



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4839

by Rep. Jeanne M Ives

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. For the 5 State-funded Retirement Systems: Requires implementation of a Tier 3 plan that aggregates State and employee contributions in individual participant accounts. Provides that a person who becomes a participant on or after July 1, 2019 shall participate in the Tier 3 plan. Authorizes a Tier 1 or Tier 2 participant to elect to participate in the Tier 3 plan. Repeals provisions relating to a hybrid benefit plan and makes related changes. Requires Systems to offer an optional accelerated benefit payment to certain members in lieu of receiving a pension and authorizes the issuance of bonds for those payments. Authorizes a person to elect not to participate or to terminate participation in the Systems. Restricts participation in the General Assembly Retirement System to current participants. In Articles 7, 14, 15, and 16, for new participants, prohibits unused sick or vacation time from being used to calculate pensionable salary or establish service credit. In Articles 15 and 16, requires an employer to pay the projected costs of the increase in pension benefits associated with an increase in salary. In Article 16, prohibits an employer from making employee contributions on behalf of an employee, except as specified. Amends other Acts to prohibit collective bargaining over that prohibition and make conforming changes. Effective immediately.

LRB100 16368 RPS 31496 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 Article ~~Articles~~ 2 (including an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 2-165.5 of that Article or who meets the criteria for

1 retirement and has elected to receive an accelerated pension
2 benefit payment under Section 2-154.5 of that Article), 14
3 (including an employee who has elected to receive an
4 alternative retirement cancellation payment under Section
5 14-108.5 of the Illinois Pension Code in lieu of an annuity, an
6 employee who, in lieu of receiving an annuity under that
7 Article, has retired under the Tier 3 plan established under
8 Section 14-155.5 of that Article, or an employee who meets the
9 criteria for retirement and has elected to receive an
10 accelerated pension benefit payment under Section 14-147.5 of
11 that Article), or 15 (including an employee who has retired
12 under the optional retirement program established under
13 Section 15-158.2 or the Tier 3 plan established under Section
14 15-155.5 of the Illinois Pension Code or who meets the criteria
15 for retirement and has elected to receive an accelerated
16 pension benefit payment under Section 15-185.5 of that
17 Article), paragraphs (2), (3), or (5) of Section 16-106
18 (including an employee who, in lieu of receiving an annuity
19 under that Article, has retired under the Tier 3 plan
20 established under Section 16-205.5 of the Illinois Pension Code
21 or who meets the criteria for retirement and has elected to
22 receive an accelerated pension benefit payment under Section
23 16-190.5 of that Article), or Article 18 (including an employee
24 who, in lieu of receiving an annuity under that Article, has
25 retired under the Tier 3 plan established under Section
26 18-121.5 of that Article or who meets the criteria for

1 retirement and has elected to receive an accelerated pension
2 benefit payment under Section 18-161.5 of that Article) of the
3 Illinois Pension Code; (2) any person who was receiving group
4 insurance coverage under this Act as of March 31, 1978 by
5 reason of his status as an annuitant, even though the annuity
6 in relation to which such coverage was provided is a
7 proportional annuity based on less than the minimum period of
8 service required for a retirement annuity in the system
9 involved; (3) any person not otherwise covered by this Act who
10 has retired as a participating member under Article 2 of the
11 Illinois Pension Code but is ineligible for the retirement
12 annuity under Section 2-119 of the Illinois Pension Code; (4)
13 the spouse of any person who is receiving a retirement annuity
14 under Article 18 of the Illinois Pension Code and who is
15 covered under a group health insurance program sponsored by a
16 governmental employer other than the State of Illinois and who
17 has irrevocably elected to waive his or her coverage under this
18 Act and to have his or her spouse considered as the "annuitant"
19 under this Act and not as a "dependent"; or (5) an employee who
20 retires, or has retired, from a qualified position, as
21 determined according to rules promulgated by the Director,
22 under a qualified local government, a qualified rehabilitation
23 facility, a qualified domestic violence shelter or service, or
24 a qualified child advocacy center. (For definition of "retired
25 employee", see (p) post).

26 (b-5) (Blank).

1 (b-6) (Blank).

2 (b-7) (Blank).

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

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

1 government, qualified rehabilitation facility, qualified
2 domestic violence shelter or service, or qualified child
3 advocacy center.

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

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

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

1 Examiners established under the Illinois Public Accounting
2 Act, and the Illinois Finance Authority.

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

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

26 (j) "Eligibility period" means the period of time a member

1 has to elect enrollment in programs or to select benefits
2 without regard to age, sex or health.

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

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

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

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

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

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

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

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

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

1 Pension Code; and (3) the surviving dependent of a person who
2 was an annuitant under this Act by virtue of receiving an
3 alternative retirement cancellation payment under Section
4 14-108.5 of the Illinois Pension Code.

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

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

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

13 (q-5) (Blank).

14 (q-6) (Blank).

15 (q-7) (Blank).

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

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

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

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

1 providing those services, approved by the Director and
2 participating in a program created under subsection (j) of
3 Section 10 of this Act.

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

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

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

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

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

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

26 (1) is not a "member" or "dependent" as defined in this

1 Section; and

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

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

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

25 (y) (Blank).

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

1 who:

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

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

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

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

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

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

1 child who is (i) under age 26, or (ii) age 19 or over and
2 has a mental or physical disability from a cause
3 originating prior to the age of 19 (age 26 if enrolled as
4 an adult child).

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

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

20 (cc) "Placement for adoption" means the assumption and
21 retention by a member of a legal obligation for total or
22 partial support of a child in anticipation of adoption of the
23 child. The child's placement with the member terminates upon
24 the termination of such legal obligation.

25 (Source: P.A. 99-143, eff. 7-27-15; 100-355, eff. 1-1-18.)

1 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

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

1 aggregate level of the State's contribution on the basis of
2 actual cost of medical services adjusted for age, sex or
3 geographic or other demographic characteristics which affect
4 the costs of such programs.

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

16 (a-1) (Blank).

17 (a-2) (Blank).

18 (a-3) (Blank).

19 (a-4) (Blank).

20 (a-5) (Blank).

21 (a-6) (Blank).

22 (a-7) (Blank).

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

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

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

1 Director of Central Management Services, shall be the
2 responsibility of that annuitant, survivor, or retired
3 employee.

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

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

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

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

25 The Department of Central Management Services, or any
26 successor agency designated to procure healthcare contracts

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

21 (a-10) For purposes of determining State contributions
22 under this Section, service established under a Tier 3 plan
23 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code
24 shall be included in determining an employee's creditable
25 service. Any credit terminated as part of a transfer of
26 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or

1 18 of the Illinois Pension Code shall also be included in
2 determining an employee's creditable service.

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

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

20 (c) The basic non-contributory coverage from the basic
21 program of group health benefits shall be continued for each
22 employee not in pay status or on active service by reason of
23 (1) leave of absence due to illness or injury, (2) authorized
24 educational leave of absence or sabbatical leave, or (3)
25 military leave. This coverage shall continue until expiration
26 of authorized leave and return to active service, but not to

1 exceed 24 months for leaves under item (1) or (2). This
2 24-month limitation and the requirement of returning to active
3 service shall not apply to persons receiving ordinary or
4 accidental disability benefits or retirement benefits through
5 the appropriate State retirement system or benefits under the
6 Workers' Compensation or Occupational Disease Act.

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

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

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

26 (g) The State shall not pay the cost of the basic

1 non-contributory group life insurance, program of health
2 benefits and other employee benefits for members who are
3 survivors as defined by paragraphs (1) and (2) of subsection
4 (q) of Section 3 of this Act. The costs of benefits for these
5 survivors shall be paid by the survivors or by the University
6 of Illinois Cooperative Extension Service, or any combination
7 thereof. However, the State shall pay the amount of the
8 reduction in the cost of participation, if any, resulting from
9 the amendment to subsection (a) made by this amendatory Act of
10 the 91st General Assembly.

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

23 (i) Any unit of local government within the State of
24 Illinois may apply to the Director to have its employees,
25 annuitants, and their dependents provided group health
26 coverage under this Act on a non-insured basis. To participate,

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

1 from the participating school district attests that the
2 full-time employee has waived coverage by participating in a
3 component of the district's cafeteria plan. For the purposes of
4 this subsection, "participating school district" includes a
5 unit of local government whose primary purpose is education as
6 defined by the Department's rules.

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

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

21 (1) In the first year of coverage, the rates shall be
22 equal to the amount normally charged to State employees for
23 elected optional coverages or for enrolled dependents
24 coverages or other contributory coverages, or contributed
25 by the State for basic insurance coverages on behalf of its
26 employees, adjusted for differences between State

1 employees and employees of the local government in age,
2 sex, geographic location or other relevant demographic
3 variables, plus an amount sufficient to pay for the
4 additional administrative costs of providing coverage to
5 employees of the unit of local government and their
6 dependents.

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

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

21 Monthly payments by the unit of local government or its
22 employees for group health benefits plan or health maintenance
23 organization coverage shall be deposited in the Local
24 Government Health Insurance Reserve Fund.

25 The Local Government Health Insurance Reserve Fund is
26 hereby created as a nonappropriated trust fund to be held

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

19 A local government employer's participation or desire to
20 participate in a program created under this subsection shall
21 not limit that employer's duty to bargain with the
22 representative of any collective bargaining unit of its
23 employees.

24 (j) Any rehabilitation facility within the State of
25 Illinois may apply to the Director to have its employees,
26 annuitants, and their eligible dependents provided group

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

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

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

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

18 (k) Any domestic violence shelter or service within the
19 State of Illinois may apply to the Director to have its
20 employees, annuitants, and their dependents provided group
21 health coverage under this Act on a non-insured basis. To
22 participate, a domestic violence shelter or service must agree
23 to enroll all of its employees and pay the entire cost of
24 providing such coverage for its employees. The domestic
25 violence shelter shall not be required to enroll those of its
26 employees who are covered spouses or dependents under this plan

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

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

21 (1) In the first year of coverage, the rates shall be
22 equal to the amount normally charged to State employees for
23 elected optional coverages or for enrolled dependents
24 coverages or other contributory coverages on behalf of its
25 employees, adjusted for differences between State
26 employees and employees of the domestic violence shelter or

1 service in age, sex, geographic location or other relevant
2 demographic variables, plus an amount sufficient to pay for
3 the additional administrative costs of providing coverage
4 to employees of the domestic violence shelter or service
5 and their dependents.

6 (2) In subsequent years, a further adjustment shall be
7 made to reflect the actual prior years' claims experience
8 of the employees of the domestic violence shelter or
9 service.

10 Monthly payments by the domestic violence shelter or
11 service or its employees for group health insurance shall be
12 deposited in the Local Government Health Insurance Reserve
13 Fund.

14 (1) A public community college or entity organized pursuant
15 to the Public Community College Act may apply to the Director
16 initially to have only annuitants not covered prior to July 1,
17 1992 by the district's health plan provided health coverage
18 under this Act on a non-insured basis. The community college
19 must execute a 2-year contract to participate in the Local
20 Government Health Plan. Any annuitant may enroll in the event
21 of a qualifying change in status, special enrollment, special
22 circumstance as defined by the Director, or during the annual
23 Benefit Choice Period.

24 The Director shall annually determine monthly rates of
25 payment subject to the following constraints: for those
26 community colleges with annuitants only enrolled, first year

1 rates shall be equal to the average cost to cover claims for a
2 State member adjusted for demographics, Medicare
3 participation, and other factors; and in the second year, a
4 further adjustment of rates shall be made to reflect the actual
5 first year's claims experience of the covered annuitants.

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

8 (m) The Director shall adopt any rules deemed necessary for
9 implementation of this amendatory Act of 1989 (Public Act
10 86-978).

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

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

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

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

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

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

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

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

7 (20 ILCS 3501/801-40)

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

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

22 (b) The Authority shall have power to procure and enter
23 into contracts for any type of insurance and indemnity
24 agreements covering loss or damage to property from any cause,

1 including loss of use and occupancy, or covering any other
2 insurable risk.

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

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

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

1 or on whose behalf such action may be instituted. It is
2 expressly understood that the Authority may, but need not,
3 acquire title to any project with respect to which it exercises
4 its authority.

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

14 The Authority shall not have outstanding at any one time
15 State Pension Obligation Acceleration Bonds for any of the
16 purposes of this subsection in an aggregate principal amount
17 exceeding \$250,000,000, excluding bonds issued to refund
18 outstanding State Pension Obligation Acceleration Bonds.

19 (d) With respect to the powers granted by this Act, the
20 Authority may adopt rules and regulations prescribing the
21 procedures by which persons may apply for assistance under this
22 Act. Nothing herein shall be deemed to preclude the Authority,
23 prior to the filing of any formal application, from conducting
24 preliminary discussions and investigations with respect to the
25 subject matter of any prospective application.

26 (e) The Authority shall have power to acquire by purchase,

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

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

17 (g) The Authority shall have power to lease pursuant to a
18 lease agreement any project so developed and constructed or
19 acquired to the approved tenant on such terms and conditions as
20 may be appropriate to further the purposes of this Act and to
21 maintain the credit of the Authority. Any such lease may
22 provide for either the Authority or the approved tenant to
23 assume initially, in whole or in part, the costs of
24 maintenance, repair and improvements during the leasehold
25 period. In no case, however, shall the total rentals from any
26 project during any initial leasehold period or the total loan

1 repayments to be made pursuant to any loan agreement, be less
2 than an amount necessary to return over such lease or loan
3 period (1) all costs incurred in connection with the
4 development, construction, acquisition or improvement of the
5 project and for repair, maintenance and improvements thereto
6 during the period of the lease or loan; provided, however, that
7 the rentals or loan repayments need not include costs met
8 through the use of funds other than those obtained by the
9 Authority through the issuance of its bonds or governmental
10 loans; (2) a reasonable percentage additive to be agreed upon
11 by the Authority and the borrower or tenant to cover a properly
12 allocable portion of the Authority's general expenses,
13 including, but not limited to, administrative expenses,
14 salaries and general insurance, and (3) an amount sufficient to
15 pay when due all principal of, interest and premium, if any on,
16 any bonds issued by the Authority with respect to the project.
17 The portion of total rentals payable under clause (3) of this
18 subsection (g) shall be deposited in such special accounts,
19 including all sinking funds, acquisition or construction
20 funds, debt service and other funds as provided by any
21 resolution, mortgage or trust agreement of the Authority
22 pursuant to which any bond is issued.

23 (h) The Authority has the power, upon the termination of
24 any leasehold period of any project, to sell or lease for a
25 further term or terms such project on such terms and conditions
26 as the Authority shall deem reasonable and consistent with the

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

14 (i) The Authority shall have the power to make loans to
15 persons to finance a project, to enter into loan agreements
16 with respect thereto, and to accept guarantees from persons of
17 its loans or the resultant evidences of obligations of the
18 Authority.

19 (j) The Authority may fix, determine, charge and collect
20 any premiums, fees, charges, costs and expenses, including,
21 without limitation, any application fees, commitment fees,
22 program fees, financing charges or publication fees from any
23 person in connection with its activities under this Act.

24 (k) In addition to the funds established as provided
25 herein, the Authority shall have the power to create and
26 establish such reserve funds and accounts as may be necessary

1 or desirable to accomplish its purposes under this Act and to
2 deposit its available monies into the funds and accounts.

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

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

24 (n) The Authority may establish an urban development action
25 grant program for the purpose of assisting municipalities in
26 Illinois which are experiencing severe economic distress to

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

21 (o) The Authority may establish a Housing Partnership
22 Program whereby the Authority provides zero-interest loans to
23 municipalities for the purpose of assisting in the financing of
24 projects for the rehabilitation of affordable multi-family
25 housing for low and moderate income residents. The Authority
26 may provide such loans only upon a municipality's providing

1 evidence that it has obtained private funding for the
2 rehabilitation project. The Authority shall provide 3 State
3 dollars for every 7 dollars obtained by the municipality from
4 sources other than the State of Illinois. The loans shall be
5 made from monies appropriated for such purpose from the Build
6 Illinois Bond Fund. The total amount of loans available under
7 the Housing Partnership Program shall not exceed \$30,000,000.
8 State loan monies under this subsection shall be used only for
9 the acquisition and rehabilitation of existing buildings
10 containing 4 or more dwelling units. The terms of any loan made
11 by the municipality under this subsection shall require
12 repayment of the loan to the municipality upon any sale or
13 other transfer of the project.

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

26 (q) Grants may be awarded by the Authority to units of

1 local government for the purpose of developing the appropriate
2 infrastructure or defraying other costs to the local government
3 in support of laboratory or research facilities provided that
4 such grants may not exceed 40% of the cost to the unit of local
5 government.

6 (r) The Authority may establish a Direct Loan Program to
7 make loans to individuals, partnerships or corporations for the
8 purpose of an industrial project, as defined in Section 801-10
9 of this Act. For the purposes of such program and not by way of
10 limitation on any other program of the Authority, the Authority
11 shall have the power to issue bonds, notes, or other evidences
12 of indebtedness including commercial paper for purposes of
13 providing a fund of capital from which it may make such loans.
14 The Authority shall have the power to use any appropriations
15 from the State made especially for the Authority's Direct Loan
16 Program for additional capital to make such loans or for the
17 purposes of reserve funds or pledged funds which secure the
18 Authority's obligations of repayment of any bond, note or other
19 form of indebtedness established for the purpose of providing
20 capital for which it intends to make such loans under the
21 Direct Loan Program. For the purpose of obtaining such capital,
22 the Authority may also enter into agreements with financial
23 institutions and other persons for the purpose of selling loans
24 and developing a secondary market for such loans. Loans made
25 under the Direct Loan Program may be in an amount not to exceed
26 \$300,000 and shall be made for a portion of an industrial

1 project which does not exceed 50% of the total project. No loan
2 may be made by the Authority unless approved by the affirmative
3 vote of at least 8 members of the board. The Authority shall
4 establish procedures and publish rules which shall provide for
5 the submission, review, and analysis of each direct loan
6 application and which shall preserve the ability of each board
7 member to reach an individual business judgment regarding the
8 propriety of making each direct loan. The collective discretion
9 of the board to approve or disapprove each loan shall be
10 unencumbered. The Authority may establish and collect such fees
11 and charges, determine and enforce such terms and conditions,
12 and charge such interest rates as it determines to be necessary
13 and appropriate to the successful administration of the Direct
14 Loan Program. The Authority may require such interests in
15 collateral and such guarantees as it determines are necessary
16 to protect the Authority's interest in the repayment of the
17 principal and interest of each loan made under the Direct Loan
18 Program.

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

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

25 (u) The Authority shall have the power to issue bonds,
26 notes or other evidences of indebtedness, which may be used to

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

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

19 (w) Moral Obligation. In the event that the Authority
20 determines that monies of the Authority will not be sufficient
21 for the payment of the principal of and interest on its bonds
22 during the next State fiscal year, the Chairperson, as soon as
23 practicable, shall certify to the Governor the amount required
24 by the Authority to enable it to pay such principal of and
25 interest on the bonds. The Governor shall submit the amount so
26 certified to the General Assembly as soon as practicable, but

1 no later than the end of the current State fiscal year. This
2 subsection shall apply only to any bonds or notes as to which
3 the Authority shall have determined, in the resolution
4 authorizing the issuance of the bonds or notes, that this
5 subsection shall apply. Whenever the Authority makes such a
6 determination, that fact shall be plainly stated on the face of
7 the bonds or notes and that fact shall also be reported to the
8 Governor. In the event of a withdrawal of moneys from a reserve
9 fund established with respect to any issue or issues of bonds
10 of the Authority to pay principal or interest on those bonds,
11 the Chairperson of the Authority, as soon as practicable, shall
12 certify to the Governor the amount required to restore the
13 reserve fund to the level required in the resolution or
14 indenture securing those bonds. The Governor shall submit the
15 amount so certified to the General Assembly as soon as
16 practicable, but no later than the end of the current State
17 fiscal year. The Authority shall obtain written approval from
18 the Governor for any bonds and notes to be issued under this
19 Section. In addition to any other bonds authorized to be issued
20 under Sections 825-60, 825-65(e), 830-25 and 845-5, the
21 principal amount of Authority bonds outstanding issued under
22 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
23 360/2-6(c), which have been assumed by the Authority, shall not
24 exceed \$150,000,000. This subsection (w) shall in no way be
25 applied to any bonds issued by the Authority on behalf of the
26 Illinois Power Agency under Section 825-90 of this Act.

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

17 (y) The Authority shall publish summaries of projects and
18 actions approved by the members of the Authority on its
19 website. These summaries shall include, but not be limited to,
20 information regarding the:

- 21 (1) project;
- 22 (2) Board's action or actions;
- 23 (3) purpose of the project;
- 24 (4) Authority's program and contribution;
- 25 (5) volume cap;
- 26 (6) jobs retained;

- 1 (7) projected new jobs;
- 2 (8) construction jobs created;
- 3 (9) estimated sources and uses of funds;
- 4 (10) financing summary;
- 5 (11) project summary;
- 6 (12) business summary;
- 7 (13) ownership or economic disclosure statement;
- 8 (14) professional and financial information;
- 9 (15) service area; and
- 10 (16) legislative district.

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

13 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;
14 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of
15 P.A. 96-793 for the effective date of changes made by P.A.
16 96-795).)

17 Section 13. The State Finance Act is amended by adding
18 Section 5.886 as follows:

19 (30 ILCS 105/5.886 new)

20 Sec. 5.886. The State Pension Obligation Acceleration Bond
21 Fund.

22 Section 15. The General Obligation Bond Act is amended by
23 changing Sections 2, 2.5, 9, 11, 12, and 13 and by adding

1 Section 7.7 as follows:

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

3 Sec. 2. Authorization for Bonds. The State of Illinois is
4 authorized to issue, sell and provide for the retirement of
5 General Obligation Bonds of the State of Illinois for the
6 categories and specific purposes expressed in Sections 2
7 through 8 of this Act, in the total amount of \$56,167,925,743
8 ~~\$55,917,925,743~~.

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

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

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

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

24 Of the total amount of Bonds authorized in this Act, the
25 additional \$6,000,000,000 authorized by this amendatory Act of

1 the 100th General Assembly shall be used solely as provided in
2 Section 7.6 and shall be issued by December 31, 2017.

3 Of the total amount of Bonds authorized in this Act, the
4 additional \$250,000,000 authorized by this amendatory Act of
5 the 100th General Assembly shall be used solely as provided in
6 Section 7.7.

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

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

16 (30 ILCS 330/2.5)

17 Sec. 2.5. Limitation on issuance of Bonds.

18 (a) Except as provided in subsection (b), no Bonds may be
19 issued if, after the issuance, in the next State fiscal year
20 after the issuance of the Bonds, the amount of debt service
21 (including principal, whether payable at maturity or pursuant
22 to mandatory sinking fund installments, and interest) on all
23 then-outstanding Bonds, other than (i) Bonds authorized by this
24 amendatory Act of the 100th General Assembly, (ii) Bonds
25 authorized by Public Act 100-23 ~~this amendatory Act of the~~

1 ~~100th General Assembly, (iii) (ii)~~ Bonds issued by Public Act
2 96-43, and (iv) ~~(iii)~~ Bonds authorized by Public Act 96-1497,
3 would exceed 7% of the aggregate appropriations from the
4 general funds (which consist of the General Revenue Fund, the
5 Common School Fund, the General Revenue Common School Special
6 Account Fund, and the Education Assistance Fund) and the Road
7 Fund for the fiscal year immediately prior to the fiscal year
8 of the issuance.

