soon as practicable, but
6 no later than the end of the current State fiscal year. This
7 subsection shall apply only to any bonds or notes as to which
8 the Authority shall have determined, in the resolution
9 authorizing the issuance of the bonds or notes, that this
10 subsection shall apply. Whenever the Authority makes such a
11 determination, that fact shall be plainly stated on the face of
12 the bonds or notes and that fact shall also be reported to the
13 Governor. In the event of a withdrawal of moneys from a reserve
14 fund established with respect to any issue or issues of bonds
15 of the Authority to pay principal or interest on those bonds,
16 the Chairperson of the Authority, as soon as practicable, shall
17 certify to the Governor the amount required to restore the
18 reserve fund to the level required in the resolution or
19 indenture securing those bonds. The Governor shall submit the
20 amount so certified to the General Assembly as soon as
21 practicable, but no later than the end of the current State
22 fiscal year. The Authority shall obtain written approval from
23 the Governor for any bonds and notes to be issued under this
24 Section. In addition to any other bonds authorized to be issued
25 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
26 principal amount of Authority bonds outstanding issued under

1 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
2 360/2-6(c), which have been assumed by the Authority, shall not
3 exceed \$150,000,000. This subsection (w) shall in no way be
4 applied to any bonds issued by the Authority on behalf of the
5 Illinois Power Agency under Section 825-90 of this Act.

6 (x) The Authority may enter into agreements or contracts
7 with any person necessary or appropriate to place the payment
8 obligations of the Authority under any of its bonds in whole or
9 in part on any interest rate basis, cash flow basis, or other
10 basis desired by the Authority, including without limitation
11 agreements or contracts commonly known as "interest rate swap
12 agreements", "forward payment conversion agreements", and
13 "futures", or agreements or contracts to exchange cash flows or
14 a series of payments, or agreements or contracts, including
15 without limitation agreements or contracts commonly known as
16 "options", "puts", or "calls", to hedge payment, rate spread,
17 or similar exposure; provided that any such agreement or
18 contract shall not constitute an obligation for borrowed money
19 and shall not be taken into account under Section 845-5 of this
20 Act or any other debt limit of the Authority or the State of
21 Illinois.

22 (y) The Authority shall publish summaries of projects and
23 actions approved by the members of the Authority on its
24 website. These summaries shall include, but not be limited to,
25 information regarding the:

26 (1) project;

- 1 (2) Board's action or actions;
- 2 (3) purpose of the project;
- 3 (4) Authority's program and contribution;
- 4 (5) volume cap;
- 5 (6) jobs retained;
- 6 (7) projected new jobs;
- 7 (8) construction jobs created;
- 8 (9) estimated sources and uses of funds;
- 9 (10) financing summary;
- 10 (11) project summary;
- 11 (12) business summary;
- 12 (13) ownership or economic disclosure statement;
- 13 (14) professional and financial information;
- 14 (15) service area; and
- 15 (16) legislative district.

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

18 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
19 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
20 P.A. 96-793 for the effective date of changes made by P.A.
21 96-795).)

22 Section 15. The State Finance Act is amended by adding
23 Section 5.878 as follows:

24 (30 ILCS 105/5.878 new)

1 Sec. 5.878. The State Pension Obligation Acceleration Bond
2 Fund.

3 Section 20. The Budget Stabilization Act is amended by
4 changing Section 20 as follows:

5 (30 ILCS 122/20)

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

8 Sec. 20. Pension Stabilization Fund.

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

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

21 (c) For each fiscal year through State fiscal year 2020,
22 when the General Assembly's appropriations and transfers or
23 diversions as required by law from general funds do not exceed
24 98% of the estimated general funds revenues pursuant to

1 subsection (b) of Section 10, the Comptroller shall transfer
2 from the General Revenue Fund as provided by this Section a
3 total amount equal to 1.0% of the estimated general funds
4 revenues to the Pension Stabilization Fund.

5 (c-5) In addition to any other amounts required to be
6 transferred under this Section, in State fiscal year 2021 and
7 each fiscal year thereafter through State fiscal year 2045, or
8 when each of the designated retirement systems, as defined in
9 Section 25, has achieved 100% funding, whichever occurs first,
10 the State Comptroller shall order transferred and the State
11 Treasurer shall transfer from the General Revenue Fund to the
12 Pension Stabilization Fund an amount equal to (1) the sum of
13 the amounts certified by the designated retirement systems
14 under subsection (a-10) of Section 14-135.08, subsection
15 (a-10) of Section 15-165, and subsection (a-10) of Section
16 16-158 of this Code for that fiscal year minus (2) the sum of
17 the required State contributions certified by the retirement
18 systems under subsection (a-5) of Section 14-135.08,
19 subsection (a-5) of Section 15-165, and subsection (a-5) of
20 Section 16-158 of this Code for that fiscal year. The
21 transferred amount is intended to represent the annual savings
22 to the State resulting from the enactment of Section 1-161 and
23 Section 14-155.2, the enactment of subsection (a-2) of Section
24 15-155 and subsection (b-4) of Section 16-158, and the changes
25 made to Section 1-160 by this amendatory Act of the 100th
26 General Assembly.

1 (d) The Comptroller shall transfer 1/12 of the total amount
2 to be transferred each fiscal year under this Section into the
3 Pension Stabilization Fund on the first day of each month of
4 that fiscal year or as soon thereafter as possible; except that
5 the final transfer of the fiscal year shall be made as soon as
6 practical after the August 31 following the end of the fiscal
7 year.

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

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

22 Section 25. The General Obligation Bond Act is amended by
23 changing Sections 2, 2.5, 9, 11, 12, and 13 and by adding
24 Section 7.6 as follows:

1 (30 ILCS 330/2) (from Ch. 127, par. 652)

2 Sec. 2. Authorization for Bonds. The State of Illinois is
3 authorized to issue, sell and provide for the retirement of
4 General Obligation Bonds of the State of Illinois for the
5 categories and specific purposes expressed in Sections 2
6 through 8 of this Act, in the total amount of \$50,167,925,743
7 ~~\$49,917,925,743~~.

8 The bonds authorized in this Section 2 and in Section 16 of
9 this Act are herein called "Bonds".

10 Of the total amount of Bonds authorized in this Act, up to
11 \$2,200,000,000 in aggregate original principal amount may be
12 issued and sold in accordance with the Baccalaureate Savings
13 Act in the form of General Obligation College Savings Bonds.

14 Of the total amount of Bonds authorized in this Act, up to
15 \$300,000,000 in aggregate original principal amount may be
16 issued and sold in accordance with the Retirement Savings Act
17 in the form of General Obligation Retirement Savings Bonds.

18 Of the total amount of Bonds authorized in this Act, the
19 additional \$10,000,000,000 authorized by Public Act 93-2, the
20 \$3,466,000,000 authorized by Public Act 96-43, and the
21 \$4,096,348,300 authorized by Public Act 96-1497 shall be used
22 solely as provided in Section 7.2.

23 Of the total amount of Bonds authorized in this Act, the
24 additional \$250,000,000 authorized by this amendatory Act of
25 the 100th General Assembly shall be used solely as provided in
26 Section 7.6.

1 The issuance and sale of Bonds pursuant to the General
2 Obligation Bond Act is an economical and efficient method of
3 financing the long-term capital needs of the State. This Act
4 will permit the issuance of a multi-purpose General Obligation
5 Bond with uniform terms and features. This will not only lower
6 the cost of registration but also reduce the overall cost of
7 issuing debt by improving the marketability of Illinois General
8 Obligation Bonds.

9 (Source: P.A. 97-333, eff. 8-12-11; 97-771, eff. 7-10-12;
10 97-813, eff. 7-13-12; 98-94, eff. 7-17-13; 98-463, eff.
11 8-16-13; 98-781, eff. 7-22-14.)

12 (30 ILCS 330/2.5)

13 Sec. 2.5. Limitation on issuance of Bonds.

14 (a) Except as provided in subsection (b), no Bonds may be
15 issued if, after the issuance, in the next State fiscal year
16 after the issuance of the Bonds, the amount of debt service
17 (including principal, whether payable at maturity or pursuant
18 to mandatory sinking fund installments, and interest) on all
19 then-outstanding Bonds, other than (i) Bonds authorized by this
20 amendatory Act of the 100th General Assembly, (ii) Bonds
21 authorized by Public Act 96-43, and (iii) ~~other than~~ Bonds
22 authorized by Public Act 96-1497, would exceed 7% of the
23 aggregate appropriations from the general funds (which consist
24 of the General Revenue Fund, the Common School Fund, the
25 General Revenue Common School Special Account Fund, and the

1 Education Assistance Fund) and the Road Fund for the fiscal
2 year immediately prior to the fiscal year of the issuance.

3 (b) If the Comptroller and Treasurer each consent in
4 writing, Bonds may be issued even if the issuance does not
5 comply with subsection (a). In addition, \$2,000,000,000 in
6 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,
7 and \$2,000,000,000 in Refunding Bonds under Section 16, may be
8 issued during State fiscal year 2017 without complying with
9 subsection (a).

10 (Source: P.A. 99-523, eff. 6-30-16.)

11 (30 ILCS 330/7.6 new)

12 Sec. 7.6. State Pension Obligation Acceleration Bonds.

13 (a) As used in this Act, "State Pension Obligation
14 Acceleration Bonds" means Bonds authorized by this amendatory
15 Act of the 100th General Assembly and used for the purposes set
16 forth in subsection (c-5) of Section 801-40 of the Illinois
17 Finance Authority Act.

18 (b) State Pension Obligation Acceleration Bonds in the
19 amount of \$250,000,000 are hereby authorized to be used for the
20 purposes set forth in subsection (c-5) of Section 801-40 of the
21 Illinois Finance Authority Act.

22 (c) The proceeds of State Pension Obligation Acceleration
23 Bonds authorized in subsection (b) of this Section, less the
24 amounts authorized in the Bond Sale Order to be directly paid
25 out for bond sale expenses under Section 8, shall be deposited

1 directly into the State Pension Obligation Acceleration Bond
2 Fund, and the Comptroller and the Treasurer shall, as soon as
3 practical, make payments as contemplated by subsection (c-5) of
4 Section 801-40 of the Illinois Finance Authority Act.

5 (d) There is created the State Pension Obligation
6 Acceleration Bond Fund as a special fund in the State Treasury.
7 Funds deposited in the State Pension Obligation Acceleration
8 Bond Fund may only be used for the purposes set forth in
9 subsection (c-5) of Section 801-40 of the Illinois Finance
10 Authority Act or for the payment of principal and interest due
11 on State Pension Obligation Acceleration Bonds.

12 (30 ILCS 330/9) (from Ch. 127, par. 659)

13 Sec. 9. Conditions for Issuance and Sale of Bonds -
14 Requirements for Bonds.

15 (a) Except as otherwise provided in this subsection and
16 subsection (h), Bonds shall be issued and sold from time to
17 time, in one or more series, in such amounts and at such prices
18 as may be directed by the Governor, upon recommendation by the
19 Director of the Governor's Office of Management and Budget.
20 Bonds shall be in such form (either coupon, registered or book
21 entry), in such denominations, payable within 25 years from
22 their date, subject to such terms of redemption with or without
23 premium, bear interest payable at such times and at such fixed
24 or variable rate or rates, and be dated as shall be fixed and
25 determined by the Director of the Governor's Office of

1 Management and Budget in the order authorizing the issuance and
2 sale of any series of Bonds, which order shall be approved by
3 the Governor and is herein called a "Bond Sale Order"; provided
4 however, that interest payable at fixed or variable rates shall
5 not exceed that permitted in the Bond Authorization Act, as now
6 or hereafter amended. Bonds shall be payable at such place or
7 places, within or without the State of Illinois, and may be
8 made registrable as to either principal or as to both principal
9 and interest, as shall be specified in the Bond Sale Order.
10 Bonds may be callable or subject to purchase and retirement or
11 tender and remarketing as fixed and determined in the Bond Sale
12 Order. Bonds, other than Bonds issued under Section 3 of this
13 Act for the costs associated with the purchase and
14 implementation of information technology, (i) except for
15 refunding Bonds satisfying the requirements of Section 16 of
16 this Act and sold during fiscal year 2009, 2010, 2011, or 2017
17 must be issued with principal or mandatory redemption amounts
18 in equal amounts, with the first maturity issued occurring
19 within the fiscal year in which the Bonds are issued or within
20 the next succeeding fiscal year and (ii) must mature or be
21 subject to mandatory redemption each fiscal year thereafter up
22 to 25 years, except for refunding Bonds satisfying the
23 requirements of Section 16 of this Act and sold during fiscal
24 year 2009, 2010, or 2011 which must mature or be subject to
25 mandatory redemption each fiscal year thereafter up to 16
26 years. Bonds issued under Section 3 of this Act for the costs

1 associated with the purchase and implementation of information
2 technology must be issued with principal or mandatory
3 redemption amounts in equal amounts, with the first maturity
4 issued occurring with the fiscal year in which the respective
5 bonds are issued or with the next succeeding fiscal year, with
6 the respective bonds issued maturing or subject to mandatory
7 redemption each fiscal year thereafter up to 10 years.
8 Notwithstanding any provision of this Act to the contrary, the
9 Bonds authorized by Public Act 96-43 shall be payable within 5
10 years from their date and must be issued with principal or
11 mandatory redemption amounts in equal amounts, with payment of
12 principal or mandatory redemption beginning in the first fiscal
13 year following the fiscal year in which the Bonds are issued.

