



Sen. Dale A. Righter

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10000SB1012sam001

LRB100 07668 RPS 25211 a

1 AMENDMENT TO SENATE BILL 1012

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1012 by replacing  
3 everything after the enacting clause with the following:

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

1 administration executed with the Department.

2 (b) "Annuitant" means (1) an employee who retires, or has  
3 retired, on or after January 1, 1966 on an immediate annuity  
4 under the provisions of Article ~~Articles~~ 2 (including an  
5 employee who, in lieu of receiving an annuity under that  
6 Article, has retired under the Tier 3 plan established under  
7 Section 2-165.5 of that Article), 14 (including an employee who  
8 has elected to receive an alternative retirement cancellation  
9 payment under Section 14-108.5 of the Illinois Pension Code in  
10 lieu of an annuity or an employee who, in lieu of receiving an  
11 annuity under that Article, has retired under the Tier 3 plan  
12 established under Section 14-155.5 of that Article), or 15  
13 (including an employee who has retired under the optional  
14 retirement program established under Section 15-158.2 or the  
15 Tier 3 plan established under Section 15-155.5 of the Illinois  
16 Pension Code), paragraphs (2), (3), or (5) of Section 16-106  
17 (including an employee who, in lieu of receiving an annuity  
18 under that Article, has retired under the Tier 3 plan  
19 established under Section 16-205.5 of the Illinois Pension  
20 Code), or Article 18 (including an employee who, in lieu of  
21 receiving an annuity under that Article, has retired under the  
22 Tier 3 plan established under Section 18-121.5 of that Article)  
23 of the Illinois Pension Code; (2) any person who was receiving  
24 group insurance coverage under this Act as of March 31, 1978 by  
25 reason of his status as an annuitant, even though the annuity  
26 in relation to which such coverage was provided is a

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

20 (b-5) (Blank).

21 (b-6) (Blank).

22 (b-7) (Blank).

23 (c) "Carrier" means (1) an insurance company, a corporation  
24 organized under the Limited Health Service Organization Act or  
25 the Voluntary Health Services Plan Act, a partnership, or other  
26 nongovernmental organization, which is authorized to do group

1 life or group health insurance business in Illinois, or (2) the  
2 State of Illinois as a self-insurer.

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

24 (e) "Commission" means the State Employees Group Insurance  
25 Advisory Commission authorized by this Act. Commencing July 1,  
26 1984, "Commission" as used in this Act means the Commission on

1 Government Forecasting and Accountability as established by  
2 the Legislative Commission Reorganization Act of 1984.

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

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

23 (h) "Dependent", when the term is used in the context of  
24 the health and life plan, means a member's spouse and any child  
25 (1) from birth to age 26 including an adopted child, a child  
26 who lives with the member from the time of the filing of a

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

18 (i) "Director" means the Director of the Illinois  
19 Department of Central Management Services.

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

23 (k) "Employee" means and includes each officer or employee  
24 in the service of a department who (1) receives his  
25 compensation for service rendered to the department on a  
26 warrant issued pursuant to a payroll certified by a department

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

1 ordinary or accidental disability benefits under the optional  
2 retirement program established under Section 15-158.2),  
3 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
4 the Illinois Pension Code, for disability incurred after  
5 January 1, 1966, (2) receives total permanent or total  
6 temporary disability under the Workers' Compensation Act or  
7 Occupational Disease Act as a result of injuries sustained or  
8 illness contracted in the course of employment with the State  
9 of Illinois, or (3) is not otherwise covered under this Act and  
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.  
13 However, a person who satisfies the criteria of the foregoing  
14 definition of "employee" except that such person is made  
15 ineligible to participate in the State Universities Retirement  
16 System by clause (4) of subsection (a) of Section 15-107 of the  
17 Illinois Pension Code is also an "employee" for the purposes of  
18 this Act. "Employee" also includes any person receiving or  
19 eligible for benefits under a sick pay plan established in  
20 accordance with Section 36 of the State Finance Act. "Employee"  
21 also includes (i) each officer or employee in the service of a  
22 qualified local government, including persons appointed as  
23 trustees of sanitary districts regardless of hours devoted to  
24 the service of the sanitary district, (ii) each employee in the  
25 service of a qualified rehabilitation facility, (iii) each  
26 full-time employee in the service of a qualified domestic



1 violence shelter or service, and (iv) each full-time employee  
2 in the service of a qualified child advocacy center, as  
3 determined according to rules promulgated by the Director.