9 (b) If the Comptroller and Treasurer each consent in
10 writing, Bonds may be issued even if the issuance does not
11 comply with subsection (a). In addition, \$2,000,000,000 in
12 Bonds for the purposes set forth in Sections 3, 4, 5, 6, and 7,
13 and \$2,000,000,000 in Refunding Bonds under Section 16, may be
14 issued during State fiscal year 2017 without complying with
15 subsection (a). In addition, \$2,000,000,000 in Bonds for the
16 purposes set forth in Sections 3, 4, 5, 6, and 7, and
17 \$2,000,000,000 in Refunding Bonds under Section 16, may be
18 issued during State fiscal year 2018 without complying with
19 subsection (a).

20 (Source: P.A. 99-523, eff. 6-30-16; 100-23, Article 25, Section
21 25-5, eff. 7-6-17; 100-23, Article 75, Section 75-10, eff.
22 7-6-17; revised 8-8-17.)

23 (30 ILCS 330/7.7 new)

24 Sec. 7.7. State Pension Obligation Acceleration Bonds.

25 (a) As used in this Act, "State Pension Obligation

1 Acceleration Bonds" means Bonds authorized by this amendatory
2 Act of the 100th General Assembly and used for the purposes set
3 forth in subsection (c-5) of Section 801-40 of the Illinois
4 Finance Authority Act.

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

9 (c) The proceeds of State Pension Obligation Acceleration
10 Bonds authorized in subsection (b) of this Section, less the
11 amounts authorized in the Bond Sale Order to be directly paid
12 out for bond sale expenses under Section 8, shall be deposited
13 directly into the State Pension Obligation Acceleration Bond
14 Fund, and the Comptroller and the Treasurer shall, as soon as
15 practical, make payments as contemplated by subsection (c-5) of
16 Section 801-40 of the Illinois Finance Authority Act.

17 (d) There is created the State Pension Obligation
18 Acceleration Bond Fund as a special fund in the State Treasury.
19 Funds deposited in the State Pension Obligation Acceleration
20 Bond Fund may only be used for the purposes set forth in
21 subsection (c-5) of Section 801-40 of the Illinois Finance
22 Authority Act or for the payment of principal and interest due
23 on State Pension Obligation Acceleration Bonds.

24 (30 ILCS 330/9) (from Ch. 127, par. 659)

25 Sec. 9. Conditions for issuance and sale of Bonds;

1 requirements ~~Issuance and Sale of Bonds~~ ~~Requirements~~ for
2 Bonds.

3 (a) Except as otherwise provided in this subsection, ~~and~~
4 subsection (h), and subsection (i), Bonds shall be issued and
5 sold from time to time, in one or more series, in such amounts
6 and 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. Bonds shall be in such form (either
9 coupon, registered or book entry), in such denominations,
10 payable within 25 years from their date, subject to such terms
11 of redemption with or without premium, bear interest payable at
12 such times and at such fixed or variable rate or rates, and be
13 dated as shall be fixed and determined by the Director of the
14 Governor's Office of Management and Budget in the order
15 authorizing the issuance and sale of any series of Bonds, which
16 order shall be approved by the Governor and is herein called a
17 "Bond Sale Order"; provided however, that interest payable at
18 fixed or variable rates shall not exceed that permitted in the
19 Bond Authorization Act, as now or hereafter amended. Bonds
20 shall be payable at such place or places, within or without the
21 State of Illinois, and may be made registrable as to either
22 principal or as to both principal and interest, as shall be
23 specified in the Bond Sale Order. Bonds may be callable or
24 subject to purchase and retirement or tender and remarketing as
25 fixed and determined in the Bond Sale Order. Bonds, other than
26 Bonds issued under Section 3 of this Act for the costs

1 associated with the purchase and implementation of information
2 technology, (i) except for refunding Bonds satisfying the
3 requirements of Section 16 of this Act and sold during fiscal
4 year 2009, 2010, 2011, 2017, or 2018 must be issued with
5 principal or mandatory redemption amounts in equal amounts,
6 with the first maturity issued occurring within the fiscal year
7 in which the Bonds are issued or within the next succeeding
8 fiscal year and (ii) must mature or be subject to mandatory
9 redemption each fiscal year thereafter up to 25 years, except
10 for refunding Bonds satisfying the requirements of Section 16
11 of this Act and sold during fiscal year 2009, 2010, or 2011
12 which must mature or be subject to mandatory redemption each
13 fiscal year thereafter up to 16 years. Bonds issued under
14 Section 3 of this Act for the costs associated with the
15 purchase and implementation of information technology must be
16 issued with principal or mandatory redemption amounts in equal
17 amounts, with the first maturity issued occurring with the
18 fiscal year in which the respective bonds are issued or with
19 the next succeeding fiscal year, with the respective bonds
20 issued maturing or subject to mandatory redemption each fiscal
21 year thereafter up to 10 years. Notwithstanding any provision
22 of this Act to the contrary, the Bonds authorized by Public Act
23 96-43 shall be payable within 5 years from their date and must
24 be issued with principal or mandatory redemption amounts in
25 equal amounts, with payment of principal or mandatory
26 redemption beginning in the first fiscal year following the

1 fiscal year in which the Bonds are issued.

2 Notwithstanding any provision of this Act to the contrary,
3 the Bonds authorized by Public Act 96-1497 shall be payable
4 within 8 years from their date and shall be issued with payment
5 of maturing principal or scheduled mandatory redemptions in
6 accordance with the following schedule, except the following
7 amounts shall be prorated if less than the total additional
8 amount of Bonds authorized by Public Act 96-1497 are issued:

9	Fiscal Year After Issuance	Amount
10	1-2	\$0
11	3	\$110,712,120
12	4	\$332,136,360
13	5	\$664,272,720
14	6-8	\$996,409,080

15 Notwithstanding any provision of this Act to the contrary,
16 Income Tax Proceed Bonds issued under Section 7.6 shall be
17 payable 12 years from the date of sale and shall be issued with
18 payment of principal or mandatory redemption.

19 In the case of any series of Bonds bearing interest at a
20 variable interest rate ("Variable Rate Bonds"), in lieu of
21 determining the rate or rates at which such series of Variable
22 Rate Bonds shall bear interest and the price or prices at which
23 such Variable Rate Bonds shall be initially sold or remarketed
24 (in the event of purchase and subsequent resale), the Bond Sale
25 Order may provide that such interest rates and prices may vary
26 from time to time depending on criteria established in such

1 Bond Sale Order, which criteria may include, without
2 limitation, references to indices or variations in interest
3 rates as may, in the judgment of a remarketing agent, be
4 necessary to cause Variable Rate Bonds of such series to be
5 remarketable from time to time at a price equal to their
6 principal amount, and may provide for appointment of a bank,
7 trust company, investment bank, or other financial institution
8 to serve as remarketing agent in that connection. The Bond Sale
9 Order may provide that alternative interest rates or provisions
10 for establishing alternative interest rates, different
11 security or claim priorities, or different call or amortization
12 provisions will apply during such times as Variable Rate Bonds
13 of any series are held by a person providing credit or
14 liquidity enhancement arrangements for such Bonds as
15 authorized in subsection (b) of this Section. The Bond Sale
16 Order may also provide for such variable interest rates to be
17 established pursuant to a process generally known as an auction
18 rate process and may provide for appointment of one or more
19 financial institutions to serve as auction agents and
20 broker-dealers in connection with the establishment of such
21 interest rates and the sale and remarketing of such Bonds.

22 (b) In connection with the issuance of any series of Bonds,
23 the State may enter into arrangements to provide additional
24 security and liquidity for such Bonds, including, without
25 limitation, bond or interest rate insurance or letters of
26 credit, lines of credit, bond purchase contracts, or other

1 arrangements whereby funds are made available to retire or
2 purchase Bonds, thereby assuring the ability of owners of the
3 Bonds to sell or redeem their Bonds. The State may enter into
4 contracts and may agree to pay fees to persons providing such
5 arrangements, but only under circumstances where the Director
6 of the Governor's Office of Management and Budget certifies
7 that he or she reasonably expects the total interest paid or to
8 be paid on the Bonds, together with the fees for the
9 arrangements (being treated as if interest), would not, taken
10 together, cause the Bonds to bear interest, calculated to their
11 stated maturity, at a rate in excess of the rate that the Bonds
12 would bear in the absence of such arrangements.

13 The State may, with respect to Bonds issued or anticipated
14 to be issued, participate in and enter into arrangements with
15 respect to interest rate protection or exchange agreements,
16 guarantees, or financial futures contracts for the purpose of
17 limiting, reducing, or managing interest rate exposure. The
18 authority granted under this paragraph, however, shall not
19 increase the principal amount of Bonds authorized to be issued
20 by law. The arrangements may be executed and delivered by the
21 Director of the Governor's Office of Management and Budget on
22 behalf of the State. Net payments for such arrangements shall
23 constitute interest on the Bonds and shall be paid from the
24 General Obligation Bond Retirement and Interest Fund. The
25 Director of the Governor's Office of Management and Budget
26 shall at least annually certify to the Governor and the State

1 Comptroller his or her estimate of the amounts of such net
2 payments to be included in the calculation of interest required
3 to be paid by the State.

4 (c) Prior to the issuance of any Variable Rate Bonds
5 pursuant to subsection (a), the Director of the Governor's
6 Office of Management and Budget shall adopt an interest rate
7 risk management policy providing that the amount of the State's
8 variable rate exposure with respect to Bonds shall not exceed
9 20%. This policy shall remain in effect while any Bonds are
10 outstanding and the issuance of Bonds shall be subject to the
11 terms of such policy. The terms of this policy may be amended
12 from time to time by the Director of the Governor's Office of
13 Management and Budget but in no event shall any amendment cause
14 the permitted level of the State's variable rate exposure with
15 respect to Bonds to exceed 20%.

16 (d) "Build America Bonds" in this Section means Bonds
17 authorized by Section 54AA of the Internal Revenue Code of
18 1986, as amended ("Internal Revenue Code"), and bonds issued
19 from time to time to refund or continue to refund "Build
20 America Bonds".

21 (e) Notwithstanding any other provision of this Section,
22 Qualified School Construction Bonds shall be issued and sold
23 from time to time, in one or more series, in such amounts and
24 at such prices as may be directed by the Governor, upon
25 recommendation by the Director of the Governor's Office of
26 Management and Budget. Qualified School Construction Bonds

1 shall be in such form (either coupon, registered or book
2 entry), in such denominations, payable within 25 years from
3 their date, subject to such terms of redemption with or without
4 premium, and if the Qualified School Construction Bonds are
5 issued with a supplemental coupon, bear interest payable at
6 such times and at such fixed or variable rate or rates, and be
7 dated as shall be fixed and determined by the Director of the
8 Governor's Office of Management and Budget in the order
9 authorizing the issuance and sale of any series of Qualified
10 School Construction Bonds, which order shall be approved by the
11 Governor and is herein called a "Bond Sale Order"; except that
12 interest payable at fixed or variable rates, if any, shall not
13 exceed that permitted in the Bond Authorization Act, as now or
14 hereafter amended. Qualified School Construction Bonds shall
15 be payable at such place or places, within or without the State
16 of Illinois, and may be made registrable as to either principal
17 or as to both principal and interest, as shall be specified in
18 the Bond Sale Order. Qualified School Construction Bonds may be
19 callable or subject to purchase and retirement or tender and
20 remarketing as fixed and determined in the Bond Sale Order.
21 Qualified School Construction Bonds must be issued with
22 principal or mandatory redemption amounts or sinking fund
23 payments into the General Obligation Bond Retirement and
24 Interest Fund (or subaccount therefor) in equal amounts, with
25 the first maturity issued, mandatory redemption payment or
26 sinking fund payment occurring within the fiscal year in which

1 the Qualified School Construction Bonds are issued or within
2 the next succeeding fiscal year, with Qualified School
3 Construction Bonds issued maturing or subject to mandatory
4 redemption or with sinking fund payments thereof deposited each
5 fiscal year thereafter up to 25 years. Sinking fund payments
6 set forth in this subsection shall be permitted only to the
7 extent authorized in Section 54F of the Internal Revenue Code
8 or as otherwise determined by the Director of the Governor's
9 Office of Management and Budget. "Qualified School
10 Construction Bonds" in this subsection means Bonds authorized
11 by Section 54F of the Internal Revenue Code and for bonds
12 issued from time to time to refund or continue to refund such
13 "Qualified School Construction Bonds".

14 (f) Beginning with the next issuance by the Governor's
15 Office of Management and Budget to the Procurement Policy Board
16 of a request for quotation for the purpose of formulating a new
17 pool of qualified underwriting banks list, all entities
18 responding to such a request for quotation for inclusion on
19 that list shall provide a written report to the Governor's
20 Office of Management and Budget and the Illinois Comptroller.
21 The written report submitted to the Comptroller shall (i) be
22 published on the Comptroller's Internet website and (ii) be
23 used by the Governor's Office of Management and Budget for the
24 purposes of scoring such a request for quotation. The written
25 report, at a minimum, shall:

26 (1) disclose whether, within the past 3 months,

1 pursuant to its credit default swap market-making
2 activities, the firm has entered into any State of Illinois
3 credit default swaps ("CDS");

4 (2) include, in the event of State of Illinois CDS
5 activity, disclosure of the firm's cumulative notional
6 volume of State of Illinois CDS trades and the firm's
7 outstanding gross and net notional amount of State of
8 Illinois CDS, as of the end of the current 3-month period;

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

13 (4) include, in the event of State of Illinois
14 proprietary trades, disclosure of the firm's outstanding
15 gross and net notional amount of proprietary State of
16 Illinois CDS and whether the net position is short or long
17 credit protection, as of the end of the current 3-month
18 period;

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

24 (6) indicate whether, within the previous 3 months, the
25 firm released any publicly available research or marketing
26 reports that reference State of Illinois CDS and include

1 those research or marketing reports as attachments.

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

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

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

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

25 (4) include, in the event of State of Illinois
26 proprietary trades, disclosure of the firm's outstanding

1 gross and net notional amount of proprietary State of
2 Illinois CDS and whether the net position is short or long
3 credit protection, as of the end of the current 3-month
4 period;

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

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

14 (h) Notwithstanding any other provision of this Section,
15 for purposes of maximizing market efficiencies and cost
16 savings, Income Tax Proceed Bonds may be issued and sold from
17 time to time, in one or more series, in such amounts and at
18 such prices as may be directed by the Governor, upon
19 recommendation by the Director of the Governor's Office of
20 Management and Budget. Income Tax Proceed Bonds shall be in
21 such form, either coupon, registered, or book entry, in such
22 denominations, shall bear interest payable at such times and at
23 such fixed or variable rate or rates, and be dated as shall be
24 fixed and determined by the Director of the Governor's Office
25 of Management and Budget in the order authorizing the issuance
26 and sale of any series of Income Tax Proceed Bonds, which order

1 shall be approved by the Governor and is herein called a "Bond
2 Sale Order"; provided, however, that interest payable at fixed
3 or variable rates shall not exceed that permitted in the Bond
4 Authorization Act. Income Tax Proceed Bonds shall be payable at
5 such place or places, within or without the State of Illinois,
6 and may be made registrable as to either principal or as to
7 both principal and interest, as shall be specified in the Bond
8 Sale Order. Income Tax Proceed Bonds may be callable or subject
9 to purchase and retirement or tender and remarketing as fixed
10 and determined in the Bond Sale Order.

11 (i) Notwithstanding any other provision of this Section,
12 for purposes of maximizing market efficiencies and cost
13 savings, State Pension Obligation Acceleration Bonds may be
14 issued and sold from time to time, in one or more series, in
15 such amounts and at such prices as may be directed by the
16 Governor, upon recommendation by the Director of the Governor's
17 Office of Management and Budget. State Pension Obligation
18 Acceleration Bonds shall be in such form, either coupon,
19 registered, or book entry, in such denominations, shall bear
20 interest payable at such times and at such fixed or variable
21 rate or rates, and be dated as shall be fixed and determined by
22 the Director of the Governor's Office of Management and Budget
23 in the order authorizing the issuance and sale of any series of
24 State Pension Obligation Acceleration Bonds, which order shall
25 be approved by the Governor and is herein called a "Bond Sale
26 Order"; provided, however, that interest payable at fixed or

1 variable rates shall not exceed that permitted in the Bond
2 Authorization Act. State Pension Obligation Acceleration Bonds
3 shall be payable at such place or places, within or without the
4 State of Illinois, and may be made registrable as to either
5 principal or as to both principal and interest, as shall be
6 specified in the Bond Sale Order. State Pension Obligation
7 Acceleration Bonds may be callable or subject to purchase and
8 retirement or tender and remarketing as fixed and determined in
9 the Bond Sale Order.

10 (Source: P.A. 99-523, eff. 6-30-16; 100-23, Article 25, Section
11 25-5, eff. 7-6-17; 100-23, Article 75, Section 75-10, eff.
12 7-6-17; revised 8-8-17.)

13 (30 ILCS 330/11) (from Ch. 127, par. 661)

14 Sec. 11. Sale of Bonds. Except as otherwise provided in
15 this Section, Bonds shall be sold from time to time pursuant to
16 notice of sale and public bid or by negotiated sale in such
17 amounts and at such times as is directed by the Governor, upon
18 recommendation by the Director of the Governor's Office of
19 Management and Budget. At least 25%, based on total principal
20 amount, of all Bonds issued each fiscal year shall be sold
21 pursuant to notice of sale and public bid. At all times during
22 each fiscal year, no more than 75%, based on total principal
23 amount, of the Bonds issued each fiscal year, shall have been
24 sold by negotiated sale. Failure to satisfy the requirements in
25 the preceding 2 sentences shall not affect the validity of any

1 previously issued Bonds; provided that all Bonds authorized by
2 Public Act 96-43 and Public Act 96-1497 shall not be included
3 in determining compliance for any fiscal year with the
4 requirements of the preceding 2 sentences; and further provided
5 that refunding Bonds satisfying the requirements of Section 16
6 of this Act and sold during fiscal year 2009, 2010, 2011, 2017,
7 or 2018 shall not be subject to the requirements in the
8 preceding 2 sentences.

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

14 If Bonds are to be sold pursuant to notice of sale and
15 public bid, the Director of the Governor's Office of Management
16 and Budget may, from time to time, as Bonds are to be sold,
17 advertise the sale of the Bonds in at least 2 daily newspapers,
18 one of which is published in the City of Springfield and one in
19 the City of Chicago. The sale of the Bonds shall also be
20 advertised in the volume of the Illinois Procurement Bulletin
21 that is published by the Department of Central Management
22 Services, and shall be published once at least 10 days prior to
23 the date fixed for the opening of the bids. The Director of the
24 Governor's Office of Management and Budget may reschedule the
25 date of sale upon the giving of such additional notice as the
26 Director deems adequate to inform prospective bidders of such

1 change; provided, however, that all other conditions of the
2 sale shall continue as originally advertised.

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

6 All Income Tax Proceed Bonds shall comply with this
7 Section. Notwithstanding anything to the contrary, however,
8 for purposes of complying with this Section, Income Tax Proceed
9 Bonds, regardless of the number of series or issuances sold
10 thereunder, shall be considered a single issue or series.
11 Furthermore, for purposes of complying with the competitive
12 bidding requirements of this Section, the words "at all times"
13 shall not apply to any such sale of the Income Tax Proceed
14 Bonds. The Director of the Governor's Office of Management and
15 Budget shall determine the time and manner of any competitive
16 sale of the Income Tax Proceed Bonds; however, that sale shall
17 under no circumstances take place later than 60 days after the
18 State closes the sale of 75% of the Income Tax Proceed Bonds by
19 negotiated sale.

20 All State Pension Obligation Acceleration Bonds shall
21 comply with this Section. Notwithstanding anything to the
22 contrary, however, for purposes of complying with this Section,
23 State Pension Obligation Acceleration Bonds, regardless of the
24 number of series or issuances sold thereunder, shall be
25 considered a single issue or series. Furthermore, for purposes
26 of complying with the competitive bidding requirements of this

1 Section, the words "at all times" shall not apply to any such
2 sale of the State Pension Obligation Acceleration Bonds. The
3 Director of the Governor's Office of Management and Budget
4 shall determine the time and manner of any competitive sale of
5 the State Pension Obligation Acceleration Bonds; however, that
6 sale shall under no circumstances take place later than 60 days
7 after the State closes the sale of 75% of the State Pension
8 Obligation Acceleration Bonds by negotiated sale.

9 (Source: P.A. 99-523, eff. 6-30-16; 100-23, Article 25, Section
10 25-5, eff. 7-6-17; 100-23, Article 75, Section 75-10, eff.
11 7-6-17; revised 8-15-17.)

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

13 Sec. 12. Allocation of proceeds from sale of Bonds.

14 (a) Proceeds from the sale of Bonds, authorized by Section
15 3 of this Act, shall be deposited in the separate fund known as
16 the Capital Development Fund.

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

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

25 (c-1) Proceeds from the sale of Bonds, authorized by

1 paragraph (d) of Section 4 of this Act, shall be deposited into
2 the Transportation Bond Series D Fund, which is hereby created.

3 (d) Proceeds from the sale of Bonds, authorized by Section
4 5 of this Act, shall be deposited in the separate fund known as
5 the School Construction Fund.

6 (e) Proceeds from the sale of Bonds, authorized by Section
7 6 of this Act, shall be deposited in the separate fund known as
8 the Anti-Pollution Fund.

9 (f) Proceeds from the sale of Bonds, authorized by Section
10 7 of this Act, shall be deposited in the separate fund known as
11 the Coal Development Fund.

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

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

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

21 (f-10) Proceeds from the sale of Bonds authorized by
22 Section 7.7 of this Act shall be deposited as set forth in
23 Section 7.7.

24 (g) Proceeds from the sale of Bonds, authorized by Section
25 8 of this Act, shall be deposited in the Capital Development
26 Fund.

1 (h) Subsequent to the issuance of any Bonds for the
2 purposes described in Sections 2 through 8 of this Act, the
3 Governor and the Director of the Governor's Office of
4 Management and Budget may provide for the reallocation of
5 unspent proceeds of such Bonds to any other purposes authorized
6 under said Sections of this Act, subject to the limitations on
7 aggregate principal amounts contained therein. Upon any such
8 reallocation, such unspent proceeds shall be transferred to the
9 appropriate funds as determined by reference to paragraphs (a)
10 through (g) of this Section.

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

12 (30 ILCS 330/13) (from Ch. 127, par. 663)

13 Sec. 13. Appropriation of proceeds from sale of Bonds.

14 (a) At all times, the proceeds from the sale of Bonds
15 issued pursuant to this Act are subject to appropriation by the
16 General Assembly and, except as provided in Sections 7.2, ~~and~~
17 7.6, and 7.7, may be obligated or expended only with the
18 written approval of the Governor, in such amounts, at such
19 times, and for such purposes as the respective State agencies,
20 as defined in Section 1-7 of the Illinois State Auditing Act,
21 as amended, deem necessary or desirable for the specific
22 purposes contemplated in Sections 2 through 8 of this Act.
23 Notwithstanding any other provision of this Act, proceeds from
24 the sale of Bonds issued pursuant to this Act appropriated by
25 the General Assembly to the Architect of the Capitol may be

1 obligated or expended by the Architect of the Capitol without
2 the written approval of the Governor.