14 Notwithstanding any provision of this Act to the contrary,
15 the Bonds authorized by Public Act 96-1497 shall be payable
16 within 8 years from their date and shall be issued with payment
17 of maturing principal or scheduled mandatory redemptions in
18 accordance with the following schedule, except the following
19 amounts shall be prorated if less than the total additional
20 amount of Bonds authorized by Public Act 96-1497 are issued:

Fiscal Year After Issuance	Amount
1-2	\$0
3	\$110,712,120
4	\$332,136,360
5	\$664,272,720
6-8	\$996,409,080

1 In the case of any series of Bonds bearing interest at a
2 variable interest rate ("Variable Rate Bonds"), in lieu of
3 determining the rate or rates at which such series of Variable
4 Rate Bonds shall bear interest and the price or prices at which
5 such Variable Rate Bonds shall be initially sold or remarketed
6 (in the event of purchase and subsequent resale), the Bond Sale
7 Order may provide that such interest rates and prices may vary
8 from time to time depending on criteria established in such
9 Bond Sale Order, which criteria may include, without
10 limitation, references to indices or variations in interest
11 rates as may, in the judgment of a remarketing agent, be
12 necessary to cause Variable Rate Bonds of such series to be
13 remarketable from time to time at a price equal to their
14 principal amount, and may provide for appointment of a bank,
15 trust company, investment bank, or other financial institution
16 to serve as remarketing agent in that connection. The Bond Sale
17 Order may provide that alternative interest rates or provisions
18 for establishing alternative interest rates, different
19 security or claim priorities, or different call or amortization
20 provisions will apply during such times as Variable Rate Bonds
21 of any series are held by a person providing credit or
22 liquidity enhancement arrangements for such Bonds as
23 authorized in subsection (b) of this Section. The Bond Sale
24 Order may also provide for such variable interest rates to be
25 established pursuant to a process generally known as an auction
26 rate process and may provide for appointment of one or more

1 financial institutions to serve as auction agents and
2 broker-dealers in connection with the establishment of such
3 interest rates and the sale and remarketing of such Bonds.

4 (b) In connection with the issuance of any series of Bonds,
5 the State may enter into arrangements to provide additional
6 security and liquidity for such Bonds, including, without
7 limitation, bond or interest rate insurance or letters of
8 credit, lines of credit, bond purchase contracts, or other
9 arrangements whereby funds are made available to retire or
10 purchase Bonds, thereby assuring the ability of owners of the
11 Bonds to sell or redeem their Bonds. The State may enter into
12 contracts and may agree to pay fees to persons providing such
13 arrangements, but only under circumstances where the Director
14 of the Governor's Office of Management and Budget certifies
15 that he or she reasonably expects the total interest paid or to
16 be paid on the Bonds, together with the fees for the
17 arrangements (being treated as if interest), would not, taken
18 together, cause the Bonds to bear interest, calculated to their
19 stated maturity, at a rate in excess of the rate that the Bonds
20 would bear in the absence of such arrangements.

21 The State may, with respect to Bonds issued or anticipated
22 to be issued, participate in and enter into arrangements with
23 respect to interest rate protection or exchange agreements,
24 guarantees, or financial futures contracts for the purpose of
25 limiting, reducing, or managing interest rate exposure. The
26 authority granted under this paragraph, however, shall not

1 increase the principal amount of Bonds authorized to be issued
2 by law. The arrangements may be executed and delivered by the
3 Director of the Governor's Office of Management and Budget on
4 behalf of the State. Net payments for such arrangements shall
5 constitute interest on the Bonds and shall be paid from the
6 General Obligation Bond Retirement and Interest Fund. The
7 Director of the Governor's Office of Management and Budget
8 shall at least annually certify to the Governor and the State
9 Comptroller his or her estimate of the amounts of such net
10 payments to be included in the calculation of interest required
11 to be paid by the State.

12 (c) Prior to the issuance of any Variable Rate Bonds
13 pursuant to subsection (a), the Director of the Governor's
14 Office of Management and Budget shall adopt an interest rate
15 risk management policy providing that the amount of the State's
16 variable rate exposure with respect to Bonds shall not exceed
17 20%. This policy shall remain in effect while any Bonds are
18 outstanding and the issuance of Bonds shall be subject to the
19 terms of such policy. The terms of this policy may be amended
20 from time to time by the Director of the Governor's Office of
21 Management and Budget but in no event shall any amendment cause
22 the permitted level of the State's variable rate exposure with
23 respect to Bonds to exceed 20%.

24 (d) "Build America Bonds" in this Section means Bonds
25 authorized by Section 54AA of the Internal Revenue Code of
26 1986, as amended ("Internal Revenue Code"), and bonds issued

1 from time to time to refund or continue to refund "Build
2 America Bonds".

3 (e) Notwithstanding any other provision of this Section,
4 Qualified School Construction Bonds shall be issued and sold
5 from time to time, in one or more series, in such amounts and
6 at such prices as may be directed by the Governor, upon
7 recommendation by the Director of the Governor's Office of
8 Management and Budget. Qualified School Construction Bonds
9 shall be in such form (either coupon, registered or book
10 entry), in such denominations, payable within 25 years from
11 their date, subject to such terms of redemption with or without
12 premium, and if the Qualified School Construction Bonds are
13 issued with a supplemental coupon, bear interest payable at
14 such times and at such fixed or variable rate or rates, and be
15 dated as shall be fixed and determined by the Director of the
16 Governor's Office of Management and Budget in the order
17 authorizing the issuance and sale of any series of Qualified
18 School Construction Bonds, which order shall be approved by the
19 Governor and is herein called a "Bond Sale Order"; except that
20 interest payable at fixed or variable rates, if any, shall not
21 exceed that permitted in the Bond Authorization Act, as now or
22 hereafter amended. Qualified School Construction Bonds shall
23 be payable at such place or places, within or without the State
24 of Illinois, and may be made registrable as to either principal
25 or as to both principal and interest, as shall be specified in
26 the Bond Sale Order. Qualified School Construction Bonds may be

1 callable or subject to purchase and retirement or tender and
2 remarketing as fixed and determined in the Bond Sale Order.
3 Qualified School Construction Bonds must be issued with
4 principal or mandatory redemption amounts or sinking fund
5 payments into the General Obligation Bond Retirement and
6 Interest Fund (or subaccount therefor) in equal amounts, with
7 the first maturity issued, mandatory redemption payment or
8 sinking fund payment occurring within the fiscal year in which
9 the Qualified School Construction Bonds are issued or within
10 the next succeeding fiscal year, with Qualified School
11 Construction Bonds issued maturing or subject to mandatory
12 redemption or with sinking fund payments thereof deposited each
13 fiscal year thereafter up to 25 years. Sinking fund payments
14 set forth in this subsection shall be permitted only to the
15 extent authorized in Section 54F of the Internal Revenue Code
16 or as otherwise determined by the Director of the Governor's
17 Office of Management and Budget. "Qualified School
18 Construction Bonds" in this subsection means Bonds authorized
19 by Section 54F of the Internal Revenue Code and for bonds
20 issued from time to time to refund or continue to refund such
21 "Qualified School Construction Bonds".

22 (f) Beginning with the next issuance by the Governor's
23 Office of Management and Budget to the Procurement Policy Board
24 of a request for quotation for the purpose of formulating a new
25 pool of qualified underwriting banks list, all entities
26 responding to such a request for quotation for inclusion on

1 that list shall provide a written report to the Governor's
2 Office of Management and Budget and the Illinois Comptroller.
3 The written report submitted to the Comptroller shall (i) be
4 published on the Comptroller's Internet website and (ii) be
5 used by the Governor's Office of Management and Budget for the
6 purposes of scoring such a request for quotation. The written
7 report, at a minimum, shall:

8 (1) disclose whether, within the past 3 months,
9 pursuant to its credit default swap market-making
10 activities, the firm has entered into any State of Illinois
11 credit default swaps ("CDS");

12 (2) include, in the event of State of Illinois CDS
13 activity, disclosure of the firm's cumulative notional
14 volume of State of Illinois CDS trades and the firm's
15 outstanding gross and net notional amount of State of
16 Illinois CDS, as of the end of the current 3-month period;

17 (3) indicate, pursuant to the firm's proprietary
18 trading activities, disclosure of whether the firm, within
19 the past 3 months, has entered into any proprietary trades
20 for its own account in State of Illinois CDS;

21 (4) include, in the event of State of Illinois
22 proprietary trades, disclosure of the firm's outstanding
23 gross and net notional amount of proprietary State of
24 Illinois CDS and whether the net position is short or long
25 credit protection, as of the end of the current 3-month
26 period;

1 (5) list all time periods during the past 3 months
2 during which the firm held net long or net short State of
3 Illinois CDS proprietary credit protection positions, the
4 amount of such positions, and whether those positions were
5 net long or net short credit protection positions; and

6 (6) indicate whether, within the previous 3 months, the
7 firm released any publicly available research or marketing
8 reports that reference State of Illinois CDS and include
9 those research or marketing reports as attachments.

10 (g) All entities included on a Governor's Office of
11 Management and Budget's pool of qualified underwriting banks
12 list shall, as soon as possible after March 18, 2011 (the
13 effective date of Public Act 96-1554), but not later than
14 January 21, 2011, and on a quarterly fiscal basis thereafter,
15 provide a written report to the Governor's Office of Management
16 and Budget and the Illinois Comptroller. The written reports
17 submitted to the Comptroller shall be published on the
18 Comptroller's Internet website. The written reports, at a
19 minimum, shall:

20 (1) disclose whether, within the past 3 months,
21 pursuant to its credit default swap market-making
22 activities, the firm has entered into any State of Illinois
23 credit default swaps ("CDS");

24 (2) include, in the event of State of Illinois CDS
25 activity, disclosure of the firm's cumulative notional
26 volume of State of Illinois CDS trades and the firm's

1 outstanding gross and net notional amount of State of
2 Illinois CDS, as of the end of the current 3-month period;

3 (3) indicate, pursuant to the firm's proprietary
4 trading activities, disclosure of whether the firm, within
5 the past 3 months, has entered into any proprietary trades
6 for its own account in State of Illinois CDS;

7 (4) include, in the event of State of Illinois
8 proprietary trades, disclosure of the firm's outstanding
9 gross and net notional amount of proprietary State of
10 Illinois CDS and whether the net position is short or long
11 credit protection, as of the end of the current 3-month
12 period;

13 (5) list all time periods during the past 3 months
14 during which the firm held net long or net short State of
15 Illinois CDS proprietary credit protection positions, the
16 amount of such positions, and whether those positions were
17 net long or net short credit protection positions; and

18 (6) indicate whether, within the previous 3 months, the
19 firm released any publicly available research or marketing
20 reports that reference State of Illinois CDS and include
21 those research or marketing reports as attachments.

22 (h) Notwithstanding any other provision of this Section,
23 for purposes of maximizing market efficiencies and cost
24 savings, State Pension Obligation Acceleration Bonds may be
25 issued and sold from time to time, in one or more series, in
26 such amounts and at such prices as may be directed by the

1 Governor, upon recommendation by the Director of the Governor's
2 Office of Management and Budget. State Pension Obligation
3 Acceleration Bonds shall be in such form, either coupon,
4 registered, or book entry, in such denominations, shall bear
5 interest payable at such times and at such fixed or variable
6 rate or rates, and be dated as shall be fixed and determined by
7 the Director of the Governor's Office of Management and Budget
8 in the order authorizing the issuance and sale of any series of
9 State Pension Obligation Acceleration Bonds, which order shall
10 be approved by the Governor and is herein called a "Bond Sale
11 Order"; provided, however, that interest payable at fixed or
12 variable rates shall not exceed that permitted in the Bond
13 Authorization Act. State Pension Obligation Acceleration Bonds
14 shall be payable at such place or places, within or without the
15 State of Illinois, and may be made registrable as to either
16 principal or as to both principal and interest, as shall be
17 specified in the Bond Sale Order. State Pension Obligation
18 Acceleration Bonds may be callable or subject to purchase and
19 retirement or tender and remarketing as fixed and determined in
20 the Bond Sale Order.

21 (Source: P.A. 99-523, eff. 6-30-16.)

22 (30 ILCS 330/11) (from Ch. 127, par. 661)

23 Sec. 11. Sale of Bonds. Except as otherwise provided in
24 this Section, Bonds shall be sold from time to time pursuant to
25 notice of sale and public bid or by negotiated sale in such

1 amounts and at such times as is directed by the Governor, upon
2 recommendation by the Director of the Governor's Office of
3 Management and Budget. At least 25%, based on total principal
4 amount, of all Bonds issued each fiscal year shall be sold
5 pursuant to notice of sale and public bid. At all times during
6 each fiscal year, no more than 75%, based on total principal
7 amount, of the Bonds issued each fiscal year, shall have been
8 sold by negotiated sale. Failure to satisfy the requirements in
9 the preceding 2 sentences shall not affect the validity of any
10 previously issued Bonds; provided that all Bonds authorized by
11 Public Act 96-43 and Public Act 96-1497 shall not be included
12 in determining compliance for any fiscal year with the
13 requirements of the preceding 2 sentences; and further provided
14 that refunding Bonds satisfying the requirements of Section 16
15 of this Act and sold during fiscal year 2009, 2010, 2011, or
16 2017 shall not be subject to the requirements in the preceding
17 2 sentences.

18 If any Bonds, including refunding Bonds, are to be sold by
19 negotiated sale, the Director of the Governor's Office of
20 Management and Budget shall comply with the competitive request
21 for proposal process set forth in the Illinois Procurement Code
22 and all other applicable requirements of that Code.

23 If Bonds are to be sold pursuant to notice of sale and
24 public bid, the Director of the Governor's Office of Management
25 and Budget may, from time to time, as Bonds are to be sold,
26 advertise the sale of the Bonds in at least 2 daily newspapers,

1 one of which is published in the City of Springfield and one in
2 the City of Chicago. The sale of the Bonds shall also be
3 advertised in the volume of the Illinois Procurement Bulletin
4 that is published by the Department of Central Management
5 Services, and shall be published once at least 10 days prior to
6 the date fixed for the opening of the bids. The Director of the
7 Governor's Office of Management and Budget may reschedule the
8 date of sale upon the giving of such additional notice as the
9 Director deems adequate to inform prospective bidders of such
10 change; provided, however, that all other conditions of the
11 sale shall continue as originally advertised.