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

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

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

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

26 (p) "Retired employee" means any person who would be an

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

9 (q) "Survivor" means a person receiving an annuity as a  
10 survivor of an employee or of an annuitant. "Survivor" also  
11 includes: (1) the surviving dependent of a person who satisfies  
12 the definition of "employee" except that such person is made  
13 ineligible to participate in the State Universities Retirement  
14 System by clause (4) of subsection (a) of Section 15-107 of the  
15 Illinois Pension Code; (2) the surviving dependent of any  
16 person formerly employed by the University of Illinois in the  
17 Cooperative Extension Service who would be an annuitant except  
18 for the fact that such person was made ineligible to  
19 participate in the State Universities Retirement System by  
20 clause (4) of subsection (a) of Section 15-107 of the Illinois  
21 Pension Code; and (3) the surviving dependent of a person who  
22 was an annuitant under this Act by virtue of receiving an  
23 alternative retirement cancellation payment under Section  
24 14-108.5 of the Illinois Pension Code.

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

1 Code.

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

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

7 (q-5) (Blank).

8 (q-6) (Blank).

9 (q-7) (Blank).

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

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

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

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

24 (u) "Qualified domestic violence shelter or service" means  
25 any Illinois domestic violence shelter or service and its  
26 administrative offices funded by the Department of Human

1 Services (as successor to the Illinois Department of Public  
2 Aid), approved by the Director and participating in a program  
3 created under subsection (k) of Section 10.

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

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

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

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

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

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

22 (2) is a TRS benefit recipient's: (A) spouse, (B)  
23 dependent parent who is receiving at least half of his or  
24 her support from the TRS benefit recipient, or (C) natural,  
25 step, adjudicated, or adopted child who is (i) under age  
26 26, (ii) was, on January 1, 1996, participating as a

1 dependent beneficiary in the health insurance program  
2 offered under Article 16 of the Illinois Pension Code, or  
3 (iii) age 19 or over who has a mental or physical  
4 disability from a cause originating prior to the age of 19  
5 (age 26 if enrolled as an adult child).

6 "TRS dependent beneficiary" does not include, as indicated  
7 under paragraph (2) of this subsection (w), a dependent of the  
8 survivor of a TRS benefit recipient who first becomes a  
9 dependent of a survivor of a TRS benefit recipient on or after  
10 the 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 TRS benefit recipient  
13 upon whom the survivor benefit is based.

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

19 (y) (Blank).

20 (z) "Community college benefit recipient" means a person  
21 who:

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

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

26 (3) either (i) was a full-time employee of a community

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

13 (aa) "Community college dependent beneficiary" means a  
14 person who:

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

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

25 "Community college dependent beneficiary" does not  
26 include, as indicated under paragraph (2) of this subsection

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

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

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

15 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

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



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

20 The cost of participation in the basic program of group  
21 health benefits for the dependent or survivor of a living or  
22 deceased retired employee who was formerly employed by the  
23 University of Illinois in the Cooperative Extension Service and  
24 would be an annuitant but for the fact that he or she was made  
25 ineligible to participate in the State Universities Retirement  
26 System by clause (4) of subsection (a) of Section 15-107 of the

1 Illinois Pension Code shall not be greater than the cost of  
2 participation that would otherwise apply to that dependent or  
3 survivor if he or she were the dependent or survivor of an  
4 annuitant under the State Universities Retirement System.

5 (a-1) (Blank).