3 (b) Proceeds from the sale of Bonds for the purpose of
4 development of coal and alternative forms of energy shall be
5 expended in such amounts and at such times as the Department of
6 Commerce and Economic Opportunity, with the advice and
7 recommendation of the Illinois Coal Development Board for coal
8 development projects, may deem necessary and desirable for the
9 specific purpose contemplated by Section 7 of this Act. In
10 considering the approval of projects to be funded, the
11 Department of Commerce and Economic Opportunity shall give
12 special consideration to projects designed to remove sulfur and
13 other pollutants in the preparation and utilization of coal,
14 and in the use and operation of electric utility generating
15 plants and industrial facilities which utilize Illinois coal as
16 their primary source of fuel.

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

23 (c-1) Any money received by the Department of
24 Transportation as reimbursement for expenditures for high
25 speed rail purposes pursuant to appropriations from the
26 Transportation Bond, Series B Fund for (i) CREATE (Chicago

1 Region Environmental and Transportation Efficiency), (ii) High
2 Speed Rail, or (iii) AMTRAK projects authorized by the federal
3 government under the provisions of the American Recovery and
4 Reinvestment Act of 2009 or the Safe Accountable Flexible
5 Efficient Transportation Equity Act-A Legacy for Users
6 (SAFETEA-LU), or any successor federal transportation
7 authorization Act, shall be deposited into the Federal High
8 Speed Rail Trust Fund.

9 (c-2) Any money received by the Department of
10 Transportation as reimbursement for expenditures for transit
11 capital purposes pursuant to appropriations from the
12 Transportation Bond, Series B Fund for projects authorized by
13 the federal government under the provisions of the American
14 Recovery and Reinvestment Act of 2009 or the Safe Accountable
15 Flexible Efficient Transportation Equity Act-A Legacy for
16 Users (SAFETEA-LU), or any successor federal transportation
17 authorization Act, shall be deposited into the Federal Mass
18 Transit Trust Fund.

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

20 Section 20. The Illinois Pension Code is amended by
21 changing Sections 1-160, 2-101, 2-105, 2-107, 2-117, 2-162,
22 7-114, 7-116, 7-139, 14-103.05, 14-103.10, 14-104.3, 14-106,
23 14-152.1, 15-108.1, 15-108.2, 15-112, 15-113.4, 15-134,
24 15-155, 15-198, 16-123, 16-127, 16-152.1, 16-158, 16-203,
25 18-120, 18-124, 18-125, 18-125.1, 18-127, 18-128.01, 18-133,

1 18-169, 20-121, 20-123, 20-124, and 20-125 and by adding
2 Sections 2-105.3, 2-154.5, 2-165.5, 14-103.41, 14-103.42,
3 14-103.43, 14-147.5, 14-155.5, 15-108.3, 15-185.5, 15-200.5,
4 16-106.40, 16-106.41, 16-106.42, 16-190.5, 16-205.5, 18-110.1,
5 18-110.2, 18-110.3, 18-121.5, and 18-161.5 as follows:

6 (40 ILCS 5/1-160)

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

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

1 retroactive to January 1, 2011 (the effective date of Public
2 Act 96-889), notwithstanding the provisions of Section 1-103.1
3 of this Code.

4 The provisions of this Section do not apply to service
5 under a Tier 3 plan established under Article 14 or 16 of this
6 Code.

7 ~~This Section does not apply to a person who first becomes a~~
8 ~~noncovered employee under Article 14 on or after the~~
9 ~~implementation date of the plan created under Section 1-161 for~~
10 ~~that Article, unless that person elects under subsection (b) of~~
11 ~~Section 1-161 to instead receive the benefits provided under~~
12 ~~this Section and the applicable provisions of that Article.~~

13 ~~This Section does not apply to a person who first becomes a~~
14 ~~member or participant under Article 16 on or after the~~
15 ~~implementation date of the plan created under Section 1-161 for~~
16 ~~that Article, unless that person elects under subsection (b) of~~
17 ~~Section 1-161 to instead receive the benefits provided under~~
18 ~~this Section and the applicable provisions of that Article.~~

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

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

1 Section and the applicable provisions of the Article under
2 which he or she is a member or participant.

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

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

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

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

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

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

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

26 (b-5) Beginning on January 1, 2011, for all purposes under

1 this Code (including without limitation the calculation of
2 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 exceed
5 \$106,800; however, that amount shall annually thereafter be
6 increased by the lesser of (i) 3% of that amount, including all
7 previous adjustments, or (ii) one-half the annual unadjusted
8 percentage increase (but not less than zero) in the consumer
9 price index-u for the 12 months ending with the September
10 preceding each November 1, including all previous adjustments.

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

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

26 A member or participant who has attained age 62 (beginning

1 January 1, 2015, age 60 with respect to service under Article
2 12 of this Code that is subject to this Section) and has at
3 least 10 years of service credit and is otherwise eligible
4 under the requirements of the applicable Article may elect to
5 receive the lower retirement annuity provided in subsection (d)
6 of this Section.

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

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

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

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

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

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

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

26 The election provided for in this subsection shall be made

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

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

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

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

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

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

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

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

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

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

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

5 (i) (Blank).

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

9 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
10 100-563, eff. 12-8-17.)

11 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

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

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

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

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

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

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

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

24 (40 ILCS 5/2-105.3 new)

1 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
2 3 participant.

3 "Tier 1 participant": A participant who first became a
4 participant before January 1, 2011.

5 In the case of a Tier 1 participant who elects to
6 participate in the Tier 3 plan under Section 2-165.5 of this
7 Code, that participant shall be deemed a Tier 1 participant
8 only with respect to service performed or established before
9 the effective date of that election.

10 "Tier 2 participant": A participant who first became a
11 participant on or after January 1, 2011 but before the
12 effective date of this amendatory Act of the 100th General
13 Assembly.

14 In the case of a Tier 2 participant who elects to
15 participate in the Tier 3 plan under Section 2-165.5 of this
16 Code, that Tier 2 member shall be deemed a Tier 2 member only
17 with respect to service performed or established before the
18 effective date of that election.

19 "Tier 3 participant": A participant who elects to
20 participate in the Tier 3 plan under Section 2-165.5 of this
21 Code, but only with respect to service performed on or after
22 the effective date of that election.

23 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

24 Sec. 2-107. Participant. "Participant": Any member who
25 elects to participate; and any former member who elects to

1 continue participation under Section 2-117.1, for the duration
2 of such continued participation. However, notwithstanding any
3 other provision of this Article, a person shall not be deemed a
4 participant for the purposes of this Article unless he or she
5 became a participant of the System before the effective date of
6 this amendatory Act of the 100th General Assembly.

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

8 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

9 Sec. 2-117. Participants - Election not to participate.

10 (a) Except as provided in subsection (c), every ~~Every~~
11 person who was a member on November 1, 1947, or in military
12 service on such date, is subject to the provisions of this
13 system beginning upon such date, unless prior to such date he
14 or she filed with the board a written notice of election not to
15 participate.

16 Every person who becomes a member after November 1, 1947,
17 and who is then not a participant becomes a participant
18 beginning upon the date of becoming a member unless, within 24
19 months from that date, he or she has filed with the board a
20 written notice of election not to participate.

21 (b) A member who has filed notice of an election not to
22 participate (and a former member who has not yet begun to
23 receive a retirement annuity under this Article) may become a
24 participant with respect to the period for which the member
25 elected not to participate upon filing with the board, before

1 April 1, 1993, a written rescission of the election not to
2 participate. Upon contributing an amount equal to the
3 contributions he or she would have made as a participant from
4 November 1, 1947, or the date of becoming a member, whichever
5 is later, to the date of becoming a participant, with interest
6 at the rate of 4% per annum until the contributions are paid,
7 the participant shall receive credit for service as a member
8 prior to the date of the rescission, both before and after
9 November 1, 1947. The required contributions shall be made
10 before commencement of the retirement annuity; otherwise no
11 credit for service prior to the date of participation shall be
12 granted.

13 (c) Notwithstanding any other provision of this Article, an
14 active participant may terminate his or her participation in
15 this System (including active participation in the Tier 3 plan,
16 if applicable) by notifying the System in writing. An active
17 participant terminating participation in this System under
18 this subsection shall be entitled to a refund of his or her
19 contributions (other than contributions to the Tier 3 plan
20 under Section 2-165.5) minus the benefits received prior to the
21 termination of participation.

22 (Source: P.A. 86-273; 87-1265.)

23 (40 ILCS 5/2-154.5 new)

24 Sec. 2-154.5. 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, 2019, 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, 2019 and until July 1, 2019, 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, 2020, 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 5/2-162)

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

5 Sec. 2-162. 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 the effective date of this
12 amendatory Act of the 94th General Assembly. "New benefit
13 increase", however, does not include any benefit increase
14 resulting from the changes made to this Article by this
15 amendatory Act of the 100th General Assembly.

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

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

25 Every new benefit increase is contingent upon the General

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

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

22 (e) Except as otherwise provided in the language creating
23 the new benefit increase, a new benefit increase that expires
24 under this Section continues to apply to persons who applied
25 and qualified for the affected benefit while the new benefit
26 increase was in effect and to the affected beneficiaries and

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

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

7 (40 ILCS 5/2-165.5 new)

8 Sec. 2-165.5. Tier 3 plan.

9 (a) By July 1, 2019, the System shall prepare and implement
10 a Tier 3 plan. The Tier 3 plan developed under this Section
11 shall be a plan that aggregates State and employee
12 contributions in individual participant accounts which, after
13 meeting any other requirements, are used for payouts after
14 retirement in accordance with this Section and any other
15 applicable laws. In developing, preparing, and implementing
16 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
17 the System shall utilize the framework of the self-managed plan
18 offered under Article 15 and shall endeavor to adapt the
19 benefits and structure of the self-managed plan. The System
20 shall consult with the State Universities Retirement System in
21 developing the Tier 3 plan.

22 As used in this Section, "defined benefit plan" means the
23 retirement plan available under this Article to Tier 1 or Tier
24 2 participants who have not made the election authorized under
25 this Section.

1 (1) A participant in the Tier 3 plan shall pay employee
2 contributions at a rate of 8% of salary.

3 (2) State contributions shall be paid into the accounts
4 of all participants in the Tier 3 plan at a rate of 7.6% of
5 salary.

6 (3) The Tier 3 plan shall require one year of
7 participation in the Tier 3 plan before vesting in State
8 contributions. If the participant fails to vest in them,
9 the State contributions, and the earnings thereon, shall be
10 forfeited.

11 (4) The Tier 3 plan shall provide a variety of options
12 for investments. These options shall include investments
13 handled by the Illinois State Board of Investment as well
14 as private sector investment options.

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

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

23 (7) The System shall reduce the employee contributions
24 credited to the participant's Tier 3 plan account by an
25 amount determined by the System to cover the cost of
26 offering these benefits and any applicable administrative

1 fees.

2 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
3 participant of this System may elect, in writing, to cease
4 accruing benefits in the defined benefit plan and begin
5 accruing benefits for future service in the Tier 3 plan. The
6 election to participate in the Tier 3 plan is voluntary and
7 irrevocable.

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

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

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

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

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

22 (c) In no event shall the System, its staff, its authorized
23 representatives, or the Board be liable for any information
24 given to an employee under this Section. The System may
25 coordinate with the Illinois Department of Central Management
26 Services and other retirement systems administering a Tier 3

1 plan in accordance with this amendatory Act of the 100th
2 General Assembly to provide information concerning the impact
3 of the Tier 3 plan set forth in this Section.

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

8 (e) The System shall report on its progress under this
9 Section, including the available details of the Tier 3 plan and
10 the System's plans for informing eligible Tier 1 and Tier 2
11 participants about the plan, to the Governor and the General
12 Assembly on or before January 15, 2019.

13 (f) The Illinois State Board of Investment shall be the
14 plan sponsor for the Tier 3 plan established under this
15 Section.

16 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

17 Sec. 7-114. Earnings. "Earnings":

18 (a) An amount to be determined by the board, equal to the
19 sum of:

20 1. The total amount of money paid to an employee for
21 personal services or official duties as an employee (except
22 those employed as independent contractors) paid out of the
23 general fund, or out of any special funds controlled by the
24 municipality, or by any instrumentality thereof, or
25 participating instrumentality, including compensation,

1 fees, allowances (but not including amounts associated
2 with a vehicle allowance payable to an employee who first
3 becomes a participating employee on or after the effective
4 date of this amendatory Act of the 100th General Assembly),
5 or other emolument paid for official duties (but not
6 including automobile maintenance, travel expense, or
7 reimbursements for expenditures incurred in the
8 performance of duties or, in the case of a person who first
9 becomes a participant on or after the effective date of
10 this amendatory Act of the 100th General Assembly, payments
11 for unused sick or vacation time) and, for fee offices, the
12 fees or earnings of the offices to the extent such fees are
13 paid out of funds controlled by the municipality, or
14 instrumentality or participating instrumentality; and

15 2. The money value, as determined by rules prescribed
16 by the governing body of the municipality, or
17 instrumentality thereof, of any board, lodging, fuel,
18 laundry, and other allowances provided an employee in lieu
19 of money.

20 (b) For purposes of determining benefits payable under this
21 fund payments to a person who is engaged in an independently
22 established trade, occupation, profession or business and who
23 is paid for his service on a basis other than a monthly or
24 other regular salary, are not earnings.

25 (c) If a disabled participating employee is eligible to
26 receive Workers' Compensation for an accidental injury and the

1 participating municipality or instrumentality which employed
2 the participating employee when injured continues to pay the
3 participating employee regular salary or other compensation or
4 pays the employee an amount in excess of the Workers'
5 Compensation amount, then earnings shall be deemed to be the
6 total payments, including an amount equal to the Workers'
7 Compensation payments. These payments shall be subject to
8 employee contributions and allocated as if paid to the
9 participating employee when the regular payroll amounts would
10 have been paid if the participating employee had continued
11 working, and creditable service shall be awarded for this
12 period.

13 (d) If an elected official who is a participating employee
14 becomes disabled but does not resign and is not removed from
15 office, then earnings shall include all salary payments made
16 for the remainder of that term of office and the official shall
17 be awarded creditable service for the term of office.

18 (e) If a participating employee is paid pursuant to "An Act
19 to provide for the continuation of compensation for law
20 enforcement officers, correctional officers and firemen who
21 suffer disabling injury in the line of duty", approved
22 September 6, 1973, as amended, the payments shall be deemed
23 earnings, and the participating employee shall be awarded
24 creditable service for this period.

25 (f) Additional compensation received by a person while
26 serving as a supervisor of assessments, assessor, deputy

1 assessor or member of a board of review from the State of
2 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax
3 Code shall not be earnings for purposes of this Article and
4 shall not be included in the contribution formula or
5 calculation of benefits for such person pursuant to this
6 Article.

7 (Source: P.A. 100-411, eff. 8-25-17.)

8 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

11 Sec. 7-116. "Final rate of earnings":

12 (a) For retirement and survivor annuities, the monthly
13 earnings obtained by dividing the total earnings received by
14 the employee during the period of either (1) the 48 consecutive
15 months of service within the last 120 months of service in
16 which his total earnings were the highest or (2) the employee's
17 total period of service, by the number of months of service in
18 such period.

19 (b) For death benefits, the higher of the rate determined
20 under paragraph (a) of this Section or total earnings received
21 in the last 12 months of service divided by twelve. If the
22 deceased employee has less than 12 months of service, the
23 monthly final rate shall be the monthly rate of pay the
24 employee was receiving when he began service.

25 (c) For disability benefits, the total earnings of a

1 participating employee in the last 12 calendar months of
2 service prior to the date he becomes disabled divided by 12.

3 (d) In computing the final rate of earnings: (1) the
4 earnings rate for all periods of prior service shall be
5 considered equal to the average earnings rate for the last 3
6 calendar years of prior service for which creditable service is
7 received under Section 7-139 or, if there is less than 3 years
8 of creditable prior service, the average for the total prior
9 service period for which creditable service is received under
10 Section 7-139; (2) for out of state service and authorized
11 leave, the earnings rate shall be the rate upon which service
12 credits are granted; (3) periods of military leave shall not be
13 considered; (4) the earnings rate for all periods of disability
14 shall be considered equal to the rate of earnings upon which
15 the employee's disability benefits are computed for such
16 periods; (5) the earnings to be considered for each of the
17 final three months of the final earnings period for persons who
18 first became participants before January 1, 2012 and the
19 earnings to be considered for each of the final 24 months for
20 participants who first become participants on or after January
21 1, 2012 shall not exceed 125% of the highest earnings of any
22 other month in the final earnings period; ~~and~~ (6) the annual
23 amount of final rate of earnings shall be the monthly amount
24 multiplied by the number of months of service normally required
25 by the position in a year; and (7) in the case of a person who
26 first becomes a participant on or after the effective date of

1 this amendatory Act of the 100th General Assembly, payments for
2 unused sick or vacation time shall not be considered.

3 (Source: P.A. 97-609, eff. 1-1-12.)

4 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

5 Sec. 7-139. Credits and creditable service to employees.

6 (a) Each participating employee shall be granted credits
7 and creditable service, for purposes of determining the amount
8 of any annuity or benefit to which he or a beneficiary is
9 entitled, as follows:

10 1. For prior service: Each participating employee who
11 is an employee of a participating municipality or
12 participating instrumentality on the effective date shall
13 be granted creditable service, but no credits under
14 paragraph 2 of this subsection (a), for periods of prior
15 service for which credit has not been received under any
16 other pension fund or retirement system established under
17 this Code, as follows:

18 If the effective date of participation for the
19 participating municipality or participating
20 instrumentality is on or before January 1, 1998, creditable
21 service shall be granted for the entire period of prior
22 service with that employer without any employee
23 contribution.

24 If the effective date of participation for the
25 participating municipality or participating

1 instrumentality is after January 1, 1998, creditable
2 service shall be granted for the last 20% of the period of
3 prior service with that employer, but no more than 5 years,
4 without any employee contribution. A participating
5 employee may establish creditable service for the
6 remainder of the period of prior service with that employer
7 by making an application in writing, accompanied by payment
8 of an employee contribution in an amount determined by the
9 Fund, based on the employee contribution rates in effect at
10 the time of application for the creditable service and the
11 employee's salary rate on the effective date of
12 participation for that employer, plus interest at the
13 effective rate from the date of the prior service to the
14 date of payment. Application for this creditable service
15 may be made at any time while the employee is still in
16 service.

17 A municipality that (i) has at least 35 employees; (ii)
18 is located in a county with at least 2,000,000 inhabitants;
19 and (iii) maintains an independent defined benefit pension
20 plan for the benefit of its eligible employees may restrict
21 creditable service in whole or in part for periods of prior
22 service with the employer if the governing body of the
23 municipality adopts an irrevocable resolution to restrict
24 that creditable service and files the resolution with the
25 board before the municipality's effective date of
26 participation.

1 Any person who has withdrawn from the service of a
2 participating municipality or participating
3 instrumentality prior to the effective date, who reenters
4 the service of the same municipality or participating
5 instrumentality after the effective date and becomes a
6 participating employee is entitled to creditable service
7 for prior service as otherwise provided in this subdivision
8 (a)(1) only if he or she renders 2 years of service as a
9 participating employee after the effective date.
10 Application for such service must be made while in a
11 participating status. The salary rate to be used in the
12 calculation of the required employee contribution, if any,
13 shall be the employee's salary rate at the time of first
14 reentering service with the employer after the employer's
15 effective date of participation.

16 2. For current service, each participating employee
17 shall be credited with:

18 a. Additional credits of amounts equal to each
19 payment of additional contributions received from him
20 under Section 7-173, as of the date the corresponding
21 payment of earnings is payable to him.

22 b. Normal credits of amounts equal to each payment
23 of normal contributions received from him, as of the
24 date the corresponding payment of earnings is payable
25 to him, and normal contributions made for the purpose
26 of establishing out-of-state service credits as

1 permitted under the conditions set forth in paragraph 6
2 of this subsection (a).

3 c. Municipality credits in an amount equal to 1.4
4 times the normal credits, except those established by
5 out-of-state service credits, as of the date of
6 computation of any benefit if these credits would
7 increase the benefit.

8 d. Survivor credits equal to each payment of
9 survivor contributions received from the participating
10 employee as of the date the corresponding payment of
11 earnings is payable, and survivor contributions made
12 for the purpose of establishing out-of-state service
13 credits.

14 3. For periods of temporary and total and permanent
15 disability benefits, each employee receiving disability
16 benefits shall be granted creditable service for the period
17 during which disability benefits are payable. Normal and
18 survivor credits, based upon the rate of earnings applied
19 for disability benefits, shall also be granted if such
20 credits would result in a higher benefit to any such
21 employee or his beneficiary.

22 4. For authorized leave of absence without pay: A
23 participating employee shall be granted credits and
24 creditable service for periods of authorized leave of
25 absence without pay under the following conditions:

26 a. An application for credits and creditable

1 service is submitted to the board while the employee is
2 in a status of active employment.

3 b. Not more than 12 complete months of creditable
4 service for authorized leave of absence without pay
5 shall be counted for purposes of determining any
6 benefits payable under this Article.

7 c. Credits and creditable service shall be granted
8 for leave of absence only if such leave is approved by
9 the governing body of the municipality, including
10 approval of the estimated cost thereof to the
11 municipality as determined by the fund, and employee
12 contributions, plus interest at the effective rate
13 applicable for each year from the end of the period of
14 leave to date of payment, have been paid to the fund in
15 accordance with Section 7-173. The contributions shall
16 be computed upon the assumption earnings continued
17 during the period of leave at the rate in effect when
18 the leave began.

19 d. Benefits under the provisions of Sections
20 7-141, 7-146, 7-150 and 7-163 shall become payable to
21 employees on authorized leave of absence, or their
22 designated beneficiary, only if such leave of absence
23 is creditable hereunder, and if the employee has at
24 least one year of creditable service other than the
25 service granted for leave of absence. Any employee
26 contributions due may be deducted from any benefits

1 payable.

2 e. No credits or creditable service shall be
3 allowed for leave of absence without pay during any
4 period of prior service.

5 5. For military service: The governing body of a
6 municipality or participating instrumentality may elect to
7 allow creditable service to participating employees who
8 leave their employment to serve in the armed forces of the
9 United States for all periods of such service, provided
10 that the person returns to active employment within 90 days
11 after completion of full time active duty, but no
12 creditable service shall be allowed such person for any
13 period that can be used in the computation of a pension or
14 any other pay or benefit, other than pay for active duty,
15 for service in any branch of the armed forces of the United
16 States. If necessary to the computation of any benefit, the
17 board shall establish municipality credits for
18 participating employees under this paragraph on the
19 assumption that the employee received earnings at the rate
20 received at the time he left the employment to enter the
21 armed forces. A participating employee in the armed forces
22 shall not be considered an employee during such period of
23 service and no additional death and no disability benefits
24 are payable for death or disability during such period.

25 Any participating employee who left his employment
26 with a municipality or participating instrumentality to

1 serve in the armed forces of the United States and who
2 again became a participating employee within 90 days after
3 completion of full time active duty by entering the service
4 of a different municipality or participating
5 instrumentality, which has elected to allow creditable
6 service for periods of military service under the preceding
7 paragraph, shall also be allowed creditable service for his
8 period of military service on the same terms that would
9 apply if he had been employed, before entering military
10 service, by the municipality or instrumentality which
11 employed him after he left the military service and the
12 employer costs arising in relation to such grant of
13 creditable service shall be charged to and paid by that
14 municipality or instrumentality.