12 Executed Bonds shall, upon payment therefor, be delivered
13 to the purchaser, and the proceeds of Bonds shall be paid into
14 the State Treasury as directed by Section 12 of this Act.

15 All State Pension Obligation Acceleration Bonds shall
16 comply with this Section. Notwithstanding anything to the
17 contrary, however, for purposes of complying with this Section,
18 State Pension Obligation Acceleration Bonds, regardless of the
19 number of series or issuances sold thereunder, shall be
20 considered a single issue or series. Furthermore, for purposes
21 of complying with the competitive bidding requirements of this
22 Section, the words "at all times" shall not apply to any such
23 sale of the State Pension Obligation Acceleration Bonds. The
24 Director of the Governor's Office of Management and Budget
25 shall determine the time and manner of any competitive sale of
26 the State Pension Obligation Acceleration Bonds; however, that

1 sale shall under no circumstances take place later than 60 days
2 after the State closes the sale of 75% of the State Pension
3 Obligation Acceleration Bonds by negotiated sale.

4 (Source: P.A. 98-44, eff. 6-28-13; 99-523, eff. 6-30-16.)

5 (30 ILCS 330/12) (from Ch. 127, par. 662)

6 Sec. 12. Allocation of Proceeds from Sale of Bonds.

7 (a) Proceeds from the sale of Bonds, authorized by Section
8 3 of this Act, shall be deposited in the separate fund known as
9 the Capital Development Fund.

10 (b) Proceeds from the sale of Bonds, authorized by
11 paragraph (a) of Section 4 of this Act, shall be deposited in
12 the separate fund known as the Transportation Bond, Series A
13 Fund.

14 (c) Proceeds from the sale of Bonds, authorized by
15 paragraphs (b) and (c) of Section 4 of this Act, shall be
16 deposited in the separate fund known as the Transportation
17 Bond, Series B Fund.

18 (c-1) Proceeds from the sale of Bonds, authorized by
19 paragraph (d) of Section 4 of this Act, shall be deposited into
20 the Transportation Bond Series D Fund, which is hereby created.

21 (d) Proceeds from the sale of Bonds, authorized by Section
22 5 of this Act, shall be deposited in the separate fund known as
23 the School Construction Fund.

24 (e) Proceeds from the sale of Bonds, authorized by Section
25 6 of this Act, shall be deposited in the separate fund known as

1 the Anti-Pollution Fund.

2 (f) Proceeds from the sale of Bonds, authorized by Section
3 7 of this Act, shall be deposited in the separate fund known as
4 the Coal Development Fund.

5 (f-2) Proceeds from the sale of Bonds, authorized by
6 Section 7.2 of this Act, shall be deposited as set forth in
7 Section 7.2.

8 (f-5) Proceeds from the sale of Bonds, authorized by
9 Section 7.5 of this Act, shall be deposited as set forth in
10 Section 7.5.

11 (f-7) Proceeds from the sale of Bonds, authorized by
12 Section 7.6 of this Act, shall be deposited as set forth in
13 Section 7.6.

14 (g) Proceeds from the sale of Bonds, authorized by Section
15 8 of this Act, shall be deposited in the Capital Development
16 Fund.

17 (h) Subsequent to the issuance of any Bonds for the
18 purposes described in Sections 2 through 8 of this Act, the
19 Governor and the Director of the Governor's Office of
20 Management and Budget may provide for the reallocation of
21 unspent proceeds of such Bonds to any other purposes authorized
22 under said Sections of this Act, subject to the limitations on
23 aggregate principal amounts contained therein. Upon any such
24 reallocation, such unspent proceeds shall be transferred to the
25 appropriate funds as determined by reference to paragraphs (a)
26 through (g) of this Section.

1 (Source: P.A. 96-36, eff. 7-13-09.)

2 (30 ILCS 330/13) (from Ch. 127, par. 663)

3 Sec. 13. Appropriation of Proceeds from Sale of Bonds.

4 (a) At all times, the proceeds from the sale of Bonds
5 issued pursuant to this Act are subject to appropriation by the
6 General Assembly and, except as provided in Sections 7.2 and
7 7.6 ~~Section 7.2~~, may be obligated or expended only with the
8 written approval of the Governor, in such amounts, at such
9 times, and for such purposes as the respective State agencies,
10 as defined in Section 1-7 of the Illinois State Auditing Act,
11 as amended, deem necessary or desirable for the specific
12 purposes contemplated in Sections 2 through 8 of this Act.
13 Notwithstanding any other provision of this Act, proceeds from
14 the sale of Bonds issued pursuant to this Act appropriated by
15 the General Assembly to the Architect of the Capitol may be
16 obligated or expended by the Architect of the Capitol without
17 the written approval of the Governor.

18 (b) Proceeds from the sale of Bonds for the purpose of
19 development of coal and alternative forms of energy shall be
20 expended in such amounts and at such times as the Department of
21 Commerce and Economic Opportunity, with the advice and
22 recommendation of the Illinois Coal Development Board for coal
23 development projects, may deem necessary and desirable for the
24 specific purpose contemplated by Section 7 of this Act. In
25 considering the approval of projects to be funded, the

1 Department of Commerce and Economic Opportunity shall give
2 special consideration to projects designed to remove sulfur and
3 other pollutants in the preparation and utilization of coal,
4 and in the use and operation of electric utility generating
5 plants and industrial facilities which utilize Illinois coal as
6 their primary source of fuel.

7 (c) Except as directed in subsection (c-1) or (c-2), any
8 monies received by any officer or employee of the state
9 representing a reimbursement of expenditures previously paid
10 from general obligation bond proceeds shall be deposited into
11 the General Obligation Bond Retirement and Interest Fund
12 authorized in Section 14 of this Act.

13 (c-1) Any money received by the Department of
14 Transportation as reimbursement for expenditures for high
15 speed rail purposes pursuant to appropriations from the
16 Transportation Bond, Series B Fund for (i) CREATE (Chicago
17 Region Environmental and Transportation Efficiency), (ii) High
18 Speed Rail, or (iii) AMTRAK projects authorized by the federal
19 government under the provisions of the American Recovery and
20 Reinvestment Act of 2009 or the Safe Accountable Flexible
21 Efficient Transportation Equity Act—A Legacy for Users
22 (SAFETEA-LU), or any successor federal transportation
23 authorization Act, shall be deposited into the Federal High
24 Speed Rail Trust Fund.

25 (c-2) Any money received by the Department of
26 Transportation as reimbursement for expenditures for transit

1 capital purposes pursuant to appropriations from the
2 Transportation Bond, Series B Fund for projects authorized by
3 the federal government under the provisions of the American
4 Recovery and Reinvestment Act of 2009 or the Safe Accountable
5 Flexible Efficient Transportation Equity Act—A Legacy for
6 Users (SAFETEA-LU), or any successor federal transportation
7 authorization Act, shall be deposited into the Federal Mass
8 Transit Trust Fund.

9 (Source: P.A. 98-674, eff. 6-30-14.)

10 Section 30. The Illinois Pension Code is amended by
11 changing Sections 1-160, 2-101, 2-105, 2-107, 2-124, 2-134,
12 2-154.2, 2-162, 14-131, 14-135.08, 14-152.1, 15-108.1,
13 15-108.2, 15-155, 15-165, 15-198, 16-158, 16-203, 17-129,
14 18-131, 18-140, 18-169, 20-121, 20-123, 20-124, and 20-125 and
15 by adding Sections 1-161, 1-162, 2-105.3, 2-154.5, 2-165.1,
16 2-166.1, 14-103.41, 14-147.5, 14-155.1, 14-155.2, 14-156.1,
17 15-185.5, 15-200.1, 15-201.1, 16-107.1, 16-190.5, 16-205.1,
18 16-206.1, 17-106.05, 18-161.5, and 18-169 as follows:

19 (40 ILCS 5/1-160)

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

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

23 (a) The provisions of this Section apply to a person who,
24 on or after January 1, 2011, first becomes a member or a

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

20 This Section does not apply to a person who, on or after 6
21 months after the effective date of this amendatory Act of the
22 100th General Assembly, first becomes a member or participant
23 under Article 14 or 16, unless that person (i) is a covered
24 employee under Article 14 who has not elected to participate in
25 the defined contribution plan under Section 14-155.2 or (ii)
26 elects under subsection (b) of Section 1-161 to receive the

1 benefits provided under this Section and the applicable
2 provisions of the Article under which he or she is a member or
3 participant. This Section also does not apply to a person who
4 first becomes a member or participant of an affected pension
5 fund on or after 6 months after the resolution or ordinance
6 date, as defined in Section 1-162, unless that person elects
7 under subsection (c) of Section 1-162 to receive the benefits
8 provided under this Section and the applicable provisions of
9 the Article under which he or she is a member or participant.

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

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

24 (2) In Articles 8, 9, 10, 11, and 12, "highest average
25 annual salary for any 4 consecutive years within the last
26 10 years of service immediately preceding the date of

1 withdrawal".

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

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

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

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

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

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

1 (c) A member or participant is entitled to a retirement
2 annuity upon written application if he or she has attained age
3 67 (beginning January 1, 2015, age 65 with respect to service
4 under Article 12 of this Code that is subject to this Section)
5 and has at least 10 years of service credit and is otherwise
6 eligible under the requirements of the applicable Article.

7 A member or participant who has attained age 62 (beginning
8 January 1, 2015, age 60 with respect to service under Article
9 12 of this Code that is subject to this Section) and has at
10 least 10 years of service credit and is otherwise eligible
11 under the requirements of the applicable Article may elect to
12 receive the lower retirement annuity provided in subsection (d)
13 of this Section.

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

22 (e) Any retirement annuity or supplemental annuity shall be
23 subject to annual increases on the January 1 occurring either
24 on or after the attainment of age 67 (beginning January 1,
25 2015, age 65 with respect to service under Article 12 of this
26 Code that is subject to this Section) or the first anniversary

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

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

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

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

25 (h) If a person who first becomes a member or a participant
26 of a retirement system or pension fund subject to this Section

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

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

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

6 (i) (Blank).

7 (j) Except for Sections 1-161 and 1-162, in ~~the~~ the case of
8 a conflict between the provisions of this Section and any other
9 provision of this Code, the provisions of this Section shall
10 control.

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

13 (40 ILCS 5/1-161 new)

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

16 (a) Notwithstanding any other provision of this Code to the
17 contrary, the provisions of this Section apply to a person who,
18 on or after 6 months after the effective date of this
19 amendatory Act of the 100th General Assembly, first becomes a
20 member or a participant under Article 14, 15, or 16 and who
21 does not make the election under subsection (b) or (c),
22 whichever is applicable. The provisions of this Section do not
23 apply to any participant in a self-managed plan or to a covered
24 employee under Article 14.

25 (b) In lieu of the benefits provided under this Section, a

1 member or participant, except for a participant under Article
2 15, may irrevocably elect the benefits under Section 1-160 and
3 the benefits otherwise applicable to that member or
4 participant. The election must be made within 30 days after
5 becoming a member or participant. Each retirement system shall
6 establish procedures for making this election.

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

12 (d) "Final average salary" means the average monthly (or
13 annual) salary obtained by dividing the total salary or
14 earnings calculated under the Article applicable to the member
15 or participant during the last 120 months (or 10 years) of
16 service in which the total salary or earnings calculated under
17 the applicable Article was the highest by the number of months
18 (or years) of service in that period. For the purposes of a
19 person who first becomes a member or participant of any
20 retirement system to which this Section applies on or after 6
21 months after the effective date of this amendatory Act of the
22 100th General Assembly, in this Code, "final average salary"
23 shall be substituted for "final average compensation" in
24 Article 14.

25 (e) Beginning 6 months after the effective date of this
26 amendatory Act of the 100th General Assembly, for all purposes

1 under this Code (including without limitation the calculation
2 of benefits and employee contributions), the annual earnings,
3 salary, or wages (based on the plan year) of a member or
4 participant to whom this Section applies shall not at any time
5 exceed the federal Social Security Wage Base then in effect.

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

13 (g) The amount of the retirement annuity to which a member
14 or participant is entitled shall be computed by multiplying
15 1.25% for each year of service credit by his or her final
16 average salary.

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

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

11 (i) The initial survivor's or widow's annuity of an
12 otherwise eligible survivor or widow of a retired member or
13 participant who first became a member or participant on or
14 after 6 months after the effective date of this amendatory Act
15 of the 100th General Assembly shall be in the amount of 66 2/3%
16 of the retired member's or participant's retirement annuity at
17 the date of death. In the case of the death of a member or
18 participant who has not retired and who first became a member
19 or participant on or after 6 months after the effective date of
20 this amendatory Act of the 100th General Assembly, eligibility
21 for a survivor's or widow's annuity shall be determined by the
22 applicable Article of this Code. The benefit shall be 66 2/3%
23 of the earned annuity without a reduction due to age. A child's
24 annuity of an otherwise eligible child shall be in the amount
25 prescribed under each Article if applicable.

26 (j) In lieu of any other employee contributions, except for

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

1 before December 1 of that year, the board of trustees shall
2 certify the normal cost to the State Actuary and the Commission
3 on Government Forecasting and Accountability, and the employee
4 contributions shall revert back to 6.2% of salary beginning
5 January 1 of the following year.

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

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

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

26 (3) Employer contributions shall vest when those

1 contributions are paid into a member's or participant's
2 account.

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

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

10 (6) To the extent authorized under federal law and as
11 authorized by the retirement system, the defined
12 contribution plan shall allow former participants in the
13 plan to transfer or roll over employee and employer
14 contributions, and the earnings thereon, into other
15 qualified retirement plans.