6 (a-2) (Blank).

7 (a-3) (Blank).

8 (a-4) (Blank).

9 (a-5) (Blank).

10 (a-6) (Blank).

11 (a-7) (Blank).

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

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

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

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

26 (a-9) No later than May 1 of each calendar year, the

1 Director of Central Management Services shall certify in  
2 writing to the Executive Secretary of the State Employees'  
3 Retirement System of Illinois the amounts of the Medicare  
4 supplement health care premiums and the amounts of the health  
5 care premiums for all other retirees who are not Medicare  
6 eligible.

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

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

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

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

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

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

1 works when compared to normal work period.

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

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

20 (e) Where the person is in non-pay status for a period in  
21 excess of 30 days or on leave of absence, other than by reason  
22 of disability, educational or sabbatical leave, or military  
23 leave, such person may continue coverage only by making  
24 personal payment equal to the amount normally contributed by  
25 the State on such person's behalf. Such payments and coverage  
26 may be continued: (1) until such time as the person returns to

1 a status eligible for coverage at State expense, but not to  
2 exceed 24 months or (2) until such person's employment or  
3 annuitant status with the State is terminated (exclusive of any  
4 additional service imposed pursuant to law).

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

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

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

1 amounts shall be determined by the Director. Such payments and  
2 coverage may be continued until such time as the person becomes  
3 an employee pursuant to this Act or such person's appointment  
4 is terminated.

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



1 local government remits the entire cost of providing coverage  
2 to those employees, except that a participating school district  
3 must have enrolled at least 50% of its full-time employees who  
4 have not waived coverage under the district's group health plan  
5 by participating in a component of the district's cafeteria  
6 plan. A participating school district is not required to enroll  
7 a full-time employee who has waived coverage under the  
8 district's health plan, provided that an appropriate official  
9 from the participating school district attests that the  
10 full-time employee has waived coverage by participating in a  
11 component of the district's cafeteria plan. For the purposes of  
12 this subsection, "participating school district" includes a  
13 unit of local government whose primary purpose is education as  
14 defined by the Department's rules.

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

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

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

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

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

1 local government may contribute toward coverage of its  
2 employees' dependents under a health maintenance organization.

3 Monthly payments by the unit of local government or its  
4 employees for group health benefits plan or health maintenance  
5 organization coverage shall be deposited in the Local  
6 Government Health Insurance Reserve Fund.

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

1           A local government employer's participation or desire to  
2 participate in a program created under this subsection shall  
3 not limit that employer's duty to bargain with the  
4 representative of any collective bargaining unit of its  
5 employees.

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

1 facility may also elect to cover its annuitants. Dependent  
2 coverage shall be offered on an optional basis, with the costs  
3 paid by the rehabilitation facility, its employees, or some  
4 combination of the 2 as determined by the rehabilitation  
5 facility. The rehabilitation facility shall be responsible for  
6 timely collection and transmission of dependent premiums.

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

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

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

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

26 (k) Any domestic violence shelter or service within the

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

1           The Director shall annually determine rates of payment,  
2 subject to the following constraints:

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

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

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

22           (1) A public community college or entity organized pursuant  
23 to the Public Community College Act may apply to the Director  
24 initially to have only annuitants not covered prior to July 1,  
25 1992 by the district's health plan provided health coverage  
26 under this Act on a non-insured basis. The community college

1 must execute a 2-year contract to participate in the Local  
2 Government Health Plan. Any annuitant may enroll in the event  
3 of a qualifying change in status, special enrollment, special  
4 circumstance as defined by the Director, or during the annual  
5 Benefit Choice Period.

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

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

16 (m) The Director shall adopt any rules deemed necessary for  
17 implementation of this amendatory Act of 1989 (Public Act  
18 86-978).