15 Notwithstanding the foregoing, any participating
16 employee shall be entitled to creditable service as
17 required by any federal law relating to re-employment
18 rights of persons who served in the United States Armed
19 Services. Such creditable service shall be granted upon
20 payment by the member of an amount equal to the employee
21 contributions which would have been required had the
22 employee continued in service at the same rate of earnings
23 during the military leave period, plus interest at the
24 effective rate.

25 5.1. In addition to any creditable service established
26 under paragraph 5 of this subsection (a), creditable

1 service may be granted for up to 48 months of service in
2 the armed forces of the United States.

3 In order to receive creditable service for military
4 service under this paragraph 5.1, a participating employee
5 must (1) apply to the Fund in writing and provide evidence
6 of the military service that is satisfactory to the Board;
7 (2) obtain the written approval of the current employer;
8 and (3) make contributions to the Fund equal to (i) the
9 employee contributions that would have been required had
10 the service been rendered as a member, plus (ii) an amount
11 determined by the board to be equal to the employer's
12 normal cost of the benefits accrued for that military
13 service, plus (iii) interest on items (i) and (ii) from the
14 date of first membership in the Fund to the date of
15 payment. The required interest shall be calculated at the
16 regular interest rate.

17 The changes made to this paragraph 5.1 by Public Acts
18 95-483 and 95-486 apply only to participating employees in
19 service on or after August 28, 2007 (the effective date of
20 those Public Acts).

21 6. For out-of-state service: Creditable service shall
22 be granted for service rendered to an out-of-state local
23 governmental body under the following conditions: The
24 employee had participated and has irrevocably forfeited
25 all rights to benefits in the out-of-state public employees
26 pension system; the governing body of his participating

1 municipality or instrumentality authorizes the employee to
2 establish such service; the employee has 2 years current
3 service with this municipality or participating
4 instrumentality; the employee makes a payment of
5 contributions, which shall be computed at 8% (normal) plus
6 2% (survivor) times length of service purchased times the
7 average rate of earnings for the first 2 years of service
8 with the municipality or participating instrumentality
9 whose governing body authorizes the service established
10 plus interest at the effective rate on the date such
11 credits are established, payable from the date the employee
12 completes the required 2 years of current service to date
13 of payment. In no case shall more than 120 months of
14 creditable service be granted under this provision.

15 7. For retroactive service: Any employee who could have
16 but did not elect to become a participating employee, or
17 who should have been a participant in the Municipal Public
18 Utilities Annuity and Benefit Fund before that fund was
19 superseded, may receive creditable service for the period
20 of service not to exceed 50 months; however, a current or
21 former elected or appointed official of a participating
22 municipality may establish credit under this paragraph 7
23 for more than 50 months of service as an official of that
24 municipality, if the excess over 50 months is approved by
25 resolution of the governing body of the affected
26 municipality filed with the Fund before January 1, 2002.

1 Any employee who is a participating employee on or
2 after September 24, 1981 and who was excluded from
3 participation by the age restrictions removed by Public Act
4 82-596 may receive creditable service for the period, on or
5 after January 1, 1979, excluded by the age restriction and,
6 in addition, if the governing body of the participating
7 municipality or participating instrumentality elects to
8 allow creditable service for all employees excluded by the
9 age restriction prior to January 1, 1979, for service
10 during the period prior to that date excluded by the age
11 restriction. Any employee who was excluded from
12 participation by the age restriction removed by Public Act
13 82-596 and who is not a participating employee on or after
14 September 24, 1981 may receive creditable service for
15 service after January 1, 1979. Creditable service under
16 this paragraph shall be granted upon payment of the
17 employee contributions which would have been required had
18 he participated, with interest at the effective rate for
19 each year from the end of the period of service established
20 to date of payment.

21 8. For accumulated unused sick leave: A participating
22 employee who first becomes a participating employee before
23 the effective date of this amendatory Act of the 100th
24 General Assembly and who is applying for a retirement
25 annuity shall be entitled to creditable service for that
26 portion of the employee's accumulated unused sick leave for

1 which payment is not received, as follows:

2 a. Sick leave days shall be limited to those
3 accumulated under a sick leave plan established by a
4 participating municipality or participating
5 instrumentality which is available to all employees or
6 a class of employees.

7 b. Except as provided in item b-1, only sick leave
8 days accumulated with a participating municipality or
9 participating instrumentality with which the employee
10 was in service within 60 days of the effective date of
11 his retirement annuity shall be credited; If the
12 employee was in service with more than one employer
13 during this period only the sick leave days with the
14 employer with which the employee has the greatest
15 number of unpaid sick leave days shall be considered.

16 b-1. If the employee was in the service of more
17 than one employer as defined in item (2) of paragraph
18 (a) of subsection (A) of Section 7-132, then the sick
19 leave days from all such employers shall be credited,
20 as long as the creditable service attributed to those
21 sick leave days does not exceed the limitation in item
22 f of this paragraph 8. In calculating the creditable
23 service under this item b-1, the sick leave days from
24 the last employer shall be considered first, then the
25 remaining sick leave days shall be considered until
26 there are no more days or the maximum creditable sick

1 leave threshold under item f of this paragraph 8 has
2 been reached.

3 c. The creditable service granted shall be
4 considered solely for the purpose of computing the
5 amount of the retirement annuity and shall not be used
6 to establish any minimum service period required by any
7 provision of the Illinois Pension Code, the effective
8 date of the retirement annuity, or the final rate of
9 earnings.

10 d. The creditable service shall be at the rate of
11 1/20 of a month for each full sick day, provided that
12 no more than 12 months may be credited under this
13 subdivision 8.

14 e. Employee contributions shall not be required
15 for creditable service under this subdivision 8.

16 f. Each participating municipality and
17 participating instrumentality with which an employee
18 has service within 60 days of the effective date of his
19 retirement annuity shall certify to the board the
20 number of accumulated unpaid sick leave days credited
21 to the employee at the time of termination of service.

22 9. For service transferred from another system:
23 Credits and creditable service shall be granted for service
24 under Article 4, 5, 8, 14, or 16 of this Act, to any active
25 member of this Fund, and to any inactive member who has
26 been a county sheriff, upon transfer of such credits

1 pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or
2 16-131.4, and payment by the member of the amount by which
3 (1) the employer and employee contributions that would have
4 been required if he had participated in this Fund as a
5 sheriff's law enforcement employee during the period for
6 which credit is being transferred, plus interest thereon at
7 the effective rate for each year, compounded annually, from
8 the date of termination of the service for which credit is
9 being transferred to the date of payment, exceeds (2) the
10 amount actually transferred to the Fund. Such transferred
11 service shall be deemed to be service as a sheriff's law
12 enforcement employee for the purposes of Section 7-142.1.

13 10. (Blank).

14 11. For service transferred from an Article 3 system
15 under Section 3-110.3: Credits and creditable service
16 shall be granted for service under Article 3 of this Act as
17 provided in Section 3-110.3, to any active member of this
18 Fund, upon transfer of such credits pursuant to Section
19 3-110.3. If the board determines that the amount
20 transferred is less than the true cost to the Fund of
21 allowing that creditable service to be established, then in
22 order to establish that creditable service, the member must
23 pay to the Fund an additional contribution equal to the
24 difference, as determined by the board in accordance with
25 the rules and procedures adopted under this paragraph. If
26 the member does not make the full additional payment as

1 required by this paragraph prior to termination of his
2 participation with that employer, then his or her
3 creditable service shall be reduced by an amount equal to
4 the difference between the amount transferred under
5 Section 3-110.3, including any payments made by the member
6 under this paragraph prior to termination, and the true
7 cost to the Fund of allowing that creditable service to be
8 established, as determined by the board in accordance with
9 the rules and procedures adopted under this paragraph.

10 The board shall establish by rule the manner of making
11 the calculation required under this paragraph 11, taking
12 into account the appropriate actuarial assumptions; the
13 member's service, age, and salary history, and any other
14 factors that the board determines to be relevant.

15 12. For omitted service: Any employee who was employed
16 by a participating employer in a position that required
17 participation, but who was not enrolled in the Fund, may
18 establish such credits under the following conditions:

19 a. Application for such credits is received by the
20 Board while the employee is an active participant of
21 the Fund or a reciprocal retirement system.

22 b. Eligibility for participation and earnings are
23 verified by the Authorized Agent of the participating
24 employer for which the service was rendered.

25 Creditable service under this paragraph shall be
26 granted upon payment of the employee contributions that

1 would have been required had he participated, which shall
2 be calculated by the Fund using the member contribution
3 rate in effect during the period that the service was
4 rendered.

5 (b) Creditable service - amount:

6 1. One month of creditable service shall be allowed for
7 each month for which a participating employee made
8 contributions as required under Section 7-173, or for which
9 creditable service is otherwise granted hereunder. Not
10 more than 1 month of service shall be credited and counted
11 for 1 calendar month, and not more than 1 year of service
12 shall be credited and counted for any calendar year. A
13 calendar month means a nominal month beginning on the first
14 day thereof, and a calendar year means a year beginning
15 January 1 and ending December 31.

16 2. A seasonal employee shall be given 12 months of
17 creditable service if he renders the number of months of
18 service normally required by the position in a 12-month
19 period and he remains in service for the entire 12-month
20 period. Otherwise a fractional year of service in the
21 number of months of service rendered shall be credited.

22 3. An intermittent employee shall be given creditable
23 service for only those months in which a contribution is
24 made under Section 7-173.

25 (c) No application for correction of credits or creditable
26 service shall be considered unless the board receives an

1 application for correction while (1) the applicant is a
2 participating employee and in active employment with a
3 participating municipality or instrumentality, or (2) while
4 the applicant is actively participating in a pension fund or
5 retirement system which is a participating system under the
6 Retirement Systems Reciprocal Act. A participating employee or
7 other applicant shall not be entitled to credits or creditable
8 service unless the required employee contributions are made in
9 a lump sum or in installments made in accordance with board
10 rule. Payments made to establish service credit under paragraph
11 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this Section must
12 be received by the Board while the applicant is an active
13 participant in the Fund or a reciprocal retirement system,
14 except that an applicant may make one payment after termination
15 of active participation in the Fund or a reciprocal retirement
16 system.

17 (d) Upon the granting of a retirement, surviving spouse or
18 child annuity, a death benefit or a separation benefit, on
19 account of any employee, all individual accumulated credits
20 shall thereupon terminate. Upon the withdrawal of additional
21 contributions, the credits applicable thereto shall thereupon
22 terminate. Terminated credits shall not be applied to increase
23 the benefits any remaining employee would otherwise receive
24 under this Article.

25 (Source: P.A. 100-148, eff. 8-18-17.)

1 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

2 Sec. 14-103.05. Employee.

3 (a) Except as provided in subsection (d), any ~~Any~~ person
4 employed by a Department who receives salary for personal
5 services rendered to the Department on a warrant issued
6 pursuant to a payroll voucher certified by a Department and
7 drawn by the State Comptroller upon the State Treasurer,
8 including an elected official described in subparagraph (d) of
9 Section 14-104, shall become an employee for purpose of
10 membership in the Retirement System on the first day of such
11 employment.

12 A person entering service on or after January 1, 1972 and
13 prior to January 1, 1984 shall become a member as a condition
14 of employment and shall begin making contributions as of the
15 first day of employment.

16 A person entering service on or after January 1, 1984
17 shall, upon completion of 6 months of continuous service which
18 is not interrupted by a break of more than 2 months, become a
19 member as a condition of employment. Contributions shall begin
20 the first of the month after completion of the qualifying
21 period.

22 A person employed by the Chicago Metropolitan Agency for
23 Planning on the effective date of this amendatory Act of the
24 95th General Assembly who was a member of this System as an
25 employee of the Chicago Area Transportation Study and makes an
26 election under Section 14-104.13 to participate in this System

1 for his or her employment with the Chicago Metropolitan Agency
2 for Planning.

3 The qualifying period of 6 months of service is not
4 applicable to: (1) a person who has been granted credit for
5 service in a position covered by the State Universities
6 Retirement System, the Teachers' Retirement System of the State
7 of Illinois, the General Assembly Retirement System, or the
8 Judges Retirement System of Illinois unless that service has
9 been forfeited under the laws of those systems; (2) a person
10 entering service on or after July 1, 1991 in a noncovered
11 position; (3) a person to whom Section 14-108.2a or 14-108.2b
12 applies; or (4) a person to whom subsection (a-5) of this
13 Section applies.

14 (a-5) Except as provided in subsection (d), a ~~A~~ person
15 entering service on or after December 1, 2010 and before the
16 effective date of this amendatory Act of the 100th General
17 Assembly shall become a member as a condition of employment and
18 shall begin making contributions as of the first day of
19 employment. A person serving in the qualifying period on
20 December 1, 2010 will become a member on December 1, 2010 and
21 shall begin making contributions as of December 1, 2010.

22 (b) The term "employee" does not include the following:

23 (1) members of the State Legislature, and persons
24 electing to become members of the General Assembly
25 Retirement System pursuant to Section 2-105;

26 (2) incumbents of offices normally filled by vote of

1 the people;

2 (3) except as otherwise provided in this Section, any
3 person appointed by the Governor with the advice and
4 consent of the Senate unless that person elects to
5 participate in this system;

6 (3.1) any person serving as a commissioner of an ethics
7 commission created under the State Officials and Employees
8 Ethics Act unless that person elects to participate in this
9 system with respect to that service as a commissioner;

10 (3.2) any person serving as a part-time employee in any
11 of the following positions: Legislative Inspector General,
12 Special Legislative Inspector General, employee of the
13 Office of the Legislative Inspector General, Executive
14 Director of the Legislative Ethics Commission, or staff of
15 the Legislative Ethics Commission, regardless of whether
16 he or she is in active service on or after July 8, 2004
17 (the effective date of Public Act 93-685), unless that
18 person elects to participate in this System with respect to
19 that service; in this item (3.2), a "part-time employee" is
20 a person who is not required to work at least 35 hours per
21 week;

22 (3.3) any person who has made an election under Section
23 1-123 and who is serving either as legal counsel in the
24 Office of the Governor or as Chief Deputy Attorney General;

25 (4) except as provided in Section 14-108.2 or
26 14-108.2c, any person who is covered or eligible to be

1 covered by the Teachers' Retirement System of the State of
2 Illinois, the State Universities Retirement System, or the
3 Judges Retirement System of Illinois;

4 (5) an employee of a municipality or any other
5 political subdivision of the State;

6 (6) any person who becomes an employee after June 30,
7 1979 as a public service employment program participant
8 under the Federal Comprehensive Employment and Training
9 Act and whose wages or fringe benefits are paid in whole or
10 in part by funds provided under such Act;

11 (7) enrollees of the Illinois Young Adult Conservation
12 Corps program, administered by the Department of Natural
13 Resources, authorized grantee pursuant to Title VIII of the
14 "Comprehensive Employment and Training Act of 1973", 29 USC
15 993, as now or hereafter amended;

16 (8) enrollees and temporary staff of programs
17 administered by the Department of Natural Resources under
18 the Youth Conservation Corps Act of 1970;

19 (9) any person who is a member of any professional
20 licensing or disciplinary board created under an Act
21 administered by the Department of Professional Regulation
22 or a successor agency or created or re-created after the
23 effective date of this amendatory Act of 1997, and who
24 receives per diem compensation rather than a salary,
25 notwithstanding that such per diem compensation is paid by
26 warrant issued pursuant to a payroll voucher; such persons

1 have never been included in the membership of this System,
2 and this amendatory Act of 1987 (P.A. 84-1472) is not
3 intended to effect any change in the status of such
4 persons;

5 (10) any person who is a member of the Illinois Health
6 Care Cost Containment Council, and receives per diem
7 compensation rather than a salary, notwithstanding that
8 such per diem compensation is paid by warrant issued
9 pursuant to a payroll voucher; such persons have never been
10 included in the membership of this System, and this
11 amendatory Act of 1987 is not intended to effect any change
12 in the status of such persons;

13 (11) any person who is a member of the Oil and Gas
14 Board created by Section 1.2 of the Illinois Oil and Gas
15 Act, and receives per diem compensation rather than a
16 salary, notwithstanding that such per diem compensation is
17 paid by warrant issued pursuant to a payroll voucher;

18 (12) a person employed by the State Board of Higher
19 Education in a position with the Illinois Century Network
20 as of June 30, 2004, who remains continuously employed
21 after that date by the Department of Central Management
22 Services in a position with the Illinois Century Network
23 and participates in the Article 15 system with respect to
24 that employment;

25 (13) any person who first becomes a member of the Civil
26 Service Commission on or after January 1, 2012;

1 (14) any person, other than the Director of Employment
2 Security, who first becomes a member of the Board of Review
3 of the Department of Employment Security on or after
4 January 1, 2012;

5 (15) any person who first becomes a member of the Civil
6 Service Commission on or after January 1, 2012;

7 (16) any person who first becomes a member of the
8 Illinois Liquor Control Commission on or after January 1,
9 2012;

10 (17) any person who first becomes a member of the
11 Secretary of State Merit Commission on or after January 1,
12 2012;

13 (18) any person who first becomes a member of the Human
14 Rights Commission on or after January 1, 2012;

15 (19) any person who first becomes a member of the State
16 Mining Board on or after January 1, 2012;

17 (20) any person who first becomes a member of the
18 Property Tax Appeal Board on or after January 1, 2012;

19 (21) any person who first becomes a member of the
20 Illinois Racing Board on or after January 1, 2012;

21 (22) any person who first becomes a member of the
22 Department of State Police Merit Board on or after January
23 1, 2012;

24 (23) any person who first becomes a member of the
25 Illinois State Toll Highway Authority on or after January
26 1, 2012; or

1 (24) any person who first becomes a member of the
2 Illinois State Board of Elections on or after January 1,
3 2012.

4 (c) An individual who represents or is employed as an
5 officer or employee of a statewide labor organization that
6 represents members of this System may participate in the System
7 and shall be deemed an employee, provided that (1) the
8 individual has previously earned creditable service under this
9 Article, (2) the individual files with the System an
10 irrevocable election to become a participant within 6 months
11 after the effective date of this amendatory Act of the 94th
12 General Assembly, and (3) the individual does not receive
13 credit for that employment under any other provisions of this
14 Code. An employee under this subsection (c) is responsible for
15 paying to the System both (i) employee contributions based on
16 the actual compensation received for service with the labor
17 organization and (ii) employer contributions based on the
18 percentage of payroll certified by the board; all or any part
19 of these contributions may be paid on the employee's behalf or
20 picked up for tax purposes (if authorized under federal law) by
21 the labor organization.

22 A person who is an employee as defined in this subsection
23 (c) may establish service credit for similar employment prior
24 to becoming an employee under this subsection by paying to the
25 System for that employment the contributions specified in this
26 subsection, plus interest at the effective rate from the date

1 of service to the date of payment. However, credit shall not be
2 granted under this subsection (c) for any such prior employment
3 for which the applicant received credit under any other
4 provision of this Code or during which the applicant was on a
5 leave of absence.

6 (d) Notwithstanding any other provision of this Article,
7 beginning on the effective date of this amendatory Act of the
8 100th General Assembly, a person is not required, as a
9 condition of employment or otherwise, to participate in this
10 System. An active employee may terminate his or her
11 participation in this System (including active participation
12 in the Tier 3 plan, if applicable) by notifying the System in
13 writing. An active employee terminating participation in this
14 System under this subsection shall be entitled to a refund of
15 his or her contributions (other than contributions to the Tier
16 3 plan under Section 14-155.5) minus the benefits received
17 prior to the termination of participation.

18 (Source: P.A. 96-1490, eff. 1-1-11; 97-609, eff. 1-1-12.)

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

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

22 Sec. 14-103.10. Compensation.

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

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

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

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

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

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

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

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

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

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

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

22 (g) Notwithstanding any other provision of this Section,
23 for an employee who first becomes a participant on or after the
24 effective date of this amendatory Act of the 100th General
25 Assembly, "compensation" does not include any payments or
26 reimbursements for travel vouchers submitted more than 30 days

1 after the last day of travel for which the voucher is
2 submitted.

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

4 (40 ILCS 5/14-103.41 new)

5 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of
6 this System who first became a member or participant before
7 January 1, 2011 under any reciprocal retirement system or
8 pension fund established under this Code other than a
9 retirement system or pension fund established under Article 2,
10 3, 4, 5, 6, or 18 of this Code.

11 In the case of a Tier 1 member who elects to participate in
12 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
13 1 member shall be deemed a Tier 1 member only with respect to
14 service performed or established before the effective date of
15 that election.

16 (40 ILCS 5/14-103.42 new)

17 Sec. 14-103.42. Tier 2 member. "Tier 2 member": A member of
18 this System who first becomes a member under this Article on or
19 after January 1, 2011 and who is not a Tier 1 member.

20 In the case of a Tier 2 member who elects to participate in
21 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
22 2 member shall be deemed a Tier 2 member only with respect to
23 service performed or established before the effective date of
24 that election.

1 (40 ILCS 5/14-103.43 new)

2 Sec. 14-103.43. Tier 3 member. "Tier 3 member": A member of
3 this System who first becomes a member on or after July 1, 2019
4 or a Tier 1 or Tier 2 member who elects to participate in the
5 Tier 3 plan under Section 14-155.5 of this Code, but only with
6 respect to service performed on or after the effective date of
7 that election.

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

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

11 Sec. 14-104.3. Notwithstanding provisions contained in
12 Section 14-103.10, any person who first becomes a member before
13 the effective date of this amendatory Act of the 100th General
14 Assembly and who at the time of retirement and after December
15 6, 1983 receives compensation in a lump sum for accumulated
16 vacation, sickness, or personal business may receive service
17 credit for such periods by making contributions within 90 days
18 of withdrawal, based on the rate of compensation in effect
19 immediately prior to retirement and the contribution rate then
20 in effect. Any person who first becomes a member on or after
21 the effective date of this amendatory Act of the 100th General
22 Assembly and who receives compensation in a lump sum for
23 accumulated vacation, sickness, or personal business may not
24 receive service credit for such periods. Exercising the option

1 provided in this Section shall not change a member's date of
2 withdrawal or final average compensation for purposes of
3 computing the amount or effective date of a retirement annuity.
4 Any annuitant who establishes service credit as herein provided
5 shall have his retirement annuity adjusted retroactively to the
6 date of retirement.

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

8 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

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

11 Sec. 14-106. Membership service credit.

12 (a) After January 1, 1944, all service of a member since he
13 last became a member with respect to which contributions are
14 made shall count as membership service; provided, that for
15 service on and after July 1, 1950, 12 months of service shall
16 constitute a year of membership service, the completion of 15
17 days or more of service during any month shall constitute 1
18 month of membership service, 8 to 15 days shall constitute 1/2
19 month of membership service and less than 8 days shall
20 constitute 1/4 month of membership service. The payroll record
21 of each department shall constitute conclusive evidence of the
22 record of service rendered by a member.