16 (7) Each retirement system shall reduce the employee
17 contributions credited to the member's defined
18 contribution plan account by an amount determined by that
19 retirement system to cover the cost of offering the
20 benefits under this subsection and any applicable
21 administrative fees.

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

26 (1) By accepting the benefits under this Section, a member

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

13 (m) In the case of a conflict between the provisions of
14 this Section and any other provision of this Code, the
15 provisions of this Section shall control.

16 (40 ILCS 5/1-162 new)

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

19 (a) As used in this Section:

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

24 "Resolution or ordinance date" means the date on which the
25 governing body of the unit of local government designates a

1 pension fund under Article 7, 8, 9, 10, 11, 12, 13, or 17 as an
2 affected pension fund by adoption of a resolution or ordinance.

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

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

16 (d) "Final average salary" means the average monthly (or
17 annual) salary obtained by dividing the total salary or
18 earnings calculated under the Article applicable to the member
19 or participant during the last 120 months (or 10 years) of
20 service in which the total salary or earnings calculated under
21 the applicable Article was the highest by the number of months
22 (or years) of service in that period. For the purposes of a
23 person who first becomes a member or participant of an affected
24 pension fund on or after 6 months after the ordinance or
25 resolution date, in this Code, "final average salary" shall be
26 substituted for the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (7) Each affected pension fund shall reduce the
25 employee contributions credited to the member's defined
26 contribution plan account by an amount determined by that

1 affected pension fund to cover the cost of offering the
2 benefits under this subsection and any applicable
3 administrative fees.

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

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

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

23 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

24 Sec. 2-101. Creation of system. A retirement system is
25 created to provide retirement annuities, survivor's annuities

1 and other benefits for certain members of the General Assembly,
2 certain elected state officials, and their beneficiaries.

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

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

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

13 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

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

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

1 of the General Assembly for the purpose of validating and
2 transferring any service credits earned under any of the funds
3 and systems established under Articles 3 through 18 of this
4 Code.

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

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

11 (40 ILCS 5/2-105.3 new)

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

15 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

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

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

1 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)
2 (Text of Section WITHOUT the changes made by P.A. 98-599,
3 which has been held unconstitutional)

4 Sec. 2-124. Contributions by State.

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

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

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

1 2-165.1, over the years remaining to and including fiscal year
2 2045 and shall be determined under the projected unit credit
3 actuarial cost method.

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

14 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
15 contribution to the System to be made by the State for each
16 fiscal year shall be an amount determined by the System to be
17 sufficient to bring the total assets of the System up to 90% of
18 the total actuarial liabilities of the System by the end of
19 State fiscal year 2045. In making these determinations, the
20 required State contribution shall be calculated each year as a
21 level percentage of payroll over the years remaining to and
22 including fiscal year 2045 and shall be determined under the
23 projected unit credit actuarial cost method.

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

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

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$4,157,000.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$5,220,300.

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

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

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

1 the amount recertified by the System on or before April 1, 2011
2 pursuant to Section 2-134 and shall be made from the proceeds
3 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
4 the General Obligation Bond Act, less (i) the pro rata share of
5 bond sale expenses determined by the System's share of total
6 bond proceeds, (ii) any amounts received from the General
7 Revenue Fund in fiscal year 2011, and (iii) any reduction in
8 bond proceeds due to the issuance of discounted bonds, if
9 applicable.

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

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter, as calculated
3 under this Section and certified under Section 2-134, shall not
4 exceed an amount equal to (i) the amount of the required State
5 contribution that would have been calculated under this Section
6 for that fiscal year if the System had not received any
7 payments under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act, minus (ii) the portion of the State's
9 total debt service payments for that fiscal year on the bonds
10 issued in fiscal year 2003 for the purposes of that Section
11 7.2, as determined and certified by the Comptroller, that is
12 the same as the System's portion of the total moneys
13 distributed under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act. In determining this maximum for State
15 fiscal years 2008 through 2010, however, the amount referred to
16 in item (i) shall be increased, as a percentage of the
17 applicable employee payroll, in equal increments calculated
18 from the sum of the required State contribution for State
19 fiscal year 2007 plus the applicable portion of the State's
20 total debt service payments for fiscal year 2007 on the bonds
21 issued in fiscal year 2003 for the purposes of Section 7.2 of
22 the General Obligation Bond Act, so that, by State fiscal year
23 2011, the State is contributing at the rate otherwise required
24 under this Section.

25 (d) For purposes of determining the required State
26 contribution to the System, the value of the System's assets

1 shall be equal to the actuarial value of the System's assets,
2 which shall be calculated as follows:

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

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

14 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
15 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
16 7-13-12.)

17 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

20 Sec. 2-134. To certify required State contributions and
21 submit vouchers.

22 (a) The Board shall certify to the Governor on or before
23 December 15 of each year until December 15, 2011 the amount of
24 the required State contribution to the System for the next
25 fiscal year and shall specifically identify the System's

1 projected State normal cost for that fiscal year. The
2 certification shall include a copy of the actuarial
3 recommendations upon which it is based and shall specifically
4 identify the System's projected State normal cost for that
5 fiscal year.

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

26 On or before May 1, 2004, the Board shall recalculate and

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

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

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

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

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

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

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

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

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

15 (40 ILCS 5/2-154.5 new)

16 Sec. 2-154.5. Accelerated pension benefit payment.

17 (a) As used in this Section:

18 "Eligible person" means a person who:

19 (1) has terminated service;

20 (2) has accrued sufficient service credit to be
21 eligible to receive a retirement annuity under this
22 Article;

23 (3) has not received any retirement annuity under this
24 Article; and

25 (4) does not have a QILDRO in effect against him or her

1 under this Article.

2 "Pension benefit" means the benefits under this Article, or
3 Article 1 as it relates to those benefits, including any
4 anticipated annual increases, that an eligible person is
5 entitled to upon attainment of the applicable retirement age.
6 "Pension benefit" also includes applicable survivor's or
7 disability benefits.

8 (b) Before January 1, 2018, the System shall calculate,
9 using actuarial tables and other assumptions adopted by the
10 Board, the net present value of pension benefits for each
11 eligible person and shall offer each eligible person the
12 opportunity to irrevocably elect to receive an amount
13 determined by the System to be equal to 70% of the net present
14 value of his or her pension benefits in lieu of receiving any
15 pension benefit. The offer shall specify the dollar amount that
16 the eligible person will receive if he or she so elects and
17 shall expire when a subsequent offer is made to an eligible
18 person. The System shall make a good faith effort to contact
19 every eligible person to notify him or her of the election and
20 of the amount of the accelerated pension benefit payment.

21 Beginning January 1, 2018 and until July 1, 2018, an
22 eligible person may irrevocably elect to receive an accelerated
23 pension benefit payment in the amount that the System offers
24 under this subsection in lieu of receiving any pension benefit.
25 A person who elects to receive an accelerated pension benefit
26 payment under this Section may not elect to proceed under the

1 Retirement Systems Reciprocal Act with respect to service under
2 this Article.

3 (c) A person's credits and creditable service under this
4 Article shall be terminated upon the person's receipt of an
5 accelerated pension benefit payment under this Section, and no
6 other benefit shall be paid under this Article based on those
7 terminated credits and creditable service, including any
8 retirement, survivor, or other benefit; except that to the
9 extent that participation, benefits, or premiums under the
10 State Employees Group Insurance Act of 1971 are based on the
11 amount of service credit, the terminated service credit shall
12 be used for that purpose.

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

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

20 (2) The accelerated pension benefit payment may not be
21 repaid to the System, and the terminated credits and
22 creditable service may not under any circumstances be
23 reinstated.

24 (e) As a condition of receiving an accelerated pension
25 benefit payment, an eligible person must have another
26 retirement plan or account qualified under the Internal Revenue

1 Code of 1986, as amended, for the accelerated pension benefit
2 payment to be rolled into. The accelerated pension benefit
3 payment under this Section may be subject to withholding or
4 payment of applicable taxes, but to the extent permitted by
5 federal law, a person who receives an accelerated pension
6 benefit payment under this Section must direct the System to
7 pay all of that payment as a rollover into another retirement
8 plan or account qualified under the Internal Revenue Code of
9 1986, as amended.

10 (f) Before January 1, 2019, the Board shall certify to the
11 Illinois Finance Authority and the General Assembly the amount
12 by which the total amount of accelerated pension benefit
13 payments made under this Section exceed the amount appropriated
14 to the System for the purpose of making those payments.

15 (g) The Board shall adopt any rules necessary to implement
16 this Section.

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

20 (40 ILCS 5/2-162)

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

23 Sec. 2-162. Application and expiration of new benefit
24 increases.

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

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

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

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

18 Every new benefit increase is contingent upon the General
19 Assembly providing the additional funding required under this
20 subsection. The Commission on Government Forecasting and
21 Accountability shall analyze whether adequate additional
22 funding has been provided for the new benefit increase and
23 shall report its analysis to the Public Pension Division of the
24 Department of Insurance ~~Financial and Professional Regulation~~.
25 A new benefit increase created by a Public Act that does not
26 include the additional funding required under this subsection

1 is null and void. If the Public Pension Division determines
2 that the additional funding provided for a new benefit increase
3 under this subsection is or has become inadequate, it may so
4 certify to the Governor and the State Comptroller and, in the
5 absence of corrective action by the General Assembly, the new
6 benefit increase shall expire at the end of the fiscal year in
7 which the certification is made.

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

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

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

1 Sec. 2-165.1. Defined contribution plan.

2 (a) By July 1, 2018, the System shall prepare and implement
3 a voluntary defined contribution plan for up to 5% of eligible
4 active Tier 1 employees. The System shall determine the 5% cap
5 by the number of active Tier 1 employees on the effective date
6 of this Section. The defined contribution plan developed under
7 this Section shall be a plan that aggregates employer and
8 employee contributions in individual participant accounts
9 which, after meeting any other requirements, are used for
10 payouts after retirement in accordance with this Section and
11 any other applicable laws.

12 As used in this Section, "defined benefit plan" means the
13 retirement plan available under this Article to Tier 1
14 employees who have not made the election authorized under this
15 Section.

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

23 (2) Participants in the defined contribution plan
24 shall pay employee contributions at the same rate as Tier 1
25 employees in this System who do not participate in the
26 defined contribution plan.

1 (3) State contributions shall be paid into the accounts
2 of all participants in the defined contribution plan at a
3 uniform rate, expressed as a percentage of compensation and
4 determined for each year. This rate shall be no higher than
5 the employer's normal cost for Tier 1 employees in the
6 defined benefit plan for that year, as determined by the
7 System and expressed as a percentage of compensation, and
8 shall be no lower than 3% of compensation. The State shall
9 adjust this rate annually.

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

15 (5) The defined contribution plan may provide for
16 participants in the plan to be eligible for defined
17 disability benefits. If it does, the System shall reduce
18 the employee contributions credited to the participant's
19 defined contribution plan account by an amount determined
20 by the System to cover the cost of offering such benefits.

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

25 (7) The defined contribution plan shall provide a
26 variety of options for payouts to retirees and their

1 survivors.

2 (8) To the extent authorized under federal law and as
3 authorized by the System, the plan shall allow former
4 participants in the plan to transfer or roll over employee
5 and vested State contributions, and the earnings thereon,
6 into other qualified retirement plans.

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

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

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

25 When the System first determines that 5% of eligible
26 persons have elected to participate in the defined contribution

1 plan, the System shall provide notice to previously eligible
2 employees that the plan is no longer available and shall cease
3 accepting applications to participate.

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

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

1 financial advisors.

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

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

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

19 (h) The Illinois State Board of Investments shall be the
20 plan sponsor for the defined contribution plan established
21 under this Section.

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

1 is necessary to ensure cost neutrality.

2 (40 ILCS 5/2-166.1 new)

3 Sec. 2-166.1. Defined contribution plan; termination. If
4 the defined contribution plan under Section 2-165.1 is
5 terminated or becomes inoperative pursuant to law, then each
6 participant in the plan shall automatically be deemed to have
7 been a contributing Tier 1 employee in the System's defined
8 benefit plan during the time in which he or she participated in
9 the defined contribution plan, and for that purpose the System
10 shall be entitled to recover the amounts in the participant's
11 defined contribution accounts.

12 (40 ILCS 5/14-103.41 new)

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

19 (40 ILCS 5/14-131)

20 Sec. 14-131. Contributions by State.

21 (a) The State shall make contributions to the System by
22 appropriations of amounts which, together with other employer
23 contributions from trust, federal, and other funds, employee

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

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

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

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

25 For the purposes of this Section and Section 14.1 of the
26 State Finance Act, the term "eligible employees" includes

1 employees who participate in the System, persons who may elect
2 to participate in the System but have not so elected, persons
3 who are serving a qualifying period that is required for
4 participation, and annuitants employed by a department as
5 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

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

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

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

22 (e) For State fiscal years 2018 through 2045, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 sufficient to bring the total assets of the System up to 90% of
26 the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the
2 required State contribution shall be calculated each year as a
3 level percentage of total payroll, including payroll that is
4 not deemed pensionable, over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

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

17 For State fiscal years 2012 through 2017 ~~2045~~, the minimum
18 contribution to the System to be made by the State for each
19 fiscal year shall be an amount determined by the System to be
20 sufficient to bring the total assets of the System up to 90% of
21 the total actuarial liabilities of the System by the end of
22 State fiscal year 2045. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 including fiscal year 2045 and shall be determined under the
26 projected unit credit actuarial cost method.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

24 (a) To certify to the Governor and to each department, on
25 or before November 15 of each year until November 15, 2011, the

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

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

1 recommended changes on the required State contribution.

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

1 The Board's certification must note any deviations from the
2 State Actuary's recommended changes, the reason or reasons for
3 not following the State Actuary's recommended changes, and the
4 impact of not following the State Actuary's recommended
5 changes.