19 (n) Any child advocacy center within the State of Illinois  
20 may apply to the Director to have its employees, annuitants,  
21 and their dependents provided group health coverage under this  
22 Act on a non-insured basis. To participate, a child advocacy  
23 center must agree to enroll all of its employees and pay the  
24 entire cost of providing coverage for its employees. The child  
25 advocacy center 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 child advocacy  
3 center 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 child advocacy center remits the entire cost of providing  
7 coverage to those employees. Employees of a participating child  
8 advocacy center who are not enrolled due to coverage under  
9 another group health policy or plan may enroll in the event of  
10 a qualifying change in status, special enrollment, or special  
11 circumstance as defined by the Director or during the annual  
12 Benefit Choice Period. A participating child advocacy center  
13 may also elect to cover its annuitants. Dependent coverage  
14 shall be offered on an optional basis, with the costs paid by  
15 the child advocacy center, its employees, or some combination  
16 of the 2 as determined by the child advocacy center. The child  
17 advocacy center shall be responsible for timely collection and  
18 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 child advocacy center in

1 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 child advocacy center and their  
5 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 child advocacy center.

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

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

13 Section 10. The Illinois Pension Code is amended by  
14 changing Sections 1-160, 2-162, 14-152.1, 15-108.1, 15-108.2,  
15 15-198, 16-203, 18-124, 18-125, 18-125.1, 18-127, 18-128.01,  
16 18-133, 18-169, 20-121, 20-123, 20-124, and 20-125 and by  
17 adding Sections 2-105.3, 2-165.5, 14-103.41, 14-103.42,  
18 14-103.43, 14-155.5, 15-108.3, 15-200.5, 16-106.40, 16-106.41,  
19 16-106.42, 16-205.5, 18-110.1, 18-110.2, 18-110.3, and  
20 18-121.5 as follows:

21 (40 ILCS 5/1-160)

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

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

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

22 The provisions of this Section do not apply to service  
23 under a Tier 3 plan established under Article 2, 14, 15, 16, or  
24 18 of this Code.

25 (b) "Final average salary" means the average monthly (or  
26 annual) salary obtained by dividing the total salary or

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

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

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

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

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

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

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

22 (b-5) Beginning on January 1, 2011, for all purposes under  
23 this Code (including without limitation the calculation of  
24 benefits and employee contributions), the annual earnings,  
25 salary, or wages (based on the plan year) of a member or  
26 participant to whom this Section applies shall not exceed

1 \$106,800; however, that amount shall annually thereafter be  
2 increased by the lesser of (i) 3% of that amount, including all  
3 previous adjustments, or (ii) one-half the annual unadjusted  
4 percentage increase (but not less than zero) in the consumer  
5 price index-u for the 12 months ending with the September  
6 preceding each November 1, including all previous adjustments.

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

16 (c) A member or participant is entitled to a retirement  
17 annuity upon written application if he or she has attained age  
18 67 (beginning January 1, 2015, age 65 with respect to service  
19 under Article 12 of this Code that is subject to this Section)  
20 and has at least 10 years of service credit and is otherwise  
21 eligible under the requirements of the applicable Article.

22 A member or participant who has attained age 62 (beginning  
23 January 1, 2015, age 60 with respect to service under Article  
24 12 of this Code that is subject to this Section) and has at  
25 least 10 years of service credit and is otherwise eligible  
26 under the requirements of the applicable Article may elect to

1 receive the lower retirement annuity provided in subsection (d)  
2 of this Section.

3 (d) The retirement annuity of a member or participant who  
4 is retiring after attaining age 62 (beginning January 1, 2015,  
5 age 60 with respect to service under Article 12 of this Code  
6 that is subject to this Section) with at least 10 years of  
7 service credit shall be reduced by one-half of 1% for each full  
8 month that the member's age is under age 67 (beginning January  
9 1, 2015, age 65 with respect to service under Article 12 of  
10 this Code that is subject to this Section).