23 (b) For a member who is employed and paid on an
24 academic-year basis rather than on a 12-month annual basis,
25 employment for a full academic year shall constitute a full

1 year of membership service, except that the member shall not
2 receive more than one year of membership service credit (plus
3 any additional service credit granted for unused sick leave)
4 for service during any 12-month period. This subsection (b)
5 applies to all such service for which the member has not begun
6 to receive a retirement annuity before January 1, 2001.

7 (c) A person who first becomes a member before the
8 effective date of this amendatory Act of the 100th General
9 Assembly shall be entitled to additional service credit, under
10 rules prescribed by the Board, for accumulated unused sick
11 leave credited to his account in the last Department on the
12 date of withdrawal from service or for any period for which he
13 would have been eligible to receive benefits under a sick pay
14 plan authorized by law, if he had suffered a sickness or
15 accident on the date of withdrawal from service. It shall be
16 the responsibility of the last Department to certify to the
17 Board the length of time salary or benefits would have been
18 paid to the member based upon the accumulated unused sick leave
19 or the applicable sick pay plan if he had become entitled
20 thereto because of sickness on the date that his status as an
21 employee terminated. This period of service credit granted
22 under this paragraph shall not be considered in determining the
23 date the retirement annuity is to begin, or final average
24 compensation.

25 (d) A person who first becomes a member on or after the
26 effective date of this amendatory Act of the 100th General

1 Assembly shall not be entitled to additional service credit for
2 accumulated unused sick leave.

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

4 (40 ILCS 5/14-147.5 new)

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

6 (a) As used in this Section:

7 "Eligible person" means a person who:

8 (1) has terminated service;

9 (2) has accrued sufficient service credit to be
10 eligible to receive a retirement annuity under this
11 Article;

12 (3) has not received any retirement annuity under this
13 Article; and

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

16 "Pension benefit" means the benefits under this Article, or
17 Article 1 as it relates to those benefits, including any
18 anticipated annual increases, that an eligible person is
19 entitled to upon attainment of the applicable retirement age.

20 "Pension benefit" also includes applicable survivor's or
21 disability benefits.

22 (b) Before January 1, 2019, the System shall calculate,
23 using actuarial tables and other assumptions adopted by the
24 Board, the net present value of pension benefits for each
25 eligible person and shall offer each eligible person the

1 opportunity to irrevocably elect to receive an amount
2 determined by the System to be equal to 70% of the net present
3 value of his or her pension benefits in lieu of receiving any
4 pension benefit. The offer shall specify the dollar amount that
5 the eligible person will receive if he or she so elects and
6 shall expire when a subsequent offer is made to an eligible
7 person. The System shall make a good faith effort to contact
8 every eligible person to notify him or her of the election and
9 of the amount of the accelerated pension benefit payment.

10 Beginning January 1, 2019 and until July 1, 2019, an
11 eligible person may irrevocably elect to receive an accelerated
12 pension benefit payment in the amount that the System offers
13 under this subsection in lieu of receiving any pension benefit.
14 A person who elects to receive an accelerated pension benefit
15 payment under this Section may not elect to proceed under the
16 Retirement Systems Reciprocal Act with respect to service under
17 this Article.

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

1 be used for that purpose.

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

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

9 (2) The accelerated pension benefit payment may not be
10 repaid to the System, and the terminated credits and
11 creditable service may not under any circumstances be
12 reinstated.

13 (e) As a condition of receiving an accelerated pension
14 benefit payment, an eligible person must have another
15 retirement plan or account qualified under the Internal Revenue
16 Code of 1986, as amended, for the accelerated pension benefit
17 payment to be rolled into. The accelerated pension benefit
18 payment under this Section may be subject to withholding or
19 payment of applicable taxes, but to the extent permitted by
20 federal law, a person who receives an accelerated pension
21 benefit payment under this Section must direct the System to
22 pay all of that payment as a rollover into another retirement
23 plan or account qualified under the Internal Revenue Code of
24 1986, as amended.

25 (f) Before January 1, 2020, the Board shall certify to the
26 Illinois Finance Authority and the General Assembly the amount

1 by which the total amount of accelerated pension benefit
2 payments made under this Section exceed the amount appropriated
3 to the System for the purpose of making those payments.

4 (g) The Board shall adopt any rules necessary to implement
5 this Section.

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

9 (40 ILCS 5/14-152.1)

10 Sec. 14-152.1. Application and expiration of new benefit
11 increases.

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

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

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

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

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

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

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

14 (40 ILCS 5/14-155.5 new)

15 Sec. 14-155.5. Tier 3 plan.

16 (a) By July 1, 2019, the System shall prepare and implement
17 a Tier 3 plan. The Tier 3 plan developed under this Section
18 shall be a plan that aggregates State and employee
19 contributions in individual participant accounts which, after
20 meeting any other requirements, are used for payouts after
21 retirement in accordance with this Section and any other
22 applicable laws. In developing, preparing, and implementing
23 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
24 the System shall utilize the framework of the self-managed plan
25 offered under Article 15 and shall endeavor to adapt the

1 benefits and structure of the self-managed plan. The System
2 shall consult with the State Universities Retirement System in
3 developing the Tier 3 plan.

4 As used in this Section, "defined benefit plan" means the
5 retirement plan available under this Article to Tier 1 or Tier
6 2 members who have not made the election authorized under this
7 Section.

8 (1) All persons who begin to participate in this System
9 on or after July 1, 2019 shall participate in the Tier 3
10 plan rather than the defined benefit plan.

11 (2) A non-covered employee who participates in the Tier
12 3 plan shall pay employee contributions at a rate of 8% of
13 compensation. A covered employee who participates in the
14 Tier 3 plan shall pay employee contributions at a rate of
15 3% of compensation.

16 (3) State contributions shall be paid into the accounts
17 of non-covered employees who participate in the Tier 3 plan
18 at a rate of 7.6% of compensation, less the amount
19 determined annually by the Board to cover the cost of
20 offering the defined disability benefits available to
21 other participants under this Article if the Tier 3 plan
22 offers such benefits. State contributions shall be paid
23 into the accounts of covered employees who participate in
24 the Tier 3 plan at a rate of 3% of compensation.

25 (4) The Tier 3 plan shall require one year of
26 participation in the Tier 3 plan before vesting in State

1 contributions. If the participant fails to vest in them,
2 the State contributions, and the earnings thereon, shall be
3 forfeited.

4 (5) The Tier 3 plan may provide for participants in the
5 plan to be eligible for the defined disability benefits
6 available to other participants under this Article. If it
7 does, the System shall reduce the employee contributions
8 credited to the member's Tier 3 plan account by an amount
9 determined by the System to cover the cost of offering such
10 benefits.

11 (6) The Tier 3 plan shall provide a variety of options
12 for investments. These options shall include investments
13 handled by the Illinois State Board of Investment as well
14 as private sector investment options.

15 (7) The Tier 3 plan shall provide a variety of options
16 for payouts to participants in the Tier 3 plan who are no
17 longer active in the System and their survivors.

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

23 (9) The System shall reduce the employee contributions
24 credited to the member's Tier 3 plan account by an amount
25 determined by the System to cover the cost of offering
26 these benefits and any applicable administrative fees.

1 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
2 member of this System may elect, in writing, to cease accruing
3 benefits in the defined benefit plan and begin accruing
4 benefits for future service in the Tier 3 plan. The election to
5 participate in the Tier 3 plan is voluntary and irrevocable.

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

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

18 (3) Upon request for further information describing
19 the option, the System shall provide employees with
20 information from the System before exercising the option to
21 join the plan, including information on the impact to their
22 benefits and service. The individual consultation shall
23 include projections of the member's defined benefits at
24 retirement or earlier termination of service and the value
25 of the member's account at retirement or earlier
26 termination of service. The System shall not provide advice

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

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

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

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

5 (e) The System shall report on its progress under this
6 Section, including the available details of the Tier 3 plan and
7 the System's plans for informing eligible Tier 1 and Tier 2
8 members about the plan, to the Governor and the General
9 Assembly on or before January 15, 2019.

10 (f) The Illinois State Board of Investment shall be the
11 plan sponsor for the Tier 3 plan established under this
12 Section.

13 (40 ILCS 5/15-108.1)

14 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
15 participant or an annuitant of a retirement annuity under this
16 Article, other than a participant in the self-managed plan
17 under Section 15-158.2, who first became a participant or
18 member before January 1, 2011 under any reciprocal retirement
19 system or pension fund established under this Code, other than
20 a retirement system or pension fund established under Articles
21 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
22 person who first became a participant under this System before
23 January 1, 2011 and who accepts a refund and is subsequently
24 reemployed by an employer on or after January 1, 2011.

25 In the case of a Tier 1 member who elects to participate in

1 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
2 1 member shall be deemed a Tier 1 member only with respect to
3 service performed or established before the effective date of
4 that election.

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 the implementation date, as defined~~
10 ~~under subsection (a) of Section 1-161, determined by the Board,~~
11 other than a person in the self-managed plan established under
12 Section 15-158.2 ~~or a person who makes the election under~~
13 ~~subsection (c) of Section 1-161,~~ unless the person is otherwise
14 a Tier 1 member. The changes made to this Section by this
15 amendatory Act of the 98th General Assembly are a correction of
16 existing law and are intended to be retroactive to the
17 effective date of Public Act 96-889, notwithstanding the
18 provisions of Section 1-103.1 of this Code.

19 In the case of a Tier 2 member who elects to participate in
20 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
21 2 member shall be deemed a Tier 2 member only with respect to
22 service performed or established before the effective date of
23 that election.

24 (Source: P.A. 100-23, eff. 7-6-17; 100-563, eff. 12-8-17.)

1 (40 ILCS 5/15-108.3 new)

2 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A person who
3 first becomes a participant under this Article on or after July
4 1, 2019 or a Tier 1 or Tier 2 member who elects to participate
5 in the Tier 3 plan under Section 15-200.5 of this Code, but
6 only with respect to service performed on or after the
7 effective date of that election.

8 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

9 Sec. 15-112. Final rate of earnings. "Final rate of
10 earnings":

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

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

1 considered equal to the average earnings during the last 36
2 months of such service.

3 (b) This subsection (b) applies to a Tier 2 member.

4 For an employee who is paid on an hourly basis or who
5 receives an annual salary in installments during 12 months of
6 each academic year, the average annual earnings obtained by
7 dividing by 8 the total earnings of the employee during the 96
8 consecutive months in which the total earnings were the highest
9 within the last 120 months prior to termination.

10 For any other employee, the average annual earnings during
11 the 8 consecutive academic years within the 10 years prior to
12 termination in which the employee's earnings were the highest.
13 For an employee with less than 96 consecutive months or 8
14 consecutive academic years of service, whichever is necessary,
15 the average earnings during his or her entire period of
16 service.

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

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

26 (e) For a Tier 1 member who retires on or after the

1 effective date of this amendatory Act of 1997 with at least 20
2 years of service as a firefighter or police officer under this
3 Article, the final rate of earnings shall be the annual rate of
4 earnings received by the participant on his or her last day as
5 a firefighter or police officer under this Article, if that is
6 greater than the final rate of earnings as calculated under the
7 other provisions of this Section.

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

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

26 (h) The following are not considered as earnings in

1 determining final rate of earnings: (1) severance or separation
2 pay, (2) retirement pay, (3) payment for unused sick leave, and
3 (4) payments from an employer for the period used in
4 determining final rate of earnings for any purpose other than
5 (i) services rendered, (ii) leave of absence or vacation
6 granted during that period, and (iii) vacation of up to 56 work
7 days allowed upon termination of employment; except that, if
8 the benefit has been collectively bargained between the
9 employer and the recognized collective bargaining agent
10 pursuant to the Illinois Educational Labor Relations Act,
11 payment received during a period of up to 2 academic years for
12 unused sick leave may be considered as earnings in accordance
13 with the applicable collective bargaining agreement, subject
14 to the 20% increase limitation of this Section, and if the
15 person first becomes a participant on or after the effective
16 date of this amendatory Act of the 100th General Assembly,
17 payments for unused sick or vacation time shall not be
18 considered as earnings. Any unused sick leave considered as
19 earnings under this Section shall not be taken into account in
20 calculating service credit under Section 15-113.4.

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

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

24 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

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

1 which has been held unconstitutional)

2 Sec. 15-113.4. Service for unused sick leave. "Service for
3 unused sick leave": A person who first becomes a participant
4 before the effective date of this amendatory Act of the 100th
5 General Assembly and who is an employee under this System or
6 one of the other systems subject to Article 20 of this Code
7 within 60 days immediately preceding the date on which his or
8 her retirement annuity begins, is entitled to credit for
9 service for that portion of unused sick leave earned in the
10 course of employment with an employer and credited on the date
11 of termination of employment by an employer for which payment
12 is not received, in accordance with the following schedule: 30
13 through 90 full calendar days and 20 through 59 full work days
14 of unused sick leave, 1/4 of a year of service; 91 through 180
15 full calendar days and 60 through 119 full work days, 1/2 of a
16 year of service; 181 through 270 full calendar days and 120
17 through 179 full work days, 3/4 of a year of service; 271
18 through 360 full calendar days and 180 through 240 full work
19 days, one year of service. Only uncompensated, unused sick
20 leave earned in accordance with an employer's sick leave
21 accrual policy generally applicable to employees or a class of
22 employees shall be taken into account in calculating service
23 credit under this Section. Any uncompensated, unused sick leave
24 granted by an employer to facilitate the hiring, retirement,
25 termination, or other special circumstances of an employee
26 shall not be taken into account in calculating service credit

1 under this Section. If a participant transfers from one
2 employer to another, the unused sick leave credited by the
3 previous employer shall be considered in determining service to
4 be credited under this Section, even if the participant
5 terminated service prior to the effective date of P.A. 86-272
6 (August 23, 1989); if necessary, the retirement annuity shall
7 be recalculated to reflect such sick leave credit. Each
8 employer shall certify to the board the number of days of
9 unused sick leave accrued to the participant's credit on the
10 date that the participant's status as an employee terminated.
11 This period of unused sick leave shall not be considered in
12 determining the date the retirement annuity begins. A person
13 who first becomes a participant on or after the effective date
14 of this amendatory Act of the 100th General Assembly shall not
15 receive service credit for unused sick leave.

16 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

17 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

18 Sec. 15-134. Participant.

19 (a) Except as provided in subsection (a-5), each ~~Each~~
20 person shall, as a condition of employment, become a
21 participant and be subject to this Article on the date that he
22 or she becomes an employee, makes an election to participate
23 in, or otherwise becomes a participant in one of the retirement
24 programs offered under this Article, whichever date is later.

25 An employee who becomes a participant shall continue to be

1 a participant until he or she becomes an annuitant, dies or
2 accepts a refund of contributions.

3 (a-5) Notwithstanding any other provision of this Article,
4 beginning on the effective date of this amendatory Act of the
5 100th General Assembly, a person is not required, as a
6 condition of employment or otherwise, to participate in this
7 System. An active employee may terminate his or her
8 participation in this System (including active participation
9 in the Tier 3 plan, if applicable) by notifying the System in
10 writing. An active employee terminating participation in this
11 System under this subsection shall be entitled to a refund of
12 his or her contributions (other than contributions to the
13 self-managed plan under Section 15-158.2 or the Tier 3 plan
14 under Section 15-200.5) minus the benefits received prior to
15 the termination of participation.

16 (b) A person employed concurrently by 2 or more employers
17 is eligible to participate in the system on compensation
18 received from all employers.

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

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

21 Sec. 15-155. Employer contributions.

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

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

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

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

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

24 A change in an actuarial or investment assumption that
25 increases or decreases the required State contribution and
26 first applies in State fiscal year 2018 or thereafter shall be

1 implemented in equal annual amounts over a 5-year period
2 beginning in the State fiscal year in which the actuarial
3 change first applies to the required State contribution.

4 A change in an actuarial or investment assumption that
5 increases or decreases the required State contribution and
6 first applied to the State contribution in fiscal year 2014,
7 2015, 2016, or 2017 shall be implemented:

8 (i) as already applied in State fiscal years before
9 2018; and

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

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) (Blank). ~~Beginning in fiscal year 2018, each employer~~
19 ~~under this Article shall pay to the System a required~~
20 ~~contribution determined as a percentage of projected payroll~~
21 ~~and sufficient to produce an annual amount equal to:~~

22 ~~(i) for each of fiscal years 2018, 2019, and 2020, the~~
23 ~~defined benefit normal cost of the defined benefit plan,~~
24 ~~less the employee contribution, for each employee of that~~
25 ~~employer who has elected or who is deemed to have elected~~
26 ~~the benefits under Section 1 161 or who has made the~~

1 ~~election under subsection (c) of Section 1-161; for fiscal~~
2 ~~year 2021 and each fiscal year thereafter, the defined~~
3 ~~benefit normal cost of the defined benefit plan, less the~~
4 ~~employee contribution, plus 2%, for each employee of that~~
5 ~~employer who has elected or who is deemed to have elected~~
6 ~~the benefits under Section 1-161 or who has made the~~
7 ~~election under subsection (c) of Section 1-161; plus~~

8 ~~(ii) the amount required for that fiscal year to~~
9 ~~amortize any unfunded actuarial accrued liability~~
10 ~~associated with the present value of liabilities~~
11 ~~attributable to the employer's account under Section~~
12 ~~15-155.2, determined as a level percentage of payroll over~~
13 ~~a 30-year rolling amortization period.~~

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

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

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

1 ~~subsection.~~

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

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

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

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

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

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

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

26 (f) Normal costs under this Section means liability for

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

8 (g) If the amount of a participant's earnings for any
9 academic year beginning on or after June 1, 2005 and before
10 July 1, 2019 used to determine the final rate of earnings,
11 determined on a full-time equivalent basis, exceeds the amount
12 of his or her earnings with the same employer for the previous
13 academic year, determined on a full-time equivalent basis, by
14 more than 6%, the participant's employer shall pay to the
15 System, in addition to all other payments required under this
16 Section and in accordance with guidelines established by the
17 System, the present value of the increase in benefits resulting
18 from the portion of the increase in earnings that is in excess
19 of 6%. This present value shall be computed by the System on
20 the basis of the actuarial assumptions and tables used in the
21 most recent actuarial valuation of the System that is available
22 at the time of the computation. The System may require the
23 employer to provide any pertinent information or
24 documentation.

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

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

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

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

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

11 (g-1) Beginning in fiscal year 2020, if a contract or
12 collective bargaining agreement entered into, amended, or
13 renewed on or after the effective date of this amendatory Act
14 of the 100th General Assembly provides for earnings to exceed
15 the salaries provided under the preceding contract or
16 collective bargaining agreement, then the employer shall pay to
17 the System, in addition to all other payments required under
18 this Section and in accordance with guidelines established by
19 the System, the current value of the projected amount of the
20 increase in benefits, as determined by the System and
21 reflecting whether the participants covered under the contract
22 or collective bargaining agreement are Tier 1 members or Tier 2
23 members, resulting from the portion of the earnings that exceed
24 the amount of the earnings provided under the preceding
25 contract or collective bargaining agreement. The System may
26 require the employer to provide any pertinent information or

1 documentation.

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

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

22 (h) This subsection (h) applies only to payments made or
23 salary increases given on or after June 1, 2005 but before July
24 1, 2011. The changes made by Public Act 94-1057 shall not
25 require the System to refund any payments received before July
26 31, 2006 (the effective date of Public Act 94-1057).

1 When assessing payment for any amount due under subsection
2 (g), the System shall exclude earnings increases paid to
3 participants under contracts or collective bargaining
4 agreements entered into, amended, or renewed before June 1,
5 2005.

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

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

24 When assessing payment for any amount due under subsection
25 (g), the System shall exclude any earnings increase resulting
26 from (i) a promotion for which the employee moves from one

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

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

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

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

1 employer.

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

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

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

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

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

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

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

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

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

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

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

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

25 (40 ILCS 5/15-185.5 new)

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

2 (a) As used in this Section:

3 "Eligible person" means a person who:

4 (1) has terminated service;

5 (2) has accrued sufficient service credit to be
6 eligible to receive a retirement annuity under this
7 Article;

8 (3) has not received any retirement annuity under this
9 Article;

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

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

14 "Pension benefit" means the benefits under this Article, or
15 Article 1 as it relates to those benefits, including any
16 anticipated annual increases, that an eligible person is
17 entitled to upon attainment of the applicable retirement age.

18 "Pension benefit" also includes applicable survivor's or
19 disability benefits.

20 (b) Before January 1, 2019, the System shall calculate,
21 using actuarial tables and other assumptions adopted by the
22 Board, the net present value of pension benefits for each
23 eligible person and shall offer each eligible person the
24 opportunity to irrevocably elect to receive an amount
25 determined by the System to be equal to 70% of the net present
26 value of his or her pension benefits in lieu of receiving any

1 pension benefit. The offer shall specify the dollar amount that
2 the eligible person will receive if he or she so elects and
3 shall expire when a subsequent offer is made to an eligible
4 person. The System shall make a good faith effort to contact
5 every eligible person to notify him or her of the election and
6 of the amount of the accelerated pension benefit payment.

7 Beginning January 1, 2019 and until July 1, 2019, an
8 eligible person may irrevocably elect to receive an accelerated
9 pension benefit payment in the amount that the System offers
10 under this subsection in lieu of receiving any pension benefit.
11 A person who elects to receive an accelerated pension benefit
12 payment under this Section may not elect to proceed under the
13 Retirement Systems Reciprocal Act with respect to service under
14 this Article.

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

25 (d) If a person who has received an accelerated pension
26 benefit payment under this Section returns to active service

1 under this Article, then:

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

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

10 (e) As a condition of receiving an accelerated pension
11 benefit payment, an eligible person must have another
12 retirement plan or account qualified under the Internal Revenue
13 Code of 1986, as amended, for the accelerated pension benefit
14 payment to be rolled into. The accelerated pension benefit
15 payment under this Section may be subject to withholding or
16 payment of applicable taxes, but to the extent permitted by
17 federal law, a person who receives an accelerated pension
18 benefit payment under this Section must direct the System to
19 pay all of that payment as a rollover into another retirement
20 plan or account qualified under the Internal Revenue Code of
21 1986, as amended.

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

1 (g) The Board shall adopt any rules necessary to implement
2 this Section.

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

6 (40 ILCS 5/15-198)

7 Sec. 15-198. Application and expiration of new benefit
8 increases.

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after the effective date of this
14 amendatory Act of the 94th General Assembly. "New benefit
15 increase", however, does not include any benefit increase
16 resulting from the changes made to Article 1 or this Article by
17 Public Act 100-23 or this amendatory Act of the 100th General
18 Assembly ~~this amendatory Act of the 100th General Assembly.~~

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

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

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

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

10 (40 ILCS 5/15-200.5 new)

11 Sec. 15-200.5. Tier 3 plan.

12 (a) By July 1, 2019, the System shall prepare and implement
13 a Tier 3 plan. The Tier 3 plan developed under this Section
14 shall be a plan that aggregates State and employee
15 contributions in individual participant accounts which, after
16 meeting any other requirements, are used for payouts after
17 retirement in accordance with this Section and any other
18 applicable laws. In developing, preparing, and implementing
19 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
20 the System shall utilize the framework of the self-managed plan
21 and shall endeavor to adapt the benefits and structure of the
22 self-managed plan.

23 As used in this Section, "defined benefit plan" means the
24 traditional benefit package or the portable benefit package
25 available under this Article to Tier 1 or Tier 2 members who

1 have not made the election authorized under this Section and do
2 not participate in the self-managed plan under Section
3 15-158.2.