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

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

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

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

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

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

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

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

12 (40 ILCS 5/14-147.5 new)

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

14 (a) As used in this Section:

15 "Eligible person" means a person who:

16 (1) has terminated service;

17 (2) has accrued sufficient service credit to be
18 eligible to receive a retirement annuity under this
19 Article;

20 (3) has not received any retirement annuity under this
21 Article; and

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

24 "Pension benefit" means the benefits under this Article, or
25 Article 1 as it relates to those benefits, including any

1 anticipated annual increases, that an eligible person is
2 entitled to upon attainment of the applicable retirement age.
3 "Pension benefit" also includes applicable survivor's or
4 disability benefits.

5 (b) Before January 1, 2018, the System shall calculate,
6 using actuarial tables and other assumptions adopted by the
7 Board, the net present value of pension benefits for each
8 eligible person and shall offer each eligible person the
9 opportunity to irrevocably elect to receive an amount
10 determined by the System to be equal to 70% of the net present
11 value of his or her pension benefits in lieu of receiving any
12 pension benefit. The offer shall specify the dollar amount that
13 the eligible person will receive if he or she so elects and
14 shall expire when a subsequent offer is made to an eligible
15 person. The System shall make a good faith effort to contact
16 every eligible person to notify him or her of the election and
17 of the amount of the accelerated pension benefit payment.

18 Beginning January 1, 2018 and until July 1, 2018, an
19 eligible person may irrevocably elect to receive an accelerated
20 pension benefit payment in the amount that the System offers
21 under this subsection in lieu of receiving any pension benefit.
22 A person who elects to receive an accelerated pension benefit
23 payment under this Section may not elect to proceed under the
24 Retirement Systems Reciprocal Act with respect to service under
25 this Article.

26 (c) A person's credits and creditable service under this

1 Article shall be terminated upon the person's receipt of an
2 accelerated pension benefit payment under this Section, and no
3 other benefit shall be paid under this Article based on those
4 terminated credits and creditable service, including any
5 retirement, survivor, or other benefit; except that to the
6 extent that participation, benefits, or premiums under the
7 State Employees Group Insurance Act of 1971 are based on the
8 amount of service credit, the terminated service credit shall
9 be used for that purpose.

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

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

17 (2) The accelerated pension benefit payment may not be
18 repaid to the System, and the terminated credits and
19 creditable service may not under any circumstances be
20 reinstated.

21 (e) As a condition of receiving an accelerated pension
22 benefit payment, an eligible person must have another
23 retirement plan or account qualified under the Internal Revenue
24 Code of 1986, as amended, for the accelerated pension benefit
25 payment to be rolled into. The accelerated pension benefit
26 payment under this Section may be subject to withholding or

1 payment of applicable taxes, but to the extent permitted by
2 federal law, a person who receives an accelerated pension
3 benefit payment under this Section must direct the System to
4 pay all of that payment as a rollover into another retirement
5 plan or account qualified under the Internal Revenue Code of
6 1986, as amended.

7 (f) Before January 1, 2019, the Board shall certify to the
8 Illinois Finance Authority and the General Assembly the amount
9 by which the total amount of accelerated pension benefit
10 payments made under this Section exceed the amount appropriated
11 to the System for the purpose of making those payments.

12 (g) The Board shall adopt any rules necessary to implement
13 this Section.

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

17 (40 ILCS 5/14-152.1)

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

20 Sec. 14-152.1. Application and expiration of new benefit
21 increases.

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after June 1, 2005 (the
2 effective date of Public Act 94-4). "New benefit increase",
3 however, does not include any benefit increase resulting from
4 the changes made to this Article by Public Act 96-37 or by this
5 amendatory Act of the 100th General Assembly ~~this amendatory~~
6 ~~Act of the 96th General Assembly~~.

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

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

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

23 A new benefit increase created by a Public Act that does not
24 include the additional funding required under this subsection
25 is null and void. If the Public Pension Division determines
26 that the additional funding provided for a new benefit increase

1 under this subsection is or has become inadequate, it may so
2 certify to the Governor and the State Comptroller and, in the
3 absence of corrective action by the General Assembly, the new
4 benefit increase shall expire at the end of the fiscal year in
5 which the certification is made.

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

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

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

23 (40 ILCS 5/14-155.1 new)

24 Sec. 14-155.1. Defined contribution plan.

25 (a) By July 1, 2019, the System shall prepare and implement

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

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

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

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

25 (3) State contributions shall be paid into the accounts
26 of all participants in the defined contribution plan at a

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

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

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

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

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

1 (8) To the extent authorized under federal law and as
2 authorized by the System, the plan shall allow former
3 participants in the plan to transfer or roll over employee
4 and vested State contributions, and the earnings thereon,
5 into other qualified retirement plans.

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

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

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

24 When the System first determines that 5% of eligible
25 persons have elected to participate in the defined contribution
26 plan, the System shall provide notice to previously eligible

1 employees that the plan is no longer available and shall cease
2 accepting applications to participate.

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

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

26 (e) In no event shall the System, its staff, its authorized

1 representatives, or the Board be liable for any information
2 given to an employee under this Section. The System may
3 coordinate with the Illinois Department of Central Management
4 Services and other retirement systems administering a defined
5 contribution plan in accordance with this amendatory Act of the
6 100th General Assembly to provide information concerning the
7 impact of the option set forth in this Section.

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

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

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

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

1 (40 ILCS 5/14-155.2 new)

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

4 (a) As used in this Section:

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

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

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

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

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

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

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

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

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

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

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

24 (7) The System shall reduce the employee contributions
25 credited to the participant's defined contribution plan
26 account by an amount determined by the System to cover the

1 cost of offering the benefits under this Section and any
2 applicable administrative fees.

3 (40 ILCS 5/14-156.1 new)

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

13 (40 ILCS 5/15-108.1)

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

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

1 on or after January 1, 2011.

2 "Tier 1 employee": A Tier 1 member who is a participating
3 employee, unless he or she is a disability benefit recipient
4 under Section 15-150.

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

6 (40 ILCS 5/15-108.2)

7 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who
8 first becomes a participant under this Article on or after
9 January 1, 2011 and before 6 months after the effective date of
10 this amendatory Act of the 100th General Assembly, other than a
11 person in the self-managed plan established under Section
12 15-158.2 or a person who makes the election under subsection
13 (c) of Section 1-161, unless the person is otherwise a Tier 1
14 member. The changes made to this Section by this amendatory Act
15 of the 98th General Assembly are a correction of existing law
16 and are intended to be retroactive to the effective date of
17 Public Act 96-889, notwithstanding the provisions of Section
18 1-103.1 of this Code.

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

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

21 Sec. 15-155. Employer contributions.

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

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

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

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

23 Beginning in State fiscal year 2018, any increase or
24 decrease in State contribution over the prior fiscal year due
25 exclusively to changes in actuarial or investment assumptions
26 adopted by the Board shall be included in the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, and shall be increased in equal annual
3 increments so that by the State fiscal year occurring 5 years
4 after the adoption of the actuarial or investment assumptions,
5 the State is contributing at the rate otherwise required under
6 this Section.

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$166,641,900.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$252,064,100.

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

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2010 is
10 \$702,514,000 and shall be made from the State Pensions Fund and
11 proceeds of bonds sold in fiscal year 2010 pursuant to Section
12 7.2 of the General Obligation Bond Act, less (i) the pro rata
13 share of bond sale expenses determined by the System's share of
14 total bond proceeds, (ii) any amounts received from the General
15 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
16 proceeds due to the issuance of discounted bonds, if
17 applicable.

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

1 (iii) any reduction in bond proceeds due to the issuance of
2 discounted bonds, if applicable.

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

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

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under Section 15-165, shall
23 not exceed an amount equal to (i) the amount of the required
24 State contribution that would have been calculated under this
25 Section for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

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

18 (a-2) For employees first hired on or after 6 months after
19 the effective date of this amendatory Act of the 100th General
20 Assembly who have elected the benefits under Section 1-161 of
21 this Code, the employer shall annually contribute an amount,
22 expressed as a percentage of payroll, equal to the defined
23 benefit normal cost of the defined benefit plan, less the
24 employee contribution, plus 2%. On an annual basis, the System
25 shall certify to each employer the amount of unfunded liability
26 accrued in the employer's account to be paid by the employer so

1 that the System is 90% funded by the end of State fiscal year
2 2045. The contributions shall be divided equally over a
3 12-month period and made monthly. The employer shall also
4 contribute an amount equal to the employer defined
5 contribution, as set on an individual employee basis, under
6 paragraph (2) of subsection (k) of Section 1-161 during each
7 pay period. The System shall have the authority to adopt rules
8 regarding implementation of employer contributions.

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

24 (b-1) The City of Urbana and the City of Champaign shall
25 each make employer contributions to this System for their
26 respective firefighter employees who participate in this

1 System pursuant to subsection (h) of Section 15-107. The rate
2 of contributions to be made by those municipalities shall be
3 determined annually by the Board on the basis of the actuarial
4 assumptions adopted by the Board and the recommendations of the
5 actuary, and shall be expressed as a percentage of salary for
6 each such employee. The Board shall certify the rate to the
7 affected municipalities as soon as may be practical. The
8 employer contributions required under this subsection shall be
9 remitted by the municipality to the System at the same time and
10 in the same manner as employee contributions.

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

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

1 (e) The State Comptroller shall draw warrants payable to
2 the System upon proper certification by the System or by the
3 employer in accordance with the appropriation laws and this
4 Code.

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

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

1 valuation of the System that is available at the time of the
2 computation. The System may require the employer to provide any
3 pertinent information or documentation.

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

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

1 bill.

2 When assessing payment for any amount due under this
3 subsection (g), the System shall include earnings, to the
4 extent not established by a participant under Section 15-113.11
5 or 15-113.12, that would have been paid to the participant had
6 the participant not taken (i) periods of voluntary or
7 involuntary furlough occurring on or after July 1, 2015 and on
8 or before June 30, 2017 or (ii) periods of voluntary pay
9 reduction in lieu of furlough occurring on or after July 1,
10 2015 and on or before June 30, 2017. Determining earnings that
11 would have been paid to a participant had the participant not
12 taken periods of voluntary or involuntary furlough or periods
13 of voluntary pay reduction shall be the responsibility of the
14 employer, and shall be reported in a manner prescribed by the
15 System.

16 (g-1) Beginning in fiscal year 2019, if a contract or
17 collective bargaining agreement entered into, amended, or
18 renewed on or after the effective date of this amendatory Act
19 of the 100th General Assembly provides for earnings to exceed
20 the salaries provided under the preceding contract or
21 collective bargaining agreement, then the employer shall pay to
22 the System, in addition to all other payments required under
23 this Section and in accordance with guidelines established by
24 the System, the current value of the projected amount of the
25 increase in benefits, as determined by the System and
26 reflecting whether the participants covered under the contract

1 or collective bargaining agreement are Tier 1 members or Tier 2
2 members, resulting from the portion of the earnings that exceed
3 the amount of the earnings provided under the preceding
4 contract or collective bargaining agreement. The System may
5 require the employer to provide any pertinent information or
6 documentation.

7 Whenever it determines that a payment is or may be required
8 under this subsection (g-1), the System shall calculate the
9 amount of the payment and bill the employer for that amount.
10 The bill shall specify the calculations used to determine the
11 amount due. If the employer disputes the amount of the bill, it
12 may, within 30 days after receipt of the bill, apply to the
13 System in writing for a recalculation. The application must
14 specify in detail the grounds of the dispute. Upon receiving a
15 timely application for recalculation, the System shall review
16 the application and, if appropriate, recalculate the amount
17 due.

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

1 (h) This subsection (h) applies only to payments made or
2 salary increases given on or after June 1, 2005 but before July
3 1, 2011. The changes made by Public Act 94-1057 shall not
4 require the System to refund any payments received before July
5 31, 2006 (the effective date of Public Act 94-1057).

6 When assessing payment for any amount due under subsection
7 (g), the System shall exclude earnings increases paid to
8 participants under contracts or collective bargaining
9 agreements entered into, amended, or renewed before June 1,
10 2005.

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

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

1 overtime, the overtime was necessary for the educational
2 mission.

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

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

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

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

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

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

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

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

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

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

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

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

20 (Source: P.A. 98-92, eff. 7-16-13; 98-463, eff. 8-16-13;
21 99-897, eff. 1-1-17.)

22 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

1 (a) The Board shall certify to the Governor on or before
2 November 15 of each year until November 15, 2011 the
3 appropriation required from State funds for the purposes of
4 this System for the following fiscal year. The certification
5 under this subsection (a) shall include a copy of the actuarial
6 recommendations upon which it is based and shall specifically
7 identify the System's projected State normal cost for that
8 fiscal year and the projected State cost for the self-managed
9 plan for that fiscal year.

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

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

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

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

22 (a-10) For purposes of subsection (c-5) of Section 20 of
23 the Budget Stabilization Act, on or before November 1 of each
24 year beginning November 1, 2019, the Board shall determine the
25 amount of the State contribution to the System that would have
26 been required for the next fiscal year if Section 1-161,

1 subsection (a-2) of Section 15-155, and the changes made to
2 Section 1-160 by this amendatory Act of the 100th General
3 Assembly had not taken effect, using the best and most recent
4 available data but based on the law in effect on May 31, 2019.
5 The Board shall submit to the State Actuary, the Governor, and
6 the General Assembly a proposed certification, along with the
7 relevant law, actuarial assumptions, calculations, and data
8 upon which that certification is based. On or before January 1,
9 2020 and every January 1 thereafter, the State Actuary shall
10 issue a preliminary report concerning the proposed
11 certification and identifying, if necessary, recommended
12 changes in actuarial assumptions that the Board must consider
13 before finalizing its certification. On or before January 15,
14 2020 and every January 1 thereafter, the Board shall certify to
15 the Governor and the General Assembly the amount of the State
16 contribution to the System that would have been required for
17 the next fiscal year if Section 1-161, subsection (a-2) of
18 Section 15-155, and the changes made to Section 1-160 by this
19 amendatory Act of the 100th General Assembly had not taken
20 effect, using the best and most recent available data but based
21 on the law in effect on May 31, 2019. The Board's certification
22 must note any deviations from the State Actuary's recommended
23 changes, the reason or reasons for not following the State
24 Actuary's recommended changes, and the impact of not following
25 the State Actuary's recommended changes.