11 (e) Any retirement annuity or supplemental annuity shall be  
12 subject to annual increases on the January 1 occurring either  
13 on or after the attainment of age 67 (beginning January 1,  
14 2015, age 65 with respect to service under Article 12 of this  
15 Code that is subject to this Section) or the first anniversary  
16 of the annuity start date, whichever is later. Each annual  
17 increase shall be calculated at 3% or one-half the annual  
18 unadjusted percentage increase (but not less than zero) in the  
19 consumer price index-u for the 12 months ending with the  
20 September preceding each November 1, whichever is less, of the  
21 originally granted retirement annuity. If the annual  
22 unadjusted percentage change in the consumer price index-u for  
23 the 12 months ending with the September preceding each November  
24 1 is zero or there is a decrease, then the annuity shall not be  
25 increased.

26 (f) The initial survivor's or widow's annuity of an

1 otherwise eligible survivor or widow of a retired member or  
2 participant who first became a member or participant on or  
3 after January 1, 2011 shall be in the amount of 66 2/3% of the  
4 retired member's or participant's retirement annuity at the  
5 date of death. In the case of the death of a member or  
6 participant who has not retired and who first became a member  
7 or participant on or after January 1, 2011, eligibility for a  
8 survivor's or widow's annuity shall be determined by the  
9 applicable Article of this Code. The initial benefit shall be  
10 66 2/3% of the earned annuity without a reduction due to age. A  
11 child's annuity of an otherwise eligible child shall be in the  
12 amount prescribed under each Article if applicable. Any  
13 survivor's or widow's annuity shall be increased (1) on each  
14 January 1 occurring on or after the commencement of the annuity  
15 if the deceased member died while receiving a retirement  
16 annuity or (2) in other cases, on each January 1 occurring  
17 after the first anniversary of the commencement of the annuity.  
18 Each annual increase shall be calculated at 3% or one-half the  
19 annual unadjusted percentage increase (but not less than zero)  
20 in the consumer price index-u for the 12 months ending with the  
21 September preceding each November 1, whichever is less, of the  
22 originally granted survivor's annuity. If the annual  
23 unadjusted percentage change in the consumer price index-u for  
24 the 12 months ending with the September preceding each November  
25 1 is zero or there is a decrease, then the annuity shall not be  
26 increased.

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

14           (h) If a person who first becomes a member or a participant  
15 of a retirement system or pension fund subject to this Section  
16 on or after January 1, 2011 is receiving a retirement annuity  
17 or retirement pension under that system or fund and becomes a  
18 member or participant under any other system or fund created by  
19 this Code and is employed on a full-time basis, except for  
20 those members or participants exempted from the provisions of  
21 this Section under subsection (a) of this Section, then the  
22 person's retirement annuity or retirement pension under that  
23 system or fund shall be suspended during that employment. Upon  
24 termination of that employment, the person's retirement  
25 annuity or retirement pension payments shall resume and be  
26 recalculated if recalculation is provided for under the



1 applicable Article of this Code.

2 If a person who first becomes a member of a retirement  
3 system or pension fund subject to this Section on or after  
4 January 1, 2012 and is receiving a retirement annuity or  
5 retirement pension under that system or fund and accepts on a  
6 contractual basis a position to provide services to a  
7 governmental entity from which he or she has retired, then that  
8 person's annuity or retirement pension earned as an active  
9 employee of the employer shall be suspended during that  
10 contractual service. A person receiving an annuity or  
11 retirement pension under this Code shall notify the pension  
12 fund or retirement system from which he or she is receiving an  
13 annuity or retirement pension, as well as his or her  
14 contractual employer, of his or her retirement status before  
15 accepting contractual employment. A person who fails to submit  
16 such notification shall be guilty of a Class A misdemeanor and  
17 required to pay a fine of \$1,000. Upon termination of that  
18 contractual employment, the person's retirement annuity or  
19 retirement pension payments shall resume and, if appropriate,  
20 be recalculated under the applicable provisions of this Code.

21 (i) (Blank).

22 (j) In the case of a conflict between the provisions of  
23 this Section and any other provision of this Code, the  
24 provisions of this Section shall control.