4 (1) All persons who begin to participate in this System
5 on or after July 1, 2019 shall participate in the Tier 3
6 plan rather than the defined benefit plan or the
7 self-managed plan under Section 15-158.2.

8 (2) A participant in the Tier 3 plan shall pay employee
9 contributions at a rate of 8% of earnings.

10 (3) State contributions shall be paid into the accounts
11 of all participants in the Tier 3 plan at a rate of 7.6% of
12 earnings, less the amount determined annually by the Board
13 to cover the cost of offering the defined disability
14 benefits available to other participants under this
15 Article if the Tier 3 plan offers such benefits.

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

21 (5) The Tier 3 plan may provide for participants in the
22 plan to be eligible for the defined disability benefits
23 available to other participants under this Article. If it
24 does, the System shall reduce the employee contributions
25 credited to the member's Tier 3 plan account by an amount
26 determined by the System to cover the cost of offering such

1 benefits.

2 (6) The Tier 3 plan shall provide a variety of options
3 for investments. These options shall include investments
4 handled by the System as well as private sector investment
5 options.

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

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

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

18 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
19 member of this System may elect, in writing, to cease accruing
20 benefits in the defined benefit plan and begin accruing
21 benefits for future service in the Tier 3 plan. An active Tier
22 1 or Tier 2 member who elects to cease accruing benefits in his
23 or her defined benefit plan shall be prohibited from purchasing
24 service credit on or after the date of his or her election. A
25 Tier 1 or Tier 2 member who elects to participate in the Tier 3
26 plan shall not receive interest accruals to his or her Rule 2

1 benefit on or after the date of his or her election. The
2 election to participate in the Tier 3 plan is voluntary and
3 irrevocable.

4 (1) Service credit under the Tier 3 plan may be used
5 for determining retirement eligibility under the defined
6 benefit plan.

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

16 (3) Upon request for further information describing
17 the option, the System shall provide employees with
18 information from the System before exercising the option to
19 join the plan, including information on the impact to their
20 benefits and service. The individual consultation shall
21 include projections of the member's defined benefits at
22 retirement or earlier termination of service and the value
23 of the member's account at retirement or earlier
24 termination of service. The System shall not provide advice
25 or counseling with respect to whether the employee should
26 exercise the option. The System shall inform Tier 1 and

1 Tier 2 members who are eligible to participate in the Tier
2 3 plan that they may also wish to obtain information and
3 counsel relating to their option from any other available
4 source, including, but not limited to, labor
5 organizations, private counsel, and financial advisors.

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

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

26 (d) Notwithstanding any other provision of this Section, no

1 person shall begin participating in the Tier 3 plan until it
2 has attained qualified plan status and received all necessary
3 approvals from the U.S. Internal Revenue Service.

4 (e) The System shall report on its progress under this
5 Section, including the available details of the Tier 3 plan and
6 the System's plans for informing eligible Tier 1 and Tier 2
7 members about the plan, to the Governor and the General
8 Assembly on or before January 15, 2019.

9 (40 ILCS 5/16-106.40 new)

10 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member
11 under this Article who first became a member or participant
12 before January 1, 2011 under any reciprocal retirement system
13 or pension fund established under this Code other than a
14 retirement system or pension fund established under Article 2,
15 3, 4, 5, 6, or 18 of this Code.

16 In the case of a Tier 1 member who elects to participate in
17 the Tier 3 plan under Section 16-205.5 of this Code, that Tier
18 1 member shall be deemed a Tier 1 member only with respect to
19 service performed or established before the effective date of
20 that election.

21 (40 ILCS 5/16-106.41 new)

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

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

6 (40 ILCS 5/16-106.42 new)

7 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A member of
8 the System who first becomes a member under this Article on or
9 after July 1, 2019 or a Tier 1 or Tier 2 member who elects to
10 participate in the Tier 3 plan under Section 16-205.5 of this
11 Code, but only with respect to service performed on or after
12 the effective date of that election.

13 (40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)

14 Sec. 16-123. Membership of System.

15 (a) Except as provided in subsection (c), the ~~The~~
16 membership of this System shall be composed of all teachers
17 employed after June 30, 1939 who become members as a condition
18 of employment on the date they become teachers. Membership
19 shall continue until the date a member becomes an annuitant,
20 dies, accepts a single-sum retirement benefit, accepts a
21 refund, or forfeits the rights to a refund.

22 (b) This Article does not apply to any person first
23 employed after June 30, 1979 as a public service employment
24 program participant under the Federal Comprehensive Employment

1 and Training Act and whose wages or fringe benefits are paid in
2 whole or in part by funds provided under such Act.

3 (c) Notwithstanding any other provision of this Article,
4 beginning on the effective date of this amendatory Act of the
5 100th General Assembly, a person is not required, as a
6 condition of employment or otherwise, to participate in this
7 System. An active teacher may terminate his or her membership
8 in this System (including active participation in the Tier 3
9 plan, if applicable) by notifying the System in writing. An
10 active teacher terminating his or her membership in this System
11 under this subsection shall be entitled to a refund of his or
12 her contributions (other than contributions to the Tier 3 plan
13 under Section 16-205.5) minus the benefits received prior to
14 the termination of membership.

15 (Source: P.A. 87-11.)

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

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

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

20 (a) Each member shall receive regular credit for all
21 service as a teacher from the date membership begins, for which
22 satisfactory evidence is supplied and all contributions have
23 been paid.

24 (b) The following periods of service shall earn optional
25 credit and each member shall receive credit for all such

1 service for which satisfactory evidence is supplied and all
2 contributions have been paid as of the date specified:

3 (1) Prior service as a teacher.

4 (2) Service in a capacity essentially similar or
5 equivalent to that of a teacher, in the public common
6 schools in school districts in this State not included
7 within the provisions of this System, or of any other
8 State, territory, dependency or possession of the United
9 States, or in schools operated by or under the auspices of
10 the United States, or under the auspices of any agency or
11 department of any other State, and service during any
12 period of professional speech correction or special
13 education experience for a public agency within this State
14 or any other State, territory, dependency or possession of
15 the United States, and service prior to February 1, 1951 as
16 a recreation worker for the Illinois Department of Public
17 Safety, for a period not exceeding the lesser of 2/5 of the
18 total creditable service of the member or 10 years. The
19 maximum service of 10 years which is allowable under this
20 paragraph shall be reduced by the service credit which is
21 validated by other retirement systems under paragraph (i)
22 of Section 15-113 and paragraph 1 of Section 17-133. Credit
23 granted under this paragraph may not be used in
24 determination of a retirement annuity or disability
25 benefits unless the member has at least 5 years of
26 creditable service earned subsequent to this employment

1 with one or more of the following systems: Teachers'
2 Retirement System of the State of Illinois, State
3 Universities Retirement System, and the Public School
4 Teachers' Pension and Retirement Fund of Chicago. Whenever
5 such service credit exceeds the maximum allowed for all
6 purposes of this Article, the first service rendered in
7 point of time shall be considered. The changes to this
8 subdivision (b)(2) made by Public Act 86-272 shall apply
9 not only to persons who on or after its effective date
10 (August 23, 1989) are in service as a teacher under the
11 System, but also to persons whose status as such a teacher
12 terminated prior to such effective date, whether or not
13 such person is an annuitant on that date.

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

1 employment as a teacher under this System; and a period of
2 up to 2 years of active military service not immediately
3 following employment as a teacher.

4 The changes to this Section and Section 16-128 relating
5 to military service made by P.A. 87-794 shall apply not
6 only to persons who on or after its effective date are in
7 service as a teacher under the System, but also to persons
8 whose status as a teacher terminated prior to that date,
9 whether or not the person is an annuitant on that date. In
10 the case of an annuitant who applies for credit allowable
11 under this Section for a period of military service that
12 did not immediately follow employment, and who has made the
13 required contributions for such credit, the annuity shall
14 be recalculated to include the additional service credit,
15 with the increase taking effect on the date the System
16 received written notification of the annuitant's intent to
17 purchase the credit, if payment of all the required
18 contributions is made within 60 days of such notice, or
19 else on the first annuity payment date following the date
20 of payment of the required contributions. In calculating
21 the automatic annual increase for an annuity that has been
22 recalculated under this Section, the increase attributable
23 to the additional service allowable under P.A. 87-794 shall
24 be included in the calculation of automatic annual
25 increases accruing after the effective date of the
26 recalculation.

1 Credit for military service shall be determined as
2 follows: if entry occurs during the months of July, August,
3 or September and the member was a teacher at the end of the
4 immediately preceding school term, credit shall be granted
5 from July 1 of the year in which he or she entered service;
6 if entry occurs during the school term and the teacher was
7 in teaching service at the beginning of the school term,
8 credit shall be granted from July 1 of such year. In all
9 other cases where credit for military service is allowed,
10 credit shall be granted from the date of entry into the
11 service.

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

1 (4) Any periods served as a member of the General
2 Assembly.

3 (5) (i) Any periods for which a teacher, as defined in
4 Section 16-106, is granted a leave of absence, provided he
5 or she returns to teaching service creditable under this
6 System or the State Universities Retirement System
7 following the leave; (ii) periods during which a teacher is
8 involuntarily laid off from teaching, provided he or she
9 returns to teaching following the lay-off; (iii) periods
10 prior to July 1, 1983 during which a teacher ceased covered
11 employment due to pregnancy, provided that the teacher
12 returned to teaching service creditable under this System
13 or the State Universities Retirement System following the
14 pregnancy and submits evidence satisfactory to the Board
15 documenting that the employment ceased due to pregnancy;
16 and (iv) periods prior to July 1, 1983 during which a
17 teacher ceased covered employment for the purpose of
18 adopting an infant under 3 years of age or caring for a
19 newly adopted infant under 3 years of age, provided that
20 the teacher returned to teaching service creditable under
21 this System or the State Universities Retirement System
22 following the adoption and submits evidence satisfactory
23 to the Board documenting that the employment ceased for the
24 purpose of adopting an infant under 3 years of age or
25 caring for a newly adopted infant under 3 years of age.
26 However, total credit under this paragraph (5) may not

1 exceed 3 years.

2 Any qualified member or annuitant may apply for credit
3 under item (iii) or (iv) of this paragraph (5) without
4 regard to whether service was terminated before the
5 effective date of this amendatory Act of 1997. In the case
6 of an annuitant who establishes credit under item (iii) or
7 (iv), the annuity shall be recalculated to include the
8 additional service credit. The increase in annuity shall
9 take effect on the date the System receives written
10 notification of the annuitant's intent to purchase the
11 credit, if the required evidence is submitted and the
12 required contribution paid within 60 days of that
13 notification, otherwise on the first annuity payment date
14 following the System's receipt of the required evidence and
15 contribution. The increase in an annuity recalculated
16 under this provision shall be included in the calculation
17 of automatic annual increases in the annuity accruing after
18 the effective date of the recalculation.

19 Optional credit may be purchased under this subsection
20 (b) (5) for periods during which a teacher has been granted
21 a leave of absence pursuant to Section 24-13 of the School
22 Code. A teacher whose service under this Article terminated
23 prior to the effective date of P.A. 86-1488 shall be
24 eligible to purchase such optional credit. If a teacher who
25 purchases this optional credit is already receiving a
26 retirement annuity under this Article, the annuity shall be

1 recalculated as if the annuitant had applied for the leave
2 of absence credit at the time of retirement. The difference
3 between the entitled annuity and the actual annuity shall
4 be credited to the purchase of the optional credit. The
5 remainder of the purchase cost of the optional credit shall
6 be paid on or before April 1, 1992.

7 The change in this paragraph made by Public Act 86-273
8 shall be applicable to teachers who retire after June 1,
9 1989, as well as to teachers who are in service on that
10 date.

11 (6) For a person who first becomes a member before the
12 effective date of this amendatory Act of the 100th General
13 Assembly, any ~~Any~~ days of unused and uncompensated
14 accumulated sick leave earned by a teacher. The service
15 credit granted under this paragraph shall be the ratio of
16 the number of unused and uncompensated accumulated sick
17 leave days to 170 days, subject to a maximum of 2 years of
18 service credit. Prior to the member's retirement, each
19 former employer shall certify to the System the number of
20 unused and uncompensated accumulated sick leave days
21 credited to the member at the time of termination of
22 service. The period of unused sick leave shall not be
23 considered in determining the effective date of
24 retirement. A member is not required to make contributions
25 in order to obtain service credit for unused sick leave.

26 Credit for sick leave shall, at retirement, be granted

1 by the System for any retiring regional or assistant
2 regional superintendent of schools who first becomes a
3 member before the effective date of this amendatory Act of
4 the 100th General Assembly at the rate of 6 days per year
5 of creditable service or portion thereof established while
6 serving as such superintendent or assistant
7 superintendent.

8 (7) Periods prior to February 1, 1987 served as an
9 employee of the Illinois Mathematics and Science Academy
10 for which credit has not been terminated under Section
11 15-113.9 of this Code.

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

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

16 (10) Up to 2 years of employment with Southern Illinois
17 University - Carbondale from September 1, 1959 to August
18 31, 1961, or with Governors State University from September
19 1, 1972 to August 31, 1974, for which the teacher has no
20 credit under Article 15. To receive credit under this item
21 (10), a teacher must apply in writing to the Board and pay
22 the required contributions before May 1, 1993 and have at
23 least 12 years of service credit under this Article.

24 (b-1) A member may establish optional credit for up to 2
25 years of service as a teacher or administrator employed by a
26 private school recognized by the Illinois State Board of

1 Education, provided that the teacher (i) was certified under
2 the law governing the certification of teachers at the time the
3 service was rendered, (ii) applies in writing on or after
4 August 1, 2009 and on or before August 1, 2012, (iii) supplies
5 satisfactory evidence of the employment, (iv) completes at
6 least 10 years of contributing service as a teacher as defined
7 in Section 16-106, and (v) pays the contribution required in
8 subsection (d-5) of Section 16-128. The member may apply for
9 credit under this subsection and pay the required contribution
10 before completing the 10 years of contributing service required
11 under item (iv), but the credit may not be used until the item
12 (iv) contributing service requirement has been met.

13 (c) The service credits specified in this Section shall be
14 granted only if: (1) such service credits are not used for
15 credit in any other statutory tax-supported public employee
16 retirement system other than the federal Social Security
17 program; and (2) the member makes the required contributions as
18 specified in Section 16-128. Except as provided in subsection
19 (b-1) of this Section, the service credit shall be effective as
20 of the date the required contributions are completed.

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

23 Credit may not be granted under this Section covering any
24 period for which an age retirement or disability retirement
25 allowance has been paid.

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

1 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

2 Sec. 16-152.1. Pickup of contributions.

3 (a) Each employer may pick up the member contributions
4 required under Section 16-152 for all salary earned after
5 December 31, 1981. If an employer decides not to pick up the
6 member contributions, the amount that would have been picked up
7 shall continue to be deducted from salary. If contributions are
8 picked up, they shall be treated as employer contributions in
9 determining tax treatment under the United States Internal
10 Revenue Code. The employer shall pay these member contributions
11 from the same source of funds which is used in paying salary to
12 the member. The employer may pick up these contributions by a
13 reduction in the cash salary of the member or by an offset
14 against a future salary increase or by a combination of a
15 reduction in salary and offset against a future salary
16 increase. If member contributions are picked up, they shall be
17 treated for all purposes of this Article 16 in the same manner
18 as member contributions made prior to the date the pick up
19 began.

20 (b) The State Board of Education shall pick up the
21 contributions of regional superintendents required under
22 Section 16-152 for all salary earned for the 1982 calendar year
23 and thereafter.

24 (c) Effective July 1, 1983, each employer shall pick up the
25 member contributions required under Section 16-152 for all

1 salary earned after such date. Contributions so picked up shall
2 be treated as employer contributions in determining tax
3 treatment under the United States Internal Revenue Code. The
4 employer shall pay these member contributions from the same
5 source of funds which is used in paying salary to the member.
6 The employer may pick up these contributions by a reduction in
7 the cash salary of the member or by an offset against a future
8 salary increase or by a combination of a reduction in salary
9 and offset against a future salary increase. Member
10 contributions so picked up shall be treated for all purposes of
11 this Article 16 in the same manner as member contributions made
12 prior to the date the pick up began.

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

1 (e) Beginning on the effective date of this amendatory Act
2 of the 100th General Assembly, no employer shall pay employee
3 contributions on behalf of an employee, except for the sole
4 purpose of allowing the employee to make pre-tax contributions
5 as provided in this Section. The provisions of this subsection
6 (e) do not apply to an employment contract or collective
7 bargaining agreement that is in effect on the effective date of
8 this amendatory Act of the 100th General Assembly. However, any
9 such contract or agreement that is subsequently modified,
10 amended, or renewed shall be subject to the provisions of this
11 subsection (e).

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

13 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

14 Sec. 16-158. Contributions by State and other employing
15 units.

16 (a) The State shall make contributions to the System by
17 means of appropriations from the Common School Fund and other
18 State funds of amounts which, together with other employer
19 contributions, employee contributions, investment income, and
20 other income, will be sufficient to meet the cost of
21 maintaining and administering the System on a 90% funded basis
22 in accordance with actuarial recommendations.

23 The Board shall determine the amount of State contributions
24 required for each fiscal year on the basis of the actuarial
25 tables and other assumptions adopted by the Board and the

1 recommendations of the actuary, using the formula in subsection
2 (b-3).

3 (a-1) Annually, on or before November 15 until November 15,
4 2011, the Board shall certify to the Governor the amount of the
5 required State contribution for the coming fiscal year. The
6 certification under this subsection (a-1) shall include a copy
7 of the actuarial recommendations upon which it is based and
8 shall specifically identify the System's projected State
9 normal cost 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 Public Act 94-4 ~~this amendatory Act of the 94th General~~
21 ~~Assembly.~~

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

1 was approved on that date.

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

22 (a-10) By November 1, 2017, the Board shall recalculate and
23 recertify to the State Actuary, the Governor, and the General
24 Assembly the amount of the State contribution to the System for
25 State fiscal year 2018, taking into account the changes in
26 required State contributions made by Public Act 100-23 ~~this~~

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

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

16 (b-1) Beginning in State fiscal year 1996, on the 15th day
17 of each month, or as soon thereafter as may be practicable, the
18 Board shall submit vouchers for payment of State contributions
19 to the System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a-1). From March 5, 2004 (the effective date of Public Act
22 93-665) ~~this amendatory Act of the 93rd General Assembly~~
23 through June 30, 2004, the Board shall not submit vouchers for
24 the remainder of fiscal year 2004 in excess of the fiscal year
25 2004 certified contribution amount determined under this
26 Section after taking into consideration the transfer to the

1 System under subsection (a) of Section 6z-61 of the State
2 Finance Act. These vouchers shall be paid by the State
3 Comptroller and Treasurer by warrants drawn on the funds
4 appropriated to the System for that fiscal year.

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

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

17 (b-3) For State fiscal years 2012 through 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 each of State fiscal years 2018, 2019, and 2020, the~~
2 ~~State shall make an additional contribution to the System equal~~
3 ~~to 2% of the total payroll of each employee who is deemed to~~
4 ~~have elected the benefits under Section 1-161 or who has made~~
5 ~~the election under subsection (c) of Section 1-161.~~

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

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

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

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

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

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section; except that in the
4 following specified State fiscal years, the State contribution
5 to the System shall not be less than the following indicated
6 percentages of the applicable employee payroll, even if the
7 indicated percentage will produce a State contribution in
8 excess of the amount otherwise required under this subsection
9 and subsection (a), and notwithstanding any contrary
10 certification made under subsection (a-1) before May 27, 1998
11 (the effective date of Public Act 90-582) ~~this amendatory Act~~
12 ~~of 1998~~: 10.02% in FY 1999; 10.77% in FY 2000; 11.47% in FY
13 2001; 12.16% in FY 2002; 12.86% in FY 2003; and 13.56% in FY
14 2004.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2006 is
17 \$534,627,700.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2007 is
20 \$738,014,500.

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

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

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

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 90% of the total
3 actuarial liabilities of the System.

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

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

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

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

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

1 ~~employee contribution, plus 2%, for each employee of that~~
2 ~~employer who has elected or who is deemed to have elected~~
3 ~~the benefits under Section 1-161 or who has made the~~
4 ~~election under subsection (b) of Section 1-161; plus~~

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

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

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

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

25 (c) Payment of the required State contributions and of all
26 pensions, retirement annuities, death benefits, refunds, and

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

4 If members are paid from special trust or federal funds
5 which are administered by the employing unit, whether school
6 district or other unit, the employing unit shall pay to the
7 System from such funds the full accruing retirement costs based
8 upon that service, which, beginning July 1, 2017, shall be at a
9 rate, expressed as a percentage of salary, equal to the total
10 employer's normal cost, expressed as a percentage of payroll,
11 as determined by the System. Employer contributions, based on
12 salary paid to members from federal funds, may be forwarded by
13 the distributing agency of the State of Illinois to the System
14 prior to allocation, in an amount determined in accordance with
15 guidelines established by such agency and the System. Any
16 contribution for fiscal year 2015 collected as a result of the
17 change made by Public Act 98-674 ~~this amendatory Act of the~~
18 ~~98th General Assembly~~ shall be considered a State contribution
19 under subsection (b-3) of this Section.

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

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

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

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

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

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

1 These employer contributions are intended to offset a
2 portion of the cost to the System of the increases in
3 retirement benefits resulting from Public Act 90-582 ~~this~~
4 ~~amendatory Act of 1998~~.

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

12 The additional 1% employee contribution required under
13 Section 16-152 by Public Act 90-582 ~~this amendatory Act of 1998~~
14 is the responsibility of the teacher and not the teacher's
15 employer, unless the employer agrees, through collective
16 bargaining or otherwise, to make the contribution on behalf of
17 the teacher.

18 If an employer is required by a contract in effect on May
19 1, 1998 between the employer and an employee organization to
20 pay, on behalf of all its full-time employees covered by this
21 Article, all mandatory employee contributions required under
22 this Article, then the employer shall be excused from paying
23 the employer contribution required under this subsection (e)
24 for the balance of the term of that contract. The employer and
25 the employee organization shall jointly certify to the System
26 the existence of the contractual requirement, in such form as

1 the System may prescribe. This exclusion shall cease upon the
2 termination, extension, or renewal of the contract at any time
3 after May 1, 1998.

4 (f) If the amount of a teacher's salary for any school year
5 beginning on or after June 1, 2005 and before July 1, 2019 used
6 to determine final average salary exceeds the member's annual
7 full-time salary rate with the same employer for the previous
8 school year by more than 6%, the teacher's employer shall pay
9 to the System, in addition to all other payments required under
10 this Section and in accordance with guidelines established by
11 the System, the present value of the increase in benefits
12 resulting from the portion of the increase in salary that is in
13 excess of 6%. This present value shall be computed by the
14 System on the basis of the actuarial assumptions and tables
15 used in the most recent actuarial valuation of the System that
16 is available at the time of the computation. If a teacher's
17 salary for the 2005-2006 school year is used to determine final
18 average salary under this subsection (f), then the changes made
19 to this subsection (f) by Public Act 94-1057 shall apply in
20 calculating whether the increase in his or her salary is in
21 excess of 6%. For the purposes of this Section, change in
22 employment under Section 10-21.12 of the School Code on or
23 after June 1, 2005 shall constitute a change in employer. The
24 System may require the employer to provide any pertinent
25 information or documentation. The changes made to this
26 subsection (f) by Public Act 94-1111 ~~this amendatory Act of the~~

1 ~~94th General Assembly~~ apply without regard to whether the
2 teacher was in service on or after its effective date.