26 (a-15) As soon as practical after the effective date of

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

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

22 (c) Beginning in State fiscal year 1996, on or as soon as
23 possible after the 15th day of each month the Board shall
24 submit vouchers for payment of State contributions to the
25 System, in a total monthly amount of one-twelfth of the
26 required annual State contribution certified under subsection

1 (a). From the effective date of this amendatory Act of the 93rd
2 General Assembly through June 30, 2004, the Board shall not
3 submit vouchers for the remainder of fiscal year 2004 in excess
4 of the fiscal year 2004 certified contribution amount
5 determined under this Section after taking into consideration
6 the transfer to the System under subsection (b) of Section
7 6z-61 of the State Finance Act. These vouchers shall be paid by
8 the State Comptroller and Treasurer by warrants drawn on the
9 funds appropriated to the System for that fiscal year.

10 If in any month the amount remaining unexpended from all
11 other appropriations to the System for the applicable fiscal
12 year (including the appropriations to the System under Section
13 8.12 of the State Finance Act and Section 1 of the State
14 Pension Funds Continuing Appropriation Act) is less than the
15 amount lawfully vouchered under this Section, the difference
16 shall be paid from the General Revenue Fund under the
17 continuing appropriation authority provided in Section 1.1 of
18 the State Pension Funds Continuing Appropriation Act.

19 (d) So long as the payments received are the full amount
20 lawfully vouchered under this Section, payments received by the
21 System under this Section shall be applied first toward the
22 employer contribution to the self-managed plan established
23 under Section 15-158.2. Payments shall be applied second toward
24 the employer's portion of the normal costs of the System, as
25 defined in subsection (f) of Section 15-155. The balance shall
26 be applied toward the unfunded actuarial liabilities of the

1 System.

2 (e) In the event that the System does not receive, as a
3 result of legislative enactment or otherwise, payments
4 sufficient to fully fund the employer contribution to the
5 self-managed plan established under Section 15-158.2 and to
6 fully fund that portion of the employer's portion of the normal
7 costs of the System, as calculated in accordance with Section
8 15-155(a-1), then any payments received shall be applied
9 proportionately to the optional retirement program established
10 under Section 15-158.2 and to the employer's portion of the
11 normal costs of the System, as calculated in accordance with
12 Section 15-155(a-1).

13 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

14 (40 ILCS 5/15-185.5 new)

15 Sec. 15-185.5. Accelerated pension benefit payment.

16 (a) As used in this Section:

17 "Eligible person" means a person who:

18 (1) has terminated service;

19 (2) has accrued sufficient service credit to be
20 eligible to receive a retirement annuity under this
21 Article;

22 (3) has not received any retirement annuity under this
23 Article;

24 (4) does not have a QILDRO in effect against him or her
25 under this Article; and

1 (5) is not a participant in the self-managed plan under
2 Section 15-158.2.

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

9 (b) Before January 1, 2018, the System shall calculate,
10 using actuarial tables and other assumptions adopted by the
11 Board, the net present value of pension benefits for each
12 eligible person and shall offer each eligible person the
13 opportunity to irrevocably elect to receive an amount
14 determined by the System to be equal to 70% of the net present
15 value of his or her pension benefits in lieu of receiving any
16 pension benefit. The offer shall specify the dollar amount that
17 the eligible person will receive if he or she so elects and
18 shall expire when a subsequent offer is made to an eligible
19 person. The System shall make a good faith effort to contact
20 every eligible person to notify him or her of the election and
21 of the amount of the accelerated pension benefit payment.

22 Beginning January 1, 2018 and until July 1, 2018, an
23 eligible person may irrevocably elect to receive an accelerated
24 pension benefit payment in the amount that the System offers
25 under this subsection in lieu of receiving any pension benefit.
26 A person who elects to receive an accelerated pension benefit

1 payment under this Section may not elect to proceed under the
2 Retirement Systems Reciprocal Act with respect to service under
3 this Article.

4 (c) A person's credits and creditable service under this
5 Article shall be terminated upon the person's receipt of an
6 accelerated pension benefit payment under this Section, and no
7 other benefit shall be paid under this Article based on those
8 terminated credits and creditable service, including any
9 retirement, survivor, or other benefit; except that to the
10 extent that participation, benefits, or premiums under the
11 State Employees Group Insurance Act of 1971 are based on the
12 amount of service credit, the terminated service credit shall
13 be used for that purpose.

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

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

21 (2) The accelerated pension benefit payment may not be
22 repaid to the System, and the terminated credits and
23 creditable service may not under any circumstances be
24 reinstated.

25 (e) As a condition of receiving an accelerated pension
26 benefit payment, an eligible person must have another

1 retirement plan or account qualified under the Internal Revenue
2 Code of 1986, as amended, for the accelerated pension benefit
3 payment to be rolled into. The accelerated pension benefit
4 payment under this Section may be subject to withholding or
5 payment of applicable taxes, but to the extent permitted by
6 federal law, a person who receives an accelerated pension
7 benefit payment under this Section must direct the System to
8 pay all of that payment as a rollover into another retirement
9 plan or account qualified under the Internal Revenue Code of
10 1986, as amended.

11 (f) Before January 1, 2019, the Board shall certify to the
12 Illinois Finance Authority and the General Assembly the amount
13 by which the total amount of accelerated pension benefit
14 payments made under this Section exceed the amount appropriated
15 to the System for the purpose of making those payments.

16 (g) The Board shall adopt any rules necessary to implement
17 this Section.

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

21 (40 ILCS 5/15-198)

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

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

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

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

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

19 Every new benefit increase is contingent upon the General
20 Assembly providing the additional funding required under this
21 subsection. The Commission on Government Forecasting and
22 Accountability shall analyze whether adequate additional
23 funding has been provided for the new benefit increase and
24 shall report its analysis to the Public Pension Division of the
25 Department of Insurance ~~Financial and Professional Regulation~~.
26 A new benefit increase created by a Public Act that does not

1 include the additional funding required under this subsection
2 is null and void. If the Public Pension Division determines
3 that the additional funding provided for a new benefit increase
4 under this subsection is or has become inadequate, it may so
5 certify to the Governor and the State Comptroller and, in the
6 absence of corrective action by the General Assembly, the new
7 benefit increase shall expire at the end of the fiscal year in
8 which the certification is made.

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

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

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

1 (40 ILCS 5/15-200.1 new)

2 Sec. 15-200.1. Defined contribution plan.

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

13 As used in this Section, "defined benefit plan" means the
14 retirement plan available under this Article to Tier 1
15 employees who have not made the election authorized under this
16 Section.

17 (1) Under the defined contribution plan, a Tier 1
18 employee of this System could elect to cease accruing
19 benefits in the defined benefit plan under this Article and
20 begin accruing benefits for future service in the defined
21 contribution plan. Service credit under the defined
22 contribution plan may be used for determining retirement
23 eligibility under the defined benefit plan. A Tier 1
24 employee who elects to cease accruing benefits in his or
25 her defined benefit plan shall be prohibited from
26 purchasing service credit on or after the date of his or

1 her election. A Tier 1 employee making the irrevocable
2 election provided under this Section shall not receive
3 interest accruals to his or her Rule 2 benefit on or after
4 the date of his or her election.

5 (2) Participants in the defined contribution plan
6 shall pay employee contributions at the same rate as other
7 participants under this Article as determined by the
8 System.

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

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

23 (5) The defined contribution plan may provide for
24 participants in the plan to be eligible for the defined
25 disability benefits available to other participants under
26 this Article. If it does, the System shall reduce the

1 employee contributions credited to the member's defined
2 contribution plan account by an amount determined by the
3 System to cover the cost of offering such benefits.

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (h) If a Tier 1 employee has not made an election under

1 Section 15-134.5 of this Code, then the plan prescribed under
2 this Section shall not apply to that Tier 1 employee and that
3 Tier 1 employee shall remain eligible to make the election
4 prescribed under Section 15-134.5.

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

11 (40 ILCS 5/15-201.1 new)

12 Sec. 15-201.1. Defined contribution plan; termination. If
13 the defined contribution plan under Section 15-200.1 is
14 terminated or becomes inoperative pursuant to law, then each
15 participant in the plan shall automatically be deemed to have
16 been a contributing Tier 1 employee participating in the
17 System's defined benefit plan during the time in which he or
18 she participated in the defined contribution plan, and for that
19 purpose the System shall be entitled to recover the amounts in
20 the participant's defined contribution accounts.

21 (40 ILCS 5/16-107.1 new)

22 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A
23 teacher under this Article who first became a member or
24 participant before January 1, 2011 under any reciprocal

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

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

7 Sec. 16-158. Contributions by State and other employing
8 units.

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

16 The Board shall determine the amount of State contributions
17 required for each fiscal year on the basis of the actuarial
18 tables and other assumptions adopted by the Board and the
19 recommendations of the actuary, using the formula in subsection
20 (b-3).

21 (a-1) Annually, on or before November 15 until November 15,
22 2011, the Board shall certify to the Governor the amount of the
23 required State contribution for the coming fiscal year. The
24 certification under this subsection (a-1) shall include a copy
25 of the actuarial recommendations upon which it is based and

1 shall specifically identify the System's projected State
2 normal cost for that fiscal year.

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

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

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

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

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

14 (a-10) For purposes of subsection (c-5) of Section 20 of
15 the Budget Stabilization Act, on or before November 1 of each
16 year beginning November 1, 2019, the Board shall determine the
17 amount of the State contribution to the System that would have
18 been required for the next fiscal year if Section 1-161,
19 subsection (b-4) of Section 16-158, and the changes made to
20 Section 1-160 by this amendatory Act of the 100th General
21 Assembly had not taken effect, using the best and most recent
22 available data but based on the law in effect on May 31, 2019.
23 The Board shall submit to the State Actuary, the Governor, and
24 the General Assembly a proposed certification, along with the
25 relevant law, actuarial assumptions, calculations, and data
26 upon which that certification is based. On or before January 1,

1 2020 and every January 1 thereafter, the State Actuary shall
2 issue a preliminary report concerning the proposed
3 certification and identifying, if necessary, recommended
4 changes in actuarial assumptions that the Board must consider
5 before finalizing its certification. On or before January 15,
6 2020 and every January 1 thereafter, the Board shall certify to
7 the Governor and the General Assembly the amount of the State
8 contribution to the System that would have been required for
9 the next fiscal year if if Section 1-161, subsection (b-4) of
10 Section 16-158, and the changes made to Section 1-160 by this
11 amendatory Act of the 100th General Assembly had not taken
12 effect, using the best and most recent available data but based
13 on the law in effect on May 31, 2019. The Board's certification
14 must note any deviations from the State Actuary's recommended
15 changes, the reason or reasons for not following the State
16 Actuary's recommended changes, and the impact of not following
17 the State Actuary's recommended changes.

18 (a-15) As soon as practical after the effective date of
19 this amendatory Act of the 100th General Assembly, the Board
20 shall recalculate and recertify to the State Actuary, the
21 Governor, and the General Assembly the amount of the State
22 contribution to the System for State fiscal year 2018, taking
23 into account the changes in required State contributions made
24 by this amendatory Act of the 100th General Assembly. The State
25 Actuary shall review the assumptions and valuations underlying
26 the Board's revised certification and issue a preliminary

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

10 (b) Through State fiscal year 1995, the State contributions
11 shall be paid to the System in accordance with Section 18-7 of
12 the School Code.

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

1 If in any month the amount remaining unexpended from all
2 other appropriations to the System for the applicable fiscal
3 year (including the appropriations to the System under Section
4 8.12 of the State Finance Act and Section 1 of the State
5 Pension Funds Continuing Appropriation Act) is less than the
6 amount lawfully vouchered under this subsection, the
7 difference shall be paid from the Common School Fund under the
8 continuing appropriation authority provided in Section 1.1 of
9 the State Pension Funds Continuing Appropriation Act.

10 (b-2) Allocations from the Common School Fund apportioned
11 to school districts not coming under this System shall not be
12 diminished or affected by the provisions of this Article.

13 (b-3) For State fiscal years 2018 through 2045, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of total payroll, including payroll that is
21 not deemed pensionable, but excluding payroll attributable to
22 participants in the defined contribution plan under Section
23 16-205.1, over the years remaining to and including fiscal year
24 2045 and shall be determined under the projected unit credit
25 actuarial cost method.

26 Beginning in State fiscal year 2018, any increase or

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

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

20 For State fiscal years 1996 through 2005, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 so that by State fiscal year 2011, the State is contributing at
24 the rate required under this Section; except that in the
25 following specified State fiscal years, the State contribution
26 to the System shall not be less than the following indicated

1 percentages of the applicable employee payroll, even if the
2 indicated percentage will produce a State contribution in
3 excess of the amount otherwise required under this subsection
4 and subsection (a), and notwithstanding any contrary
5 certification made under subsection (a-1) before the effective
6 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
7 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
8 2003; and 13.56% in FY 2004.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2006 is
11 \$534,627,700.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2007 is
14 \$738,014,500.

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2010 is
23 \$2,089,268,000 and shall be made from the proceeds of bonds
24 sold in fiscal year 2010 pursuant to Section 7.2 of the General
25 Obligation Bond Act, less (i) the pro rata share of bond sale
26 expenses determined by the System's share of total bond

1 proceeds, (ii) any amounts received from the Common School Fund
2 in fiscal year 2010, and (iii) any reduction in bond proceeds
3 due to the issuance of discounted bonds, if applicable.