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

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

1 (f-1) Beginning in fiscal year 2020, if a contract or
2 collective bargaining agreement entered into, amended, or
3 renewed on or after the effective date of this amendatory Act
4 of the 100th General Assembly provides for salaries to exceed
5 the salaries provided under the preceding contract or
6 collective bargaining agreement, then the employer shall pay to
7 the System, in addition to all other payments required under
8 this Section and in accordance with guidelines established by
9 the System, the current value of the projected amount of the
10 increase in benefits, as determined by the System and
11 reflecting whether the teachers covered under the contract or
12 collective bargaining agreement are Tier 1 members or Tier 2
13 members, resulting from the portion of the salaries that exceed
14 the amount of the salaries provided under the preceding
15 contract or collective bargaining agreement. The System may
16 require the employer to provide any pertinent information or
17 documentation.

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

1 the application and, if appropriate, recalculate the amount
2 due.

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

12 (g) This subsection (g) applies only to payments made or
13 salary increases given on or after June 1, 2005 but before July
14 1, 2011. The changes made by Public Act 94-1057 shall not
15 require the System to refund any payments received before July
16 31, 2006 (the effective date of Public Act 94-1057).

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

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude salary increases paid to a
23 teacher at a time when the teacher is 10 or more years from
24 retirement eligibility under Section 16-132 or 16-133.2.

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

1 overload work, including summer school, when the school
2 district has certified to the System, and the System has
3 approved the certification, that (i) the overload work is for
4 the sole purpose of classroom instruction in excess of the
5 standard number of classes for a full-time teacher in a school
6 district during a school year and (ii) the salary increases are
7 equal to or less than the rate of pay for classroom instruction
8 computed on the teacher's current salary and work schedule.

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

23 When assessing payment for any amount due under subsection
24 (f), the System shall exclude any payment to the teacher from
25 the State of Illinois or the State Board of Education over
26 which the employer does not have discretion, notwithstanding

1 that the payment is included in the computation of final
2 average salary.

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

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

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

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

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

25 (4) The increase in the required State contribution
26 resulting from the changes made to this Section by Public

1 Act 94-1057.

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

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

1 application and, if appropriate, recalculate the amount due.

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

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

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

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

26 (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;

1 revised 9-25-17.)

2 (40 ILCS 5/16-190.5 new)

3 Sec. 16-190.5. Accelerated pension benefit payment.

4 (a) As used in this Section:

5 "Eligible person" means a person who:

6 (1) has terminated service;

7 (2) has accrued sufficient service credit to be
8 eligible to receive a retirement annuity under this
9 Article;

10 (3) has not received any retirement annuity under this
11 Article; and

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

14 "Pension benefit" means the benefits under this Article, or
15 Article 1 as it relates to those benefits, including any
16 anticipated annual increases, that an eligible person is
17 entitled to upon attainment of the applicable retirement age.

18 "Pension benefit" also includes applicable survivor's or
19 disability benefits.

20 (b) Before January 1, 2019, the System shall calculate,
21 using actuarial tables and other assumptions adopted by the
22 Board, the net present value of pension benefits for each
23 eligible person and shall offer each eligible person the
24 opportunity to irrevocably elect to receive an amount
25 determined by the System to be equal to 70% of the net present

1 value of his or her pension benefits in lieu of receiving any
2 pension benefit. The offer shall specify the dollar amount that
3 the eligible person will receive if he or she so elects and
4 shall expire when a subsequent offer is made to an eligible
5 person. The System shall make a good faith effort to contact
6 every eligible person to notify him or her of the election and
7 of the amount of the accelerated pension benefit payment.

8 Beginning January 1, 2019 and until July 1, 2019, an
9 eligible person may irrevocably elect to receive an accelerated
10 pension benefit payment in the amount that the System offers
11 under this subsection in lieu of receiving any pension benefit.
12 A person who elects to receive an accelerated pension benefit
13 payment under this Section may not elect to proceed under the
14 Retirement Systems Reciprocal Act with respect to service under
15 this Article.

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

26 (d) If a person who has received an accelerated pension

1 benefit payment under this Section returns to active service
2 under this Article, then:

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

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

11 (e) As a condition of receiving an accelerated pension
12 benefit payment, an eligible person must have another
13 retirement plan or account qualified under the Internal Revenue
14 Code of 1986, as amended, for the accelerated pension benefit
15 payment to be rolled into. The accelerated pension benefit
16 payment under this Section may be subject to withholding or
17 payment of applicable taxes, but to the extent permitted by
18 federal law, a person who receives an accelerated pension
19 benefit payment under this Section must direct the System to
20 pay all of that payment as a rollover into another retirement
21 plan or account qualified under the Internal Revenue Code of
22 1986, as amended.

23 (f) Before January 1, 2020, the Board shall certify to the
24 Illinois Finance Authority and the General Assembly the amount
25 by which the total amount of accelerated pension benefit
26 payments made under this Section exceed the amount appropriated

1 to the System for the purpose of making those payments.

2 (g) The Board shall adopt any rules necessary to implement
3 this Section.

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

7 (40 ILCS 5/16-203)

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

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

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

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

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

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

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

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

12 (40 ILCS 5/16-205.5 new)

13 Sec. 16-205.5. Tier 3 plan.

14 (a) By July 1, 2019, the System shall prepare and implement
15 a Tier 3 plan. The Tier 3 plan developed under this Section
16 shall be a plan that aggregates State and employee
17 contributions in individual participant accounts which, after
18 meeting any other requirements, are used for payouts after
19 retirement in accordance with this Section and any other
20 applicable laws. In developing, preparing, and implementing
21 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
22 the System shall utilize the framework of the self-managed plan
23 offered under Article 15 and shall endeavor to adapt the
24 benefits and structure of the self-managed plan. The System
25 shall consult with the State Universities Retirement System in

1 developing the Tier 3 plan.

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

6 (1) All persons who begin to participate in this System
7 on or after July 1, 2019 shall participate in the Tier 3
8 plan rather than the defined benefit plan.

9 (2) A participant in the Tier 3 plan shall pay employee
10 contributions at a rate of 8% of salary.

11 (3) State contributions shall be paid into the accounts
12 of all participants in the Tier 3 plan at a rate of 7.6% of
13 salary, less the amount determined annually by the Board to
14 cover the cost of offering the defined disability benefits
15 available to other participants under this Article if the
16 Tier 3 plan offers such benefits.

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

22 (5) The Tier 3 plan may provide for participants in the
23 plan to be eligible for the defined disability benefits
24 available to other participants under this Article. If it
25 does, the System shall reduce the employee contributions
26 credited to the member's Tier 3 plan account by an amount

1 determined by the System to cover the cost of offering such
2 benefits.

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

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

11 (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 from the Tier 3 plan into other qualified retirement plans.

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

20 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
21 member of this System may elect, in writing, to cease accruing
22 benefits in the defined benefit plan and begin accruing
23 benefits for future service in the Tier 3 plan. An active Tier
24 1 or Tier 2 member who elects to cease accruing benefits in his
25 or her defined benefit plan shall be prohibited from purchasing
26 service credit on or after the date of his or her election. A

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

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

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

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

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

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

20 (c) 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 Tier 3
25 plan in accordance with this amendatory Act of the 100th
26 General Assembly to provide information concerning the impact

1 of the Tier 3 plan set forth in this Section.

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

6 (e) The System shall report on its progress under this
7 Section, including the available details of the Tier 3 plan and
8 the System's plans for informing eligible Tier 1 and Tier 2
9 members about the plan, to the Governor and the General
10 Assembly on or before January 15, 2019.

11 (40 ILCS 5/18-110.1 new)

12 Sec. 18-110.1. Tier 1 participant. "Tier 1 participant": A
13 participant who first became a participant of this System
14 before January 1, 2011.

15 In the case of a Tier 1 participant who elects to
16 participate in the Tier 3 plan under Section 18-121.5 of this
17 Code, that Tier 1 participant shall be deemed a Tier 1
18 participant only with respect to service performed or
19 established before the effective date of that election.

20 (40 ILCS 5/18-110.2 new)

21 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant": A
22 participant who first becomes a participant of this System on
23 or after January 1, 2011.

24 In the case of a Tier 2 participant who elects to

1 participate in the Tier 3 plan under Section 18-121.5 of this
2 Code, that Tier 2 participant shall be deemed a Tier 2
3 participant only with respect to service performed or
4 established before the effective date of that election.

5 (40 ILCS 5/18-110.3 new)

6 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A
7 participant who first becomes a participant of this System on
8 or after July 1, 2019 or a Tier 1 or Tier 2 participant who
9 elects to participate in the Tier 3 plan under Section 18-121.5
10 of this Code, but only with respect to service performed on or
11 after the effective date of that election.

12 (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

13 Sec. 18-120. Employee participation.

14 (a) Except as provided in subsection (b), an ~~An~~ eligible
15 judge who is not a participant shall become a participant
16 beginning on the date he or she becomes an eligible judge,
17 unless the judge files with the board a written notice of
18 election not to participate within 30 days of the date of being
19 notified of the option.

20 A person electing not to participate shall thereafter be
21 ineligible to become a participant unless the election is
22 revoked as provided in Section 18-121.

23 (b) Notwithstanding any other provision of this Article, an
24 active participant may terminate his or her participation in

1 this System (including active participation in the Tier 3 plan,
2 if applicable) by notifying the System in writing. An active
3 participant terminating participation in this System under
4 this subsection shall be entitled to a refund of his or her
5 contributions (other than contributions to the Tier 3 plan
6 under Section 18-121.5) minus the benefits received prior to
7 the termination of participation.

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

9 (40 ILCS 5/18-121.5 new)

10 Sec. 18-121.5. Tier 3 plan.

11 (a) By July 1, 2019, the System shall prepare and implement
12 a Tier 3 plan. The Tier 3 plan developed under this Section
13 shall be a plan that aggregates State and employee
14 contributions in individual participant accounts which, after
15 meeting any other requirements, are used for payouts after
16 retirement in accordance with this Section and any other
17 applicable laws. In developing, preparing, and implementing
18 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
19 the System shall utilize the framework of the self-managed plan
20 offered under Article 15 and shall endeavor to adapt the
21 benefits and structure of the self-managed plan. The System
22 shall consult with the State Universities Retirement System in
23 developing the Tier 3 plan.

24 As used in this Section, "defined benefit plan" means the
25 retirement plan available under this Article to Tier 1 or Tier

1 2 participants who have not made the election authorized under
2 this Section.

3 (1) All persons who begin to participate in this System
4 on or after July 1, 2019 shall participate in the Tier 3
5 plan rather than the defined benefit plan.

6 (2) A participant in the Tier 3 plan shall pay employee
7 contributions at a rate of 8% of salary.

8 (3) State contributions shall be paid into the accounts
9 of all participants in the Tier 3 plan at a rate of 7.6% of
10 salary, less the amount determined annually by the Board to
11 cover the cost of offering the defined disability benefits
12 available to other participants under this Article if the
13 Tier 3 plan offers such benefits.

14 (4) The Tier 3 plan shall require one year of
15 participation in the Tier 3 plan before vesting in State
16 contributions. If the participant fails to vest in them,
17 the State contributions, and the earnings thereon, shall be
18 forfeited.

19 (5) The Tier 3 plan may provide for participants in the
20 plan to be eligible for defined disability benefits. If it
21 does, the System shall reduce the employee contributions
22 credited to the participant's Tier 3 plan account by an
23 amount determined by the System to cover the cost of
24 offering such benefits.

25 (6) The Tier 3 plan shall provide a variety of options
26 for investments. These options shall include investments

1 handled by the Illinois State Board of Investment as well
2 as private sector investment options.

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

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

11 (9) The System shall reduce the employee contributions
12 credited to the participant's Tier 3 plan account by an
13 amount determined by the System to cover the cost of
14 offering these benefits and any applicable administrative
15 fees.

16 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
17 participant of this System may elect, in writing, to cease
18 accruing benefits in the defined benefit plan and begin
19 accruing benefits for future service in the Tier 3 plan. The
20 election to participate in the Tier 3 plan is voluntary and
21 irrevocable.

22 (1) Service credit under the Tier 3 plan may be used
23 for determining retirement eligibility under the defined
24 benefit plan.

25 (2) The System shall make a good faith effort to
26 contact all active Tier 1 and Tier 2 participants who are

1 eligible to participate in the Tier 3 plan. The System
2 shall mail information describing the option to join the
3 Tier 3 plan to each of these employees to his or her last
4 known address on file with the System. If the employee is
5 not responsive to other means of contact, it is sufficient
6 for the System to publish the details of the option on its
7 website.

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

24 (b-5) A Tier 1 or Tier 2 participant who elects to
25 participate in the Tier 3 plan may irrevocably elect to
26 terminate all participation in the defined benefit plan. Upon

1 that election, the System shall transfer to the participant's
2 individual account an amount equal to the amount of
3 contribution refund that the participant would be eligible to
4 receive if the participant terminated employment on that date
5 and elected a refund of contributions, including interest at
6 the prescribed rate of interest for the respective years. The
7 System shall make the transfer as a tax free transfer in
8 accordance with Internal Revenue Service guidelines, for
9 purposes of funding the amount credited to the participant's
10 individual account.

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

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

23 (e) The System shall report on its progress under this
24 Section, including the available details of the Tier 3 plan and
25 the System's plans for informing eligible Tier 1 and Tier 2
26 participants about the plan, to the Governor and the General

1 Assembly on or before January 15, 2019.

2 (f) The Illinois State Board of Investment shall be the
3 plan sponsor for the Tier 3 plan established under this
4 Section.

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

6 Sec. 18-124. Retirement annuities - conditions for
7 eligibility.

8 (a) This subsection (a) applies to a Tier 1 participant ~~who~~
9 ~~first serves as a judge before the effective date of this~~
10 ~~amendatory Act of the 96th General Assembly.~~

11 A participant whose employment as a judge is terminated,
12 regardless of age or cause is entitled to a retirement annuity
13 beginning on the date specified in a written application
14 subject to the following:

15 (1) the date the annuity begins is subsequent to the
16 date of final termination of employment, or the date 30
17 days prior to the receipt of the application by the board
18 for annuities based on disability, or one year before the
19 receipt of the application by the board for annuities based
20 on attained age;

21 (2) the participant is at least age 55, or has become
22 permanently disabled and as a consequence is unable to
23 perform the duties of his or her office;

24 (3) the participant has at least 10 years of service
25 credit except that a participant terminating service after

1 June 30 1975, with at least 6 years of service credit,
2 shall be entitled to a retirement annuity at age 62 or
3 over;

4 (4) the participant is not receiving or entitled to
5 receive, at the date of retirement, any salary from an
6 employer for service currently performed.

7 (b) This subsection (b) applies to a Tier 2 participant ~~who~~
8 ~~first serves as a judge on or after the effective date of this~~
9 ~~amendatory Act of the 96th General Assembly.~~

10 A participant who has at least 8 years of creditable
11 service is entitled to a retirement annuity when he or she has
12 attained age 67.

13 A member who has attained age 62 and has at least 8 years
14 of service credit may elect to receive the lower retirement
15 annuity provided in subsection (d) of Section 18-125 of this
16 Code.

17 (Source: P.A. 96-889, eff. 1-1-11.)

18 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

19 Sec. 18-125. Retirement annuity amount.

20 (a) The annual retirement annuity for a participant who
21 terminated service as a judge prior to July 1, 1971 shall be
22 based on the law in effect at the time of termination of
23 service.

24 (b) Except as provided in subsection (b-5), effective July
25 1, 1971, the retirement annuity for any participant in service

1 on or after such date shall be 3 1/2% of final average salary,
2 as defined in this Section, for each of the first 10 years of
3 service, and 5% of such final average salary for each year of
4 service in excess of 10.

5 For purposes of this Section, final average salary for a
6 Tier 1 participant who first serves as a judge before August
7 10, 2009 (the effective date of Public Act 96-207) shall be:

8 (1) the average salary for the last 4 years of credited
9 service as a judge for a participant who terminates service
10 before July 1, 1975.

11 (2) for a participant who terminates service after June
12 30, 1975 and before July 1, 1982, the salary on the last
13 day of employment as a judge.

14 (3) for any participant who terminates service after
15 June 30, 1982 and before January 1, 1990, the average
16 salary for the final year of service as a judge.

17 (4) for a participant who terminates service on or
18 after January 1, 1990 but before July 14, 1995 (the
19 effective date of Public Act 89-136), the salary on the
20 last day of employment as a judge.

21 (5) for a participant who terminates service on or
22 after July 14, 1995 (the effective date of Public Act
23 89-136), the salary on the last day of employment as a
24 judge, or the highest salary received by the participant
25 for employment as a judge in a position held by the
26 participant for at least 4 consecutive years, whichever is

1 greater.

2 However, in the case of a participant who elects to
3 discontinue contributions as provided in subdivision (a)(2) of
4 Section 18-133, the time of such election shall be considered
5 the last day of employment in the determination of final
6 average salary under this subsection.

7 For a Tier 1 participant who first serves as a judge on or
8 after August 10, 2009 (the effective date of Public Act 96-207)
9 ~~and before January 1, 2011 (the effective date of Public Act~~
10 ~~96-889)~~, final average salary shall be the average monthly
11 salary obtained by dividing the total salary of the participant
12 during the period of: (1) the 48 consecutive months of service
13 within the last 120 months of service in which the total
14 compensation was the highest, or (2) the total period of
15 service, if less than 48 months, by the number of months of
16 service in that period.

17 The maximum retirement annuity for any participant shall be
18 85% of final average salary.

19 (b-5) Notwithstanding any other provision of this Article,
20 for a Tier 2 participant ~~who first serves as a judge on or~~
21 ~~after January 1, 2011 (the effective date of Public Act~~
22 ~~96-889)~~, the annual retirement annuity is 3% of the
23 participant's final average salary for each year of service.
24 The maximum retirement annuity payable shall be 60% of the
25 participant's final average salary.

26 For a Tier 2 participant ~~who first serves as a judge on or~~

1 ~~after January 1, 2011 (the effective date of Public Act~~
2 ~~96-889)~~, final average salary shall be the average monthly
3 salary obtained by dividing the total salary of the judge
4 during the 96 consecutive months of service within the last 120
5 months of service in which the total salary was the highest by
6 the number of months of service in that period; however,
7 beginning January 1, 2011, the annual salary may not exceed
8 \$106,800, except that that amount shall annually thereafter be
9 increased by the lesser of (i) 3% of that amount, including all
10 previous adjustments, or (ii) the annual unadjusted percentage
11 increase (but not less than zero) in the consumer price index-u
12 for the 12 months ending with the September preceding each
13 November 1. "Consumer price index-u" means the index published
14 by the Bureau of Labor Statistics of the United States
15 Department of Labor that measures the average change in prices
16 of goods and services purchased by all urban consumers, United
17 States city average, all items, 1982-84 = 100. The new amount
18 resulting from each annual adjustment shall be determined by
19 the Public Pension Division of the Department of Insurance and
20 made available to the Board by November 1st of each year.

21 (c) The retirement annuity for a participant who retires
22 prior to age 60 with less than 28 years of service in the
23 System shall be reduced 1/2 of 1% for each month that the
24 participant's age is under 60 years at the time the annuity
25 commences. However, for a participant who retires on or after
26 December 10, 1999 (the effective date of Public Act 91-653),

1 the percentage reduction in retirement annuity imposed under
2 this subsection shall be reduced by 5/12 of 1% for every month
3 of service in this System in excess of 20 years, and therefore
4 a participant with at least 26 years of service in this System
5 may retire at age 55 without any reduction in annuity.

6 The reduction in retirement annuity imposed by this
7 subsection shall not apply in the case of retirement on account
8 of disability.

9 (d) Notwithstanding any other provision of this Article,
10 for a Tier 2 participant ~~who first serves as a judge on or~~
11 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~
12 ~~and~~ who is retiring after attaining age 62, the retirement
13 annuity shall be reduced by 1/2 of 1% for each month that the
14 participant's age is under age 67 at the time the annuity
15 commences.

16 (Source: P.A. 100-201, eff. 8-18-17.)

17 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

18 Sec. 18-125.1. Automatic increase in retirement annuity. A
19 participant who retires from service after June 30, 1969,
20 shall, in January of the year next following the year in which
21 the first anniversary of retirement occurs, and in January of
22 each year thereafter, have the amount of his or her originally
23 granted retirement annuity increased as follows: for each year
24 up to and including 1971, 1 1/2%; for each year from 1972
25 through 1979 inclusive, 2%; and for 1980 and each year

1 thereafter, 3%.

2 Notwithstanding any other provision of this Article, a
3 retirement annuity for a Tier 2 participant ~~who first serves as~~
4 ~~a judge on or after January 1, 2011 (the effective date of~~
5 ~~Public Act 96-889)~~ shall be increased in January of the year
6 next following the year in which the first anniversary of
7 retirement occurs, but in no event prior to age 67, and in
8 January of each year thereafter, by an amount equal to 3% or
9 the annual percentage increase in the consumer price index-u as
10 determined by the Public Pension Division of the Department of
11 Insurance under subsection (b-5) of Section 18-125, whichever
12 is less, of the retirement annuity then being paid.

13 This Section is not applicable to a participant who retires
14 before he or she has made contributions at the rate prescribed
15 in Section 18-133 for automatic increases for not less than the
16 equivalent of one full year, unless such a participant arranges
17 to pay the system the amount required to bring the total
18 contributions for the automatic increase to the equivalent of
19 one year's contribution based upon his or her last year's
20 salary.

21 This Section is applicable to all participants (other than
22 Tier 3 participants who do not have any service credit as a
23 Tier 1 or Tier 2 participant) in service after June 30, 1969
24 unless a participant has elected, prior to September 1, 1969,
25 in a written direction filed with the board not to be subject
26 to the provisions of this Section. Any participant in service

1 on or after July 1, 1992 shall have the option of electing
2 prior to April 1, 1993, in a written direction filed with the
3 board, to be covered by the provisions of the 1969 amendatory
4 Act. Such participant shall be required to make the aforesaid
5 additional contributions with compound interest at 4% per
6 annum.

7 Any participant who has become eligible to receive the
8 maximum rate of annuity and who resumes service as a judge
9 after receiving a retirement annuity under this Article shall
10 have the amount of his or her retirement annuity increased by
11 3% of the originally granted annuity amount for each year of
12 such resumed service, beginning in January of the year next
13 following the date of such resumed service, upon subsequent
14 termination of such resumed service.

15 Beginning January 1, 1990, all automatic annual increases
16 payable under this Section shall be calculated as a percentage
17 of the total annuity payable at the time of the increase,
18 including previous increases granted under this Article.

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

20 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

21 Sec. 18-127. Retirement annuity - suspension on
22 reemployment.

23 (a) A participant receiving a retirement annuity who is
24 regularly employed for compensation by an employer other than a
25 county, in any capacity, shall have his or her retirement

1 annuity payments suspended during such employment. Upon
2 termination of such employment, retirement annuity payments at
3 the previous rate shall be resumed.