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

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

24 Amounts received by the System pursuant to Section 25 of
25 the Budget Stabilization Act or Section 8.12 of the State
26 Finance Act in any fiscal year do not reduce and do not

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

10 Notwithstanding any other provision of this Section, the
11 required State contribution for State fiscal year 2005 and for
12 fiscal year 2008 and each fiscal year thereafter, as calculated
13 under this Section and certified under subsection (a-1), shall
14 not exceed an amount equal to (i) the amount of the required
15 State contribution that would have been calculated under this
16 Section for that fiscal year if the System had not received any
17 payments under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act, minus (ii) the portion of the State's
19 total debt service payments for that fiscal year on the bonds
20 issued in fiscal year 2003 for the purposes of that Section
21 7.2, as determined and certified by the Comptroller, that is
22 the same as the System's portion of the total moneys
23 distributed under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act. In determining this maximum for State
25 fiscal years 2008 through 2010, however, the amount referred to
26 in item (i) shall be increased, as a percentage of the

1 applicable employee payroll, in equal increments calculated
2 from the sum of the required State contribution for State
3 fiscal year 2007 plus the applicable portion of the State's
4 total debt service payments for fiscal year 2007 on the bonds
5 issued in fiscal year 2003 for the purposes of Section 7.2 of
6 the General Obligation Bond Act, so that, by State fiscal year
7 2011, the State is contributing at the rate otherwise required
8 under this Section.

9 (b-4) For employees first hired on or after 6 months after
10 the effective date of this amendatory Act of the 100th General
11 Assembly who have elected the benefits under Section 1-161 of
12 this Code, the employer shall annually contribute an amount,
13 expressed as a percentage of payroll, equal to the defined
14 benefit normal cost of the defined benefit plan, less the
15 employee contribution, plus 2%. On an annual basis, the System
16 shall certify to each employer the amount of unfunded liability
17 accrued in the employer's account to be paid by the employer so
18 that the System is 90% funded by the end of State fiscal year
19 2045. The contributions shall be divided equally over a
20 12-month period and made monthly. The employer shall also
21 contribute an amount equal to the employer defined
22 contribution, as set on an individual employee basis, under
23 paragraph (2) of subsection (k) of Section 1-161 during each
24 pay period. The System shall have the authority to adopt rules
25 regarding implementation of employer contributions.

26 (c) Payment of the required State contributions and of all

1 pensions, retirement annuities, death benefits, refunds, and
2 other benefits granted under or assumed by this System, and all
3 expenses in connection with the administration and operation
4 thereof, are obligations of the State.

5 If members are paid from special trust or federal funds
6 which are administered by the employing unit, whether school
7 district or other unit, the employing unit shall pay to the
8 System from such funds the full accruing retirement costs based
9 upon that service, which, beginning July 1, 2014, shall be at a
10 rate, expressed as a percentage of salary, equal to the total
11 minimum contribution to the System to be made by the State for
12 that fiscal year, including both normal cost and unfunded
13 liability components, expressed as a percentage of payroll, as
14 determined by the System under subsection (b-3) of this
15 Section. Employer contributions, based on salary paid to
16 members from federal funds, may be forwarded by the
17 distributing agency of the State of Illinois to the System
18 prior to allocation, in an amount determined in accordance with
19 guidelines established by such agency and the System. Any
20 contribution for fiscal year 2015 collected as a result of the
21 change made by this amendatory Act of the 98th General Assembly
22 shall be considered a State contribution under subsection (b-3)
23 of this Section.

24 (d) Effective July 1, 1986, any employer of a teacher as
25 defined in paragraph (8) of Section 16-106 shall pay the
26 employer's normal cost of benefits based upon the teacher's

1 service, in addition to employee contributions, as determined
2 by the System. Such employer contributions shall be forwarded
3 monthly in accordance with guidelines established by the
4 System.

5 However, with respect to benefits granted under Section
6 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
7 of Section 16-106, the employer's contribution shall be 12%
8 (rather than 20%) of the member's highest annual salary rate
9 for each year of creditable service granted, and the employer
10 shall also pay the required employee contribution on behalf of
11 the teacher. For the purposes of Sections 16-133.4 and
12 16-133.5, a teacher as defined in paragraph (8) of Section
13 16-106 who is serving in that capacity while on leave of
14 absence from another employer under this Article shall not be
15 considered an employee of the employer from which the teacher
16 is on leave.

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

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

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

26 The school district or other employing unit may pay these

1 employer contributions out of any source of funding available
2 for that purpose and shall forward the contributions to the
3 System on the schedule established for the payment of member
4 contributions.

5 These employer contributions are intended to offset a
6 portion of the cost to the System of the increases in
7 retirement benefits resulting from this amendatory Act of 1998.

8 Each employer of teachers is entitled to a credit against
9 the contributions required under this subsection (e) with
10 respect to salaries paid to teachers for the period January 1,
11 2002 through June 30, 2003, equal to the amount paid by that
12 employer under subsection (a-5) of Section 6.6 of the State
13 Employees Group Insurance Act of 1971 with respect to salaries
14 paid to teachers for that period.

15 The additional 1% employee contribution required under
16 Section 16-152 by this amendatory Act of 1998 is the
17 responsibility of the teacher and not the teacher's employer,
18 unless the employer agrees, through collective bargaining or
19 otherwise, to make the contribution on behalf of the teacher.

20 If an employer is required by a contract in effect on May
21 1, 1998 between the employer and an employee organization to
22 pay, on behalf of all its full-time employees covered by this
23 Article, all mandatory employee contributions required under
24 this Article, then the employer shall be excused from paying
25 the employer contribution required under this subsection (e)
26 for the balance of the term of that contract. The employer and

1 the employee organization shall jointly certify to the System
2 the existence of the contractual requirement, in such form as
3 the System may prescribe. This exclusion shall cease upon the
4 termination, extension, or renewal of the contract at any time
5 after May 1, 1998.

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

1 employer to provide any pertinent information or
2 documentation. The changes made to this subsection (f) by this
3 amendatory Act of the 94th General Assembly apply without
4 regard to whether the teacher was in service on or after its
5 effective date.

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

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

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

4 (f-1) Beginning in fiscal year 2019, if a contract or
5 collective bargaining agreement entered into, amended, or
6 renewed on or after the effective date of this amendatory Act
7 of the 100th General Assembly provides for salaries to exceed
8 the salaries provided under the preceding contract or
9 collective bargaining agreement, then the employer shall pay to
10 the System, in addition to all other payments required under
11 this Section and in accordance with guidelines established by
12 the System, the current value of the projected amount of the
13 increase in benefits, as determined by the System and
14 reflecting whether the teachers covered under the contract or
15 collective bargaining agreement are Tier 1 members or Tier 2
16 members, resulting from the portion of the salaries that exceed
17 the amount of the salaries provided under the preceding
18 contract or collective bargaining agreement. The System may
19 require the employer to provide any pertinent information or
20 documentation.

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

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

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to a
26 teacher at a time when the teacher is 10 or more years from

1 retirement eligibility under Section 16-132 or 16-133.2.

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

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

26 When assessing payment for any amount due under subsection

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

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

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

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

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

25 (3) The total amount the System received from each
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

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

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

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

20 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
21 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
22 6-18-12; 97-813, eff. 7-13-12; 98-674, eff. 6-30-14.)

23 (40 ILCS 5/16-190.5 new)

24 Sec. 16-190.5. Accelerated pension benefit payment.

25 (a) As used in this Section:

1 "Eligible person" means a person who:

2 (1) has terminated service;

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

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

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

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

14 "Pension benefit" also includes applicable survivor's or
15 disability benefits.

16 (b) Before January 1, 2018, the System shall calculate,
17 using actuarial tables and other assumptions adopted by the
18 Board, the net present value of pension benefits for each
19 eligible person and shall offer each eligible person the
20 opportunity to irrevocably elect to receive an amount
21 determined by the System to be equal to 70% of the net present
22 value of his or her pension benefits in lieu of receiving any
23 pension benefit. The offer shall specify the dollar amount that
24 the eligible person will receive if he or she so elects and
25 shall expire when a subsequent offer is made to an eligible
26 person. The System shall make a good faith effort to contact

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

3 Beginning January 1, 2018 and until July 1, 2018, an
4 eligible person may irrevocably elect to receive an accelerated
5 pension benefit payment in the amount that the System offers
6 under this subsection in lieu of receiving any pension benefit.
7 A person who elects to receive an accelerated pension benefit
8 payment under this Section may not elect to proceed under the
9 Retirement Systems Reciprocal Act with respect to service under
10 this Article.

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

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

24 (1) Any benefits under the System earned as a result of
25 that return to active service shall be based solely on the
26 person's credits and creditable service arising from the

1 return to active service.

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

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

18 (f) Before January 1, 2019, the Board shall certify to the
19 Illinois Finance Authority and the General Assembly the amount
20 by which the total amount of accelerated pension benefit
21 payments made under this Section exceed the amount appropriated
22 to the System for the purpose of making those payments.

23 (g) The Board shall adopt any rules necessary to implement
24 this Section.

25 (h) No provision of this Section shall be interpreted in a
26 way that would cause the applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (40 ILCS 5/16-203)

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

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

7 (a) As used in this Section, "new benefit increase" means
8 an increase in the amount of any benefit provided under this
9 Article, or an expansion of the conditions of eligibility for
10 any benefit under this Article, that results from an amendment
11 to this Code that takes effect after June 1, 2005 (the
12 effective date of Public Act 94-4). "New benefit increase",
13 however, does not include any benefit increase resulting from
14 the changes made to this Article by Public Act 95-910 or this
15 amendatory Act of the 100th General Assembly ~~this amendatory~~
16 ~~Act of the 95th General Assembly.~~

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

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

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

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

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

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

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

8 (40 ILCS 5/16-205.1 new)

9 Sec. 16-205.1. Defined contribution plan.

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

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

24 (1) Under the defined contribution plan, an active Tier
25 1 employee of this System could elect to cease accruing

1 benefits in the defined benefit plan under this Article and
2 begin accruing benefits for future service in the defined
3 contribution plan. Service credit under the defined
4 contribution plan may be used for determining retirement
5 eligibility under the defined benefit plan. An active Tier
6 1 employee who elects to cease accruing benefits in his or
7 her defined benefit plan shall be prohibited from
8 purchasing service credit on or after the date of his or
9 her election. A Tier 1 employee making the irrevocable
10 election provided under this Section shall not receive
11 interest accruals to his or her benefit under paragraph (A)
12 of subsection (a) of Section 16-133 on or after the date of
13 his or her election.

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

18 (3) State contributions shall be paid into the accounts
19 of all participants in the defined contribution plan at a
20 uniform rate, expressed as a percentage of salary and
21 determined for each year. This rate shall be no higher than
22 the employer's normal cost for Tier 1 employees in the
23 defined benefit plan for that year, as determined by the
24 System and expressed as a percentage of salary, and shall
25 be no lower than 0% of salary. The State shall adjust this
26 rate annually.

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

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

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

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

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

26 (9) The System shall reduce the employee contributions

1 credited to the member's defined contribution plan account
2 by an amount determined by the System to cover the cost of
3 offering these benefits and any applicable administrative
4 fees.

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

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

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

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

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

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

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

1 impact of the option set forth in this Section.

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

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

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

17 (40 ILCS 5/16-206.1 new)

18 Sec. 16-206.1. Defined contribution plan; termination. If
19 the defined contribution plan under Section 16-205.1 is
20 terminated or becomes inoperative pursuant to law, then each
21 participant in the plan shall automatically be deemed to have
22 been a contributing Tier 1 employee in the System's defined
23 benefit plan during the time in which he or she participated in
24 the defined contribution plan, and for that purpose the System
25 shall be entitled to recover the amounts in the participant's

1 defined contribution accounts.

2 (40 ILCS 5/17-106.05 new)

3 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A
4 teacher under this Article who first became a member or
5 participant before January 1, 2011 under any reciprocal
6 retirement system or pension fund established under this Code
7 other than a retirement system or pension fund established
8 under Article 2, 3, 4, 5, 6, or 18 of this Code.

9 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

10 Sec. 17-129. Employer contributions; deficiency in Fund.

11 (a) If in any fiscal year of the Board of Education ending
12 prior to 1997 the total amounts paid to the Fund from the Board
13 of Education (other than under this subsection, and other than
14 amounts used for making or "picking up" contributions on behalf
15 of teachers) and from the State do not equal the total
16 contributions made by or on behalf of the teachers for such
17 year, or if the total income of the Fund in any such fiscal
18 year of the Board of Education from all sources is less than
19 the total such expenditures by the Fund for such year, the
20 Board of Education shall, in the next succeeding year, in
21 addition to any other payment to the Fund set apart and
22 appropriate from moneys from its tax levy for educational
23 purposes, a sum sufficient to remove such deficiency or
24 deficiencies, and promptly pay such sum into the Fund in order

1 to restore any of the reserves of the Fund that may have been
2 so temporarily applied. Any amounts received by the Fund after
3 December 4, 1997 from State appropriations, including under
4 Section 17-127, shall be a credit against and shall fully
5 satisfy any obligation that may have arisen, or be claimed to
6 have arisen, under this subsection (a) as a result of any
7 deficiency or deficiencies in the fiscal year of the Board of
8 Education ending in calendar year 1997.

9 (b) (i) Notwithstanding any other provision of this
10 Section, and notwithstanding any prior certification by the
11 Board under subsection (c) for fiscal year 2011, the Board of
12 Education's total required contribution to the Fund for fiscal
13 year 2011 under this Section is \$187,000,000.

14 (ii) Notwithstanding any other provision of this Section,
15 the Board of Education's total required contribution to the
16 Fund for fiscal year 2012 under this Section is \$192,000,000.

17 (iii) Notwithstanding any other provision of this Section,
18 the Board of Education's total required contribution to the
19 Fund for fiscal year 2013 under this Section is \$196,000,000.

20 (iv) For fiscal years 2014 through 2059, the minimum
21 contribution to the Fund to be made by the Board of Education
22 in each fiscal year shall be an amount determined by the Fund
23 to be sufficient to bring the total assets of the Fund up to
24 90% of the total actuarial liabilities of the Fund by the end
25 of fiscal year 2059. In making these determinations, the
26 required Board of Education contribution shall be calculated

1 each year as a level percentage of the applicable employee
2 payrolls over the years remaining to and including fiscal year
3 2059 and shall be determined under the projected unit credit
4 actuarial cost method.

5 (v) Beginning in fiscal year 2060, the minimum Board of
6 Education contribution for each fiscal year shall be the amount
7 needed to maintain the total assets of the Fund at 90% of the
8 total actuarial liabilities of the Fund.

9 (vi) Notwithstanding any other provision of this
10 subsection (b), for any fiscal year, the contribution to the
11 Fund from the Board of Education shall not be required to be in
12 excess of the amount calculated as needed to maintain the
13 assets (or cause the assets to be) at the 90% level by the end
14 of the fiscal year.

15 (vii) Any contribution by the State to or for the benefit
16 of the Fund, including, without limitation, as referred to
17 under Section 17-127, shall be a credit against any
18 contribution required to be made by the Board of Education
19 under this subsection (b).

20 (c) The Board shall determine the amount of Board of
21 Education contributions required for each fiscal year on the
22 basis of the actuarial tables and other assumptions adopted by
23 the Board and the recommendations of the actuary, in order to
24 meet the minimum contribution requirements of subsections (a)
25 and (b). Annually, on or before February 28, the Board shall
26 certify to the Board of Education the amount of the required

1 Board of Education contribution for the coming fiscal year. The
2 certification shall include a copy of the actuarial
3 recommendations upon which it is based.

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

14 (d) As soon as practical after the effective date of this
15 amendatory Act of the 100th General Assembly, the Board shall
16 recalculate and recertify to the Board of Education the amount
17 of the required Board of Education contribution to the Fund for
18 fiscal year 2018, as necessary to take into account the changes
19 in required Board of Education contributions made by this
20 amendatory Act of the 100th General Assembly.

21 (Source: P.A. 96-889, eff. 4-14-10.)

22 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

23 Sec. 18-131. Financing; employer contributions.

24 (a) The State of Illinois shall make contributions to this
25 System by appropriations of the amounts which, together with

1 the contributions of participants, net earnings on
2 investments, and other income, will meet the costs of
3 maintaining and administering this System on a 90% funded basis
4 in accordance with actuarial recommendations.

5 (b) The Board shall determine the amount of State
6 contributions required for each fiscal year on the basis of the
7 actuarial tables and other assumptions adopted by the Board and
8 the prescribed rate of interest, using the formula in
9 subsection (c).

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

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

1 increments so that by the State fiscal year occurring 5 years
2 after the adoption of the actuarial or investment assumptions,
3 the State is contributing at the rate otherwise required under
4 this Section.

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

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

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2006 is
22 \$29,189,400.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2007 is
25 \$35,236,800.

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

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2010 is
8 \$78,832,000 and shall be made from the proceeds of bonds sold
9 in fiscal year 2010 pursuant to Section 7.2 of the General
10 Obligation Bond Act, less (i) the pro rata share of bond sale
11 expenses determined by the System's share of total bond
12 proceeds, (ii) any amounts received from the General Revenue
13 Fund in fiscal year 2010, and (iii) any reduction in bond
14 proceeds due to the issuance of discounted bonds, if
15 applicable.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2011 is
18 the amount recertified by the System on or before April 1, 2011
19 pursuant to Section 18-140 and shall be made from the proceeds
20 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
21 the General Obligation Bond Act, less (i) the pro rata share of
22 bond sale expenses determined by the System's share of total
23 bond proceeds, (ii) any amounts received from the General
24 Revenue Fund in fiscal year 2011, and (iii) any reduction in
25 bond proceeds due to the issuance of discounted bonds, if
26 applicable.

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

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

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under Section 18-140, shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

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

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

20 As of June 30, 2008, the actuarial value of the System's
21 assets shall be equal to the market value of the assets as of
22 that date. In determining the actuarial value of the System's
23 assets for fiscal years after June 30, 2008, any actuarial
24 gains or losses from investment return incurred in a fiscal
25 year shall be recognized in equal annual amounts over the
26 5-year period following that fiscal year.

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

5 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
6 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
7 7-13-12.)

8 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

9 Sec. 18-140. To certify required State contributions and
10 submit vouchers.

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

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

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

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

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

26 On or before April 1, 2011, the Board shall recalculate and

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

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

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

1 System, in a total monthly amount of one-twelfth of the
2 required annual State contribution certified under subsection
3 (a). From the effective date of this amendatory Act of the 93rd
4 General Assembly through June 30, 2004, the Board shall not
5 submit vouchers for the remainder of fiscal year 2004 in excess
6 of the fiscal year 2004 certified contribution amount
7 determined under this Section after taking into consideration
8 the transfer to the System under subsection (c) of Section
9 6z-61 of the State Finance Act. These vouchers shall be paid by
10 the State Comptroller and Treasurer by warrants drawn on the
11 funds appropriated to the System for that fiscal year.

12 If in any month the amount remaining unexpended from all
13 other appropriations to the System for the applicable fiscal
14 year (including the appropriations to the System under Section
15 8.12 of the State Finance Act and Section 1 of the State
16 Pension Funds Continuing Appropriation Act) is less than the
17 amount lawfully vouchered under this Section, the difference
18 shall be paid from the General Revenue Fund under the
19 continuing appropriation authority provided in Section 1.1 of
20 the State Pension Funds Continuing Appropriation Act.

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

23 (40 ILCS 5/18-161.5 new)

24 Sec. 18-161.5. Accelerated pension benefit payment.

25 (a) As used in this Section:

1 "Eligible person" means a person who:

2 (1) has terminated service;

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

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

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

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

14 "Pension benefit" also includes applicable survivor's or
15 disability benefits.

16 (b) Before January 1, 2018, the System shall calculate,
17 using actuarial tables and other assumptions adopted by the
18 Board, the net present value of pension benefits for each
19 eligible person and shall offer each eligible person the
20 opportunity to irrevocably elect to receive an amount
21 determined by the System to be equal to 70% of the net present
22 value of his or her pension benefits in lieu of receiving any
23 pension benefit. The offer shall specify the dollar amount that
24 the eligible person will receive if he or she so elects and
25 shall expire when a subsequent offer is made to an eligible
26 person. The System shall make a good faith effort to contact

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

3 Beginning January 1, 2018 and until July 1, 2018, an
4 eligible person may irrevocably elect to receive an accelerated
5 pension benefit payment in the amount that the System offers
6 under this subsection in lieu of receiving any pension benefit.
7 A person who elects to receive an accelerated pension benefit
8 payment under this Section may not elect to proceed under the
9 Retirement Systems Reciprocal Act with respect to service under
10 this Article.

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

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

24 (1) Any benefits under the System earned as a result of
25 that return to active service shall be based solely on the
26 person's credits and creditable service arising from the

1 return to active service.

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

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

18 (f) Before January 1, 2019, the Board shall certify to the
19 Illinois Finance Authority and the General Assembly the amount
20 by which the total amount of accelerated pension benefit
21 payments made under this Section exceed the amount appropriated
22 to the System for the purpose of making those payments.

23 (g) The Board shall adopt any rules necessary to implement
24 this Section.

25 (h) No provision of this Section shall be interpreted in a
26 way that would cause the applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (40 ILCS 5/18-169)

3 Sec. 18-169. Application and expiration of new benefit
4 increases.

5 (a) As used in this Section, "new benefit increase" means
6 an increase in the amount of any benefit provided under this
7 Article, or an expansion of the conditions of eligibility for
8 any benefit under this Article, that results from an amendment
9 to this Code that takes effect after June 1, 2005 (the
10 effective date of Public Act 94-4). "New benefit increase",
11 however, does not include any benefit increase resulting from
12 the changes made to this Article by this amendatory Act of the
13 100th General Assembly ~~the effective date of this amendatory~~
14 Act of the 94th 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 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

9 Sec. 20-121. Calculation of proportional retirement
10 annuities.

11 (a) Upon retirement of the employee, a proportional
12 retirement annuity shall be computed by each participating
13 system in which pension credit has been established on the
14 basis of pension credits under each system. The computation
15 shall be in accordance with the formula or method prescribed by
16 each participating system which is in effect at the date of the
17 employee's latest withdrawal from service covered by any of the
18 systems in which he has pension credits which he elects to have
19 considered under this Article. However, the amount of any
20 retirement annuity payable under the self-managed plan
21 established under Section 15-158.2 of this Code or under the
22 defined contribution plan established under Article 2, 14, 15,
23 or 16 of this Code depends solely on the value of the
24 participant's vested account balances and is not subject to any
25 proportional adjustment under this Section.

1 (a-5) For persons who participate in a defined contribution
2 plan established under Article 2, 14, 15, or 16 of this Code to
3 whom the provisions of this Article apply, the pension credits
4 established under the defined contribution plan may be
5 considered in determining eligibility for or the amount of the
6 defined benefit retirement annuity that is payable by any other
7 participating system.

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

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

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

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

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

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

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

24 For persons who participate in a defined contribution plan
25 established under Article 2, 14, 15, or 16 of this Code to whom

1 the provisions of this Article apply, the pension credits
2 established under the defined contribution plan may be
3 considered in determining eligibility for or the amount of the
4 defined benefit survivor's annuity that is payable by any other
5 participating system, but pension credits established in any
6 other system shall not result in any right to or increase in
7 the value of a survivor's annuity under the defined
8 contribution plan, which depends solely on the options chosen
9 and the value of the participant's vested account balances and
10 is not subject to any proportional adjustment under this
11 Section.

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

13 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

16 Sec. 20-124. Maximum benefits.

17 (a) In no event shall the combined retirement or survivors
18 annuities exceed the highest annuity which would have been
19 payable by any participating system in which the employee has
20 pension credits, if all of his pension credits had been
21 validated in that system.

22 If the combined annuities should exceed the highest maximum
23 as determined in accordance with this Section, the respective
24 annuities shall be reduced proportionately according to the
25 ratio which the amount of each proportional annuity bears to

1 the aggregate of all such annuities.

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

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

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

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

25 (c) In the case of a participant in a defined contribution
26 plan established under Article 2, 14, 15, or 16 of this Code to

1 whom the provisions of this Article apply:

2 (i) For purposes of calculating the combined
3 retirement annuity and the proportionate reduction, if
4 any, in a defined benefit retirement annuity, any benefit
5 payable under the defined contribution plan shall not be
6 considered.

7 (ii) For purposes of calculating the combined
8 survivor's annuity and the proportionate reduction, if
9 any, in a defined benefit survivor's annuity, any benefit
10 payable under the defined contribution plan shall not be
11 considered.

12 (iii) Benefits payable under a defined contribution
13 plan established under Article 2, 14, 15, or 16 of this
14 Code are not subject to proportionate reduction under this
15 Section.

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

17 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

20 Sec. 20-125. Return to employment - suspension of benefits.
21 If a retired employee returns to employment which is covered by
22 a system from which he is receiving a proportional annuity
23 under this Article, his proportional annuity from all
24 participating systems shall be suspended during the period of
25 re-employment, except that this suspension does not apply to

1 any distributions payable under the self-managed plan
2 established under Section 15-158.2 or under a defined
3 contribution plan established under Article 2, 14, 15, or 16 of
4 this Code.

5 The provisions of the Article under which such employment
6 would be covered shall govern the determination of whether the
7 employee has returned to employment, and if applicable the
8 exemption of temporary employment or employment not exceeding a
9 specified duration or frequency, for all participating systems
10 from which the retired employee is receiving a proportional
11 annuity under this Article, notwithstanding any contrary
12 provisions in the other Articles governing such systems.

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

14 (40 ILCS 5/2-165 rep.)

15 (40 ILCS 5/2-166 rep.)

16 (40 ILCS 5/14-155 rep.)

17 (40 ILCS 5/14-156 rep.)

18 (40 ILCS 5/15-200 rep.)

19 (40 ILCS 5/15-201 rep.)

20 (40 ILCS 5/16-205 rep.)

21 (40 ILCS 5/16-206 rep.)

22 Section 35. The Illinois Pension Code is amended by
23 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
24 15-201, 16-205, and 16-206.

1 Section 40. The State Pension Funds Continuing
2 Appropriation Act is amended by adding Section 1.9 as follows:

3 (40 ILCS 15/1.9 new)

4 Sec. 1.9. Appropriations for State Pension Obligation
5 Acceleration Bonds. If for any reason the aggregate
6 appropriations made available are insufficient to meet the
7 levels required for the payment of principal and interest due
8 on State Pension Obligation Acceleration Bonds under Section
9 7.6 of the General Obligation Bond Act, this Section shall
10 constitute a continuing appropriation of all amounts necessary
11 for those purposes.

12 Section 900. The State Mandates Act is amended by adding
13 Section 8.41 as follows:

14 (30 ILCS 805/8.41 new)

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

19 Section 970. Severability. The provisions of this Act are
20 severable under Section 1.31 of the Statute on Statutes.

21 Section 999. Effective date. This Act takes effect upon
22 becoming law.

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4	5 ILCS 375/10	from Ch. 127, par. 530
5	20 ILCS 3501/801-40	
6	30 ILCS 105/5.878 new	
7	30 ILCS 122/20	
8	30 ILCS 330/2	from Ch. 127, par. 652
9	30 ILCS 330/2.5	
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11	30 ILCS 330/9	from Ch. 127, par. 659
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22	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
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