4 If such a participant resumes service as a judge, he or she
5 shall receive credit for any additional service. Upon
6 subsequent retirement, his or her retirement annuity shall be
7 the amount previously granted, plus the amount earned by the
8 additional judicial service under the provisions in effect
9 during the period of such additional service. However, if the
10 participant was receiving the maximum rate of annuity at the
11 time of re-employment, he or she may elect, in a written
12 direction filed with the board, not to receive any additional
13 service credit during the period of re-employment. In such
14 case, contributions shall not be required during the period of
15 re-employment. Any such election shall be irrevocable.

16 (b) Beginning January 1, 1991, any participant receiving a
17 retirement annuity who accepts temporary employment from an
18 employer other than a county for a period not exceeding 75
19 working days in any calendar year shall not be deemed to be
20 regularly employed for compensation or to have resumed service
21 as a judge for the purposes of this Article. A day shall be
22 considered a working day if the annuitant performs on it any of
23 his duties under the temporary employment agreement.

24 (c) Except as provided in subsection (a), beginning January
25 1, 1993, retirement annuities shall not be subject to
26 suspension upon resumption of employment for an employer, and

1 any retirement annuity that is then so suspended shall be
2 reinstated on that date.

3 (d) The changes made in this Section by this amendatory Act
4 of 1993 shall apply to judges no longer in service on its
5 effective date, as well as to judges serving on or after that
6 date.

7 (e) A participant receiving a retirement annuity under this
8 Article who serves as a part-time employee in any of the
9 following positions: Legislative Inspector General, Special
10 Legislative Inspector General, employee of the Office of the
11 Legislative Inspector General, Executive Director of the
12 Legislative Ethics Commission, or staff of the Legislative
13 Ethics Commission, but has not elected to participate in the
14 Article 14 System with respect to that service, shall not be
15 deemed to be regularly employed for compensation by an employer
16 other than a county, nor to have resumed service as a judge, on
17 the basis of that service, and the retirement annuity payments
18 and other benefits of that person under this Code shall not be
19 suspended, diminished, or otherwise impaired solely as a
20 consequence of that service. This subsection (e) applies
21 without regard to whether the person is in service as a judge
22 under this Article on or after the effective date of this
23 amendatory Act of the 93rd General Assembly. In this
24 subsection, a "part-time employee" is a person who is not
25 required to work at least 35 hours per week.

26 (f) A participant receiving a retirement annuity under this

1 Article who has made an election under Section 1-123 and who is
2 serving either as legal counsel in the Office of the Governor
3 or as Chief Deputy Attorney General shall not be deemed to be
4 regularly employed for compensation by an employer other than a
5 county, nor to have resumed service as a judge, on the basis of
6 that service, and the retirement annuity payments and other
7 benefits of that person under this Code shall not be suspended,
8 diminished, or otherwise impaired solely as a consequence of
9 that service. This subsection (f) applies without regard to
10 whether the person is in service as a judge under this Article
11 on or after the effective date of this amendatory Act of the
12 93rd General Assembly.

13 (g) Notwithstanding any other provision of this Article, if
14 a Tier 2 participant ~~person who first becomes a participant~~
15 ~~under this System on or after January 1, 2011 (the effective~~
16 ~~date of this amendatory Act of the 96th General Assembly)~~ is
17 receiving a retirement annuity under this Article and becomes a
18 member or participant under this Article or any other Article
19 of this Code and is employed on a full-time basis, then the
20 person's retirement annuity under this System shall be
21 suspended during that employment. Upon termination of that
22 employment, the person's retirement annuity shall resume and,
23 if appropriate, be recalculated under the applicable
24 provisions of this Article.

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

1 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

2 Sec. 18-128.01. Amount of survivor's annuity.

3 (a) Upon the death of an annuitant, his or her surviving
4 spouse shall be entitled to a survivor's annuity of 66 2/3% of
5 the annuity the annuitant was receiving immediately prior to
6 his or her death, inclusive of annual increases in the
7 retirement annuity to the date of death.

8 (b) Upon the death of an active participant, his or her
9 surviving spouse shall receive a survivor's annuity of 66 2/3%
10 of the annuity earned by the participant as of the date of his
11 or her death, determined without regard to whether the
12 participant had attained age 60 as of that time, or 7 1/2% of
13 the last salary of the decedent, whichever is greater.

14 (c) Upon the death of a participant who had terminated
15 service with at least 10 years of service, his or her surviving
16 spouse shall be entitled to a survivor's annuity of 66 2/3% of
17 the annuity earned by the deceased participant at the date of
18 death.

19 (d) Upon the death of an annuitant, active participant, or
20 participant who had terminated service with at least 10 years
21 of service, each surviving child under the age of 18 or
22 disabled as defined in Section 18-128 shall be entitled to a
23 child's annuity in an amount equal to 5% of the decedent's
24 final salary, not to exceed in total for all such children the
25 greater of 20% of the decedent's last salary or 66 2/3% of the
26 annuity received or earned by the decedent as provided under

1 subsections (a) and (b) of this Section. This child's annuity
2 shall be paid whether or not a survivor's annuity was elected
3 under Section 18-123.

4 (e) The changes made in the survivor's annuity provisions
5 by Public Act 82-306 shall apply to the survivors of a deceased
6 participant or annuitant whose death occurs on or after August
7 21, 1981.

8 (f) Beginning January 1, 1990, every survivor's annuity
9 shall be increased (1) on each January 1 occurring on or after
10 the commencement of the annuity if the deceased member died
11 while receiving a retirement annuity, or (2) in other cases, on
12 each January 1 occurring on or after the first anniversary of
13 the commencement of the annuity, by an amount equal to 3% of
14 the current amount of the annuity, including any previous
15 increases under this Article. Such increases shall apply
16 without regard to whether the deceased member was in service on
17 or after the effective date of this amendatory Act of 1991, but
18 shall not accrue for any period prior to January 1, 1990.

19 (g) Notwithstanding any other provision of this Article,
20 the initial survivor's annuity for a survivor of a Tier 2
21 participant ~~who first serves as a judge after January 1, 2011~~
22 ~~(the effective date of Public Act 96-889)~~ shall be in the
23 amount of 66 2/3% of the annuity received or earned by the
24 decedent, and shall be increased (1) on each January 1
25 occurring on or after the commencement of the annuity if the
26 deceased participant died while receiving a retirement

1 annuity, or (2) in other cases, on each January 1 occurring on
2 or after the first anniversary of the commencement of the
3 annuity, but in no event prior to age 67, by an amount equal to
4 3% or the annual unadjusted percentage increase in the consumer
5 price index-u as determined by the Public Pension Division of
6 the Department of Insurance under subsection (b-5) of Section
7 18-125, whichever is less, of the survivor's annuity then being
8 paid.

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

10 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

11 Sec. 18-133. Financing; employee contributions.

12 (a) Effective July 1, 1967, each participant is required to
13 contribute 7 1/2% of each payment of salary toward the
14 retirement annuity. Such contributions shall continue during
15 the entire time the participant is in service, with the
16 following exceptions:

17 (1) Contributions for the retirement annuity are not
18 required on salary received after 18 years of service by
19 persons who were participants before January 2, 1954.

20 (2) A participant who continues to serve as a judge
21 after becoming eligible to receive the maximum rate of
22 annuity may elect, through a written direction filed with
23 the Board, to discontinue contributing to the System. Any
24 such option elected by a judge shall be irrevocable unless
25 prior to January 1, 2000, and while continuing to serve as

1 judge, the judge (A) files with the Board a letter
2 cancelling the direction to discontinue contributing to
3 the System and requesting that such contributing resume,
4 and (B) pays into the System an amount equal to the total
5 of the discontinued contributions plus interest thereon at
6 5% per annum. Service credits earned in any other
7 "participating system" as defined in Article 20 of this
8 Code shall be considered for purposes of determining a
9 judge's eligibility to discontinue contributions under
10 this subdivision (a) (2).

11 (3) A participant who (i) has attained age 60, (ii)
12 continues to serve as a judge after becoming eligible to
13 receive the maximum rate of annuity, and (iii) has not
14 elected to discontinue contributing to the System under
15 subdivision (a) (2) of this Section (or has revoked any such
16 election) may elect, through a written direction filed with
17 the Board, to make contributions to the System based only
18 on the amount of the increases in salary received by the
19 judge on or after the date of the election, rather than the
20 total salary received. If a judge who is making
21 contributions to the System on the effective date of this
22 amendatory Act of the 91st General Assembly makes an
23 election to limit contributions under this subdivision
24 (a) (3) within 90 days after that effective date, the
25 election shall be deemed to become effective on that
26 effective date and the judge shall be entitled to receive a

1 refund of any excess contributions paid to the System
2 during that 90-day period; any other election under this
3 subdivision (a) (3) becomes effective on the first of the
4 month following the date of the election. An election to
5 limit contributions under this subdivision (a) (3) is
6 irrevocable. Service credits earned in any other
7 participating system as defined in Article 20 of this Code
8 shall be considered for purposes of determining a judge's
9 eligibility to make an election under this subdivision
10 (a) (3).

11 (b) Beginning July 1, 1969, each participant is required to
12 contribute 1% of each payment of salary towards the automatic
13 increase in annuity provided in Section 18-125.1. However, such
14 contributions need not be made by any participant who has
15 elected prior to September 15, 1969, not to be subject to the
16 automatic increase in annuity provisions.

17 (c) Effective July 13, 1953, each married participant
18 subject to the survivor's annuity provisions is required to
19 contribute 2 1/2% of each payment of salary, whether or not he
20 or she is required to make any other contributions under this
21 Section. Such contributions shall be made concurrently with the
22 contributions made for annuity purposes.

23 (d) Notwithstanding any other provision of this Article,
24 the required contributions for a Tier 2 participant ~~who first~~
25 ~~becomes a participant on or after January 1, 2011~~ shall not
26 exceed the contributions that would be due under this Article

1 if that participant's highest salary for annuity purposes were
2 \$106,800, plus any increase in that amount under Section
3 18-125.

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

5 (40 ILCS 5/18-161.5 new)

6 Sec. 18-161.5. Accelerated pension benefit payment.

7 (a) As used in this Section:

8 "Eligible person" means a person who:

9 (1) has terminated service;

10 (2) has accrued sufficient service credit to be
11 eligible to receive a retirement annuity under this
12 Article;

13 (3) has not received any retirement annuity under this
14 Article; and

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

17 "Pension benefit" means the benefits under this Article, or
18 Article 1 as it relates to those benefits, including any
19 anticipated annual increases, that an eligible person is
20 entitled to upon attainment of the applicable retirement age.

21 "Pension benefit" also includes applicable survivor's or
22 disability benefits.

23 (b) Before January 1, 2019, the System shall calculate,
24 using actuarial tables and other assumptions adopted by the
25 Board, the net present value of pension benefits for each

1 eligible person and shall offer each eligible person the
2 opportunity to irrevocably elect to receive an amount
3 determined by the System to be equal to 70% of the net present
4 value of his or her pension benefits in lieu of receiving any
5 pension benefit. The offer shall specify the dollar amount that
6 the eligible person will receive if he or she so elects and
7 shall expire when a subsequent offer is made to an eligible
8 person. The System shall make a good faith effort to contact
9 every eligible person to notify him or her of the election and
10 of the amount of the accelerated pension benefit payment.

11 Beginning January 1, 2019 and until July 1, 2019, an
12 eligible person may irrevocably elect to receive an accelerated
13 pension benefit payment in the amount that the System offers
14 under this subsection in lieu of receiving any pension benefit.
15 A person who elects to receive an accelerated pension benefit
16 payment under this Section may not elect to proceed under the
17 Retirement Systems Reciprocal Act with respect to service under
18 this Article.

19 (c) A person's credits and creditable service under this
20 Article shall be terminated upon the person's receipt of an
21 accelerated pension benefit payment under this Section, and no
22 other benefit shall be paid under this Article based on those
23 terminated credits and creditable service, including any
24 retirement, survivor, or other benefit; except that to the
25 extent that participation, benefits, or premiums under the
26 State Employees Group Insurance Act of 1971 are based on the

1 amount of service credit, the terminated service credit shall
2 be used for that purpose.

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

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

10 (2) The accelerated pension benefit payment may not be
11 repaid to the System, and the terminated credits and
12 creditable service may not under any circumstances be
13 reinstated.

14 (e) As a condition of receiving an accelerated pension
15 benefit payment, an eligible person must have another
16 retirement plan or account qualified under the Internal Revenue
17 Code of 1986, as amended, for the accelerated pension benefit
18 payment to be rolled into. The accelerated pension benefit
19 payment under this Section may be subject to withholding or
20 payment of applicable taxes, but to the extent permitted by
21 federal law, a person who receives an accelerated pension
22 benefit payment under this Section must direct the System to
23 pay all of that payment as a rollover into another retirement
24 plan or account qualified under the Internal Revenue Code of
25 1986, as amended.

26 (f) Before January 1, 2020, the Board shall certify to the

1 Illinois Finance Authority and the General Assembly the amount
2 by which the total amount of accelerated pension benefit
3 payments made under this Section exceed the amount appropriated
4 to the System for the purpose of making those payments.

5 (g) The Board shall adopt any rules necessary to implement
6 this Section.

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

10 (40 ILCS 5/18-169)

11 Sec. 18-169. Application and expiration of new benefit
12 increases.

13 (a) As used in this Section, "new benefit increase" means
14 an increase in the amount of any benefit provided under this
15 Article, or an expansion of the conditions of eligibility for
16 any benefit under this Article, that results from an amendment
17 to this Code that takes effect after the effective date of this
18 amendatory Act of the 94th General Assembly. "New benefit
19 increase", however, does not include any benefit increase
20 resulting from the changes made by this amendatory Act of the
21 100th General Assembly.

22 (b) Notwithstanding any other provision of this Code or any
23 subsequent amendment to this Code, every new benefit increase
24 is subject to this Section and shall be deemed to be granted
25 only in conformance with and contingent upon compliance with

1 the provisions of this Section.

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

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

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

1 by law.

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

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

13 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

16 Sec. 20-121. Calculation of proportional retirement
17 annuities.

18 (a) Upon retirement of the employee, a proportional
19 retirement annuity shall be computed by each participating
20 system in which pension credit has been established on the
21 basis of pension credits under each system. The computation
22 shall be in accordance with the formula or method prescribed by
23 each participating system which is in effect at the date of the
24 employee's latest withdrawal from service covered by any of the
25 systems in which he has pension credits which he elects to have

1 considered under this Article. However, the amount of any
2 retirement annuity payable under the self-managed plan
3 established under Section 15-158.2 of this Code depends solely
4 on the value of the participant's vested account balances and
5 is not subject to any proportional adjustment under this
6 Section.

7 (a-5) For persons who participate in a Tier 3 plan
8 established under Article 2, 14, 15, 16, or 18 of this Code to
9 whom the provisions of this Article apply, the pension credits
10 established under the Tier 3 plan may be considered in
11 determining eligibility for or the amount of the defined
12 benefit retirement annuity that is payable by any other
13 participating system.

14 (b) Combined pension credit under all retirement systems
15 subject to this Article shall be considered in determining
16 whether the minimum qualification has been met and the formula
17 or method of computation which shall be applied, except as may
18 be otherwise provided with respect to vesting in State or
19 employer contributions in a Tier 3 plan. If a system has a
20 step-rate formula for calculation of the retirement annuity,
21 pension credits covering previous service which have been
22 established under another system shall be considered in
23 determining which range or ranges of the step-rate formula are
24 to be applicable to the employee.

25 (c) Interest on pension credit shall continue to accumulate
26 in accordance with the provisions of the law governing the

1 retirement system in which the same has been established during
2 the time an employee is in the service of another employer, on
3 the assumption such employee, for interest purposes for pension
4 credit, is continuing in the service covered by such retirement
5 system.

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

7 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

22 For persons who participate in the self-managed plan
23 established under Section 15-158.2 or the portable benefit
24 package established under Section 15-136.4, pension credit
25 established under Article 15 may be considered in determining

1 eligibility for or the amount of the survivor's annuity that is
2 payable by any other participating system, but pension credit
3 established in any other system shall not result in any right
4 to a survivor's annuity under the Article 15 system.

5 For persons who participate in a Tier 3 plan established
6 under Article 2, 14, 15, 16, or 18 of this Code to whom the
7 provisions of this Article apply, the pension credits
8 established under the Tier 3 plan may be considered in
9 determining eligibility for or the amount of the defined
10 benefit survivor's annuity that is payable by any other
11 participating system, but pension credits established in any
12 other system shall not result in any right to or increase in
13 the value of a survivor's annuity under the Tier 3 plan, which
14 depends solely on the options chosen and the value of the
15 participant's vested account balances and is not subject to any
16 proportional adjustment under this Section.

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

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

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

21 Sec. 20-124. Maximum benefits.

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

1 validated in that system.

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

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

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

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

1 rather than the self-managed plan.

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

4 (c) In the case of a participant in a Tier 3 plan
5 established under Article 2, 14, 15, 16, or 18 of this Code to
6 whom the provisions of this Article apply:

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

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

15 (iii) Benefits payable under a Tier 3 plan established
16 under Article 2, 14, 15, 16, or 18 of this Code are not
17 subject to proportionate reduction under this Section.

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

19 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

22 Sec. 20-125. Return to employment - suspension of benefits.
23 If a retired employee returns to employment which is covered by
24 a system from which he is receiving a proportional annuity
25 under this Article, his proportional annuity from all

1 participating systems shall be suspended during the period of
2 re-employment, except that this suspension does not apply to
3 any distributions payable under the self-managed plan
4 established under Section 15-158.2 of this Code or under a Tier
5 3 plan established under Article 2, 14, 15, 16, or 18 of this
6 Code.

7 The provisions of the Article under which such employment
8 would be covered shall govern the determination of whether the
9 employee has returned to employment, and if applicable the
10 exemption of temporary employment or employment not exceeding a
11 specified duration or frequency, for all participating systems
12 from which the retired employee is receiving a proportional
13 annuity under this Article, notwithstanding any contrary
14 provisions in the other Articles governing such systems.

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

16 (40 ILCS 5/1-161 rep.)

17 (40 ILCS 5/14-103.40 rep.)

18 (40 ILCS 5/15-155.2 rep.)

19 (40 ILCS 5/16-106.4 rep.)

20 (40 ILCS 5/16-158.3 rep.)

21 Section 25. The Illinois Pension Code is amended by
22 repealing Sections 1-161, 14-103.40, 15-155.2, 16-106.4, and
23 16-158.3.

24 Section 30. The State Pension Funds Continuing

1 Appropriation Act is amended by adding Section 1.9 as follows:

2 (40 ILCS 15/1.9 new)

3 Sec. 1.9. Appropriations for State Pension Obligation
4 Acceleration Bonds. If for any reason the aggregate
5 appropriations made available are insufficient to meet the
6 levels required for the payment of principal and interest due
7 on State Pension Obligation Acceleration Bonds under Section
8 7.7 of the General Obligation Bond Act, this Section shall
9 constitute a continuing appropriation of all amounts necessary
10 for those purposes.

11 Section 35. The Illinois Educational Labor Relations Act is
12 amended by changing Sections 4 and 17 and by adding Section
13 10.6 as follows:

14 (115 ILCS 5/4) (from Ch. 48, par. 1704)

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

17 Sec. 4. Employer rights. Employers shall not be required to
18 bargain over matters of inherent managerial policy, which shall
19 include such areas of discretion or policy as the functions of
20 the employer, standards of services, its overall budget, the
21 organizational structure and selection of new employees and
22 direction of employees. Employers, however, shall be required
23 to bargain collectively with regard to policy matters directly

1 affecting wages, hours and terms and conditions of employment
2 as well as the impact thereon upon request by employee
3 representatives, except as provided in Section 10.6. To
4 preserve the rights of employers and exclusive representatives
5 which have established collective bargaining relationships or
6 negotiated collective bargaining agreements prior to the
7 effective date of this Act, employers shall be required to
8 bargain collectively with regard to any matter concerning
9 wages, hours or conditions of employment about which they have
10 bargained for and agreed to in a collective bargaining
11 agreement prior to the effective date of this Act, except as
12 provided in Section 10.6.

13 (Source: P.A. 83-1014.)

14 (115 ILCS 5/10.6 new)

15 Sec. 10.6. Bargaining regarding pension contributions on
16 behalf of employees; prohibited.

17 (a) Notwithstanding any other provision of this Act,
18 beginning on the effective date of this amendatory Act of the
19 100th General Assembly, employers shall not bargain over
20 matters prohibited by subsection (e) of Section 16-152.1 of the
21 Illinois Pension Code, which concerns employers paying pension
22 contributions on behalf of employees.

23 (b) In case of any conflict between this Section and any
24 other provisions of this Act or any other law, the provisions
25 of this Section shall control.

1 (115 ILCS 5/17) (from Ch. 48, par. 1717)

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

4 Sec. 17. Effect on other laws. Except as provided in
5 Section 10.6, in ~~in~~ case of any conflict between the provisions
6 of this Act and any other law, executive order or
7 administrative regulation, the provisions of this Act shall
8 prevail and control. Nothing in this Act shall be construed to
9 replace or diminish the rights of employees established by
10 Section 36d of "An Act to create the State Universities Civil
11 Service System", approved May 11, 1905, as amended or modified.
12 (Source: P.A. 83-1014.)

13 Section 90. The State Mandates Act is amended by adding
14 Section 8.42 as follows:

15 (30 ILCS 805/8.42 new)

16 Sec. 8.42. Exempt mandate. Notwithstanding Sections 6 and 8
17 of this Act, no reimbursement by the State is required for the
18 implementation of any mandate created by this amendatory Act of
19 the 100th General Assembly.

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.

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3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	20 ILCS 3501/801-40	
6	30 ILCS 105/5.886 new	
7	30 ILCS 330/2	from Ch. 127, par. 652
8	30 ILCS 330/2.5	
9	30 ILCS 330/7.7 new	
10	30 ILCS 330/9	from Ch. 127, par. 659
11	30 ILCS 330/11	from Ch. 127, par. 661
12	30 ILCS 330/12	from Ch. 127, par. 662
13	30 ILCS 330/13	from Ch. 127, par. 663
14	40 ILCS 5/1-160	
15	40 ILCS 5/2-101	from Ch. 108 1/2, par. 2-101
16	40 ILCS 5/2-105	from Ch. 108 1/2, par. 2-105
17	40 ILCS 5/2-105.3 new	
18	40 ILCS 5/2-107	from Ch. 108 1/2, par. 2-107
19	40 ILCS 5/2-117	from Ch. 108 1/2, par. 2-117
20	40 ILCS 5/2-154.5 new	
21	40 ILCS 5/2-162	
22	40 ILCS 5/2-165.5 new	
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24	40 ILCS 5/7-116	from Ch. 108 1/2, par. 7-116
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1	40 ILCS 5/14-103.05	from Ch. 108 1/2, par. 14-103.05
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21	40 ILCS 5/16-106.40 new	
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26	40 ILCS 5/16-152.1	from Ch. 108 1/2, par. 16-152.1

1	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
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25	40 ILCS 5/16-106.4 rep.	
26	40 ILCS 5/16-158.3 rep.	

1 40 ILCS 15/1.9 new

2 115 ILCS 5/4 from Ch. 48, par. 1704

3 115 ILCS 5/10.6 new

4 115 ILCS 5/17 from Ch. 48, par. 1717

5 30 ILCS 805/8.42 new