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

1 (40 ILCS 5/2-105.3 new)

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

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

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

11 "Tier 2 participant": A participant who first became a  
12 participant on or after January 1, 2011.

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

18 "Tier 3 participant": A participant who first becomes a  
19 participant on or after July 1, 2018 or a Tier 1 or Tier 2  
20 participant who elects to participate in the Tier 3 plan under  
21 Section 2-165.5 of this Code, but only with respect to service  
22 performed on or after the effective date of that election.

23 (40 ILCS 5/2-162)

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

1 which has been held unconstitutional)

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

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

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

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

22 Every new benefit increase is contingent upon the General  
23 Assembly providing the additional funding required under this  
24 subsection. The Commission on Government Forecasting and  
25 Accountability shall analyze whether adequate additional  
26 funding has been provided for the new benefit increase and

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/2-165.5 new)

4 Sec. 2-165.5. Tier 3 plan.

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

12 As used in this Section, "defined benefit plan" means the  
13 retirement plan available under this Article to Tier 1 or Tier  
14 2 participants who have not made the election authorized under  
15 this Section.

16 (1) All persons who begin to participate in this System  
17 on or after July 1, 2018 shall participate in the Tier 3  
18 plan rather than the defined benefit plan.

19 (2) A participant in the Tier 3 plan shall pay employee  
20 contributions at a rate determined by the participant, but  
21 not less than 3% of salary and not more than a percentage  
22 of salary determined by the Board in accordance with the  
23 requirements of State and federal law.

24 (3) State contributions shall be paid into the accounts  
25 of all participants in the Tier 3 plan at a uniform rate,

1 expressed as a percentage of salary and determined for each  
2 year. This rate shall be no higher than 7.6% of salary and  
3 shall be no lower than 3% of salary. The State shall adjust  
4 this rate annually.

5 (4) The Tier 3 plan shall require 5 years of  
6 participation in the Tier 3 plan before vesting in State  
7 contributions. If the participant fails to vest in them,  
8 the State contributions, and the earnings thereon, shall be  
9 forfeited.

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

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

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

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

1       (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
2 participant of this System may elect, in writing, to cease  
3 accruing benefits in the defined benefit plan and begin  
4 accruing benefits for future service in the Tier 3 plan. The  
5 election to participate in the Tier 3 plan is voluntary and  
6 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 participants 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 participant's defined benefits  
25 at retirement or earlier termination of service and the  
26 value of the participant'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 participants who are eligible to participate in the  
5       Tier 3 plan that they may also wish to obtain information  
6       and counsel relating to their option from any other  
7       available source, including but not limited to private  
8       counsel and financial advisors.

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

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



1 General Assembly to provide information concerning the impact  
2 of the Tier 3 plan set forth in this Section.

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

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

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

15 (g) The intent of this amendatory Act of the 100th General  
16 Assembly is to ensure that the State's normal cost of  
17 participation in the Tier 3 plan is similar, and if possible  
18 equal, to the State's normal cost of participation in the  
19 defined benefit plan, unless a lower State's normal cost is  
20 necessary to ensure cost neutrality.

21 (40 ILCS 5/14-103.41 new)

22 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of  
23 this System who first became a member or participant before  
24 January 1, 2011 under any reciprocal retirement system or  
25 pension fund established under this Code other than a

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

3 In the case of a Tier 1 member who elects to participate in  
4 the Tier 3 plan under Section 14-155.5 of this Code, that Tier  
5 1 member shall be deemed a Tier 1 member only with respect to  
6 service performed or established before the effective date of  
7 that election.

8 (40 ILCS 5/14-103.42 new)

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

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

17 (40 ILCS 5/14-103.43 new)

18 Sec. 14-103.43. Tier 3 member. "Tier 3 member": A member of  
19 this System who first becomes a member on or after July 1, 2018  
20 or a Tier 1 or Tier 2 member who elects to participate in the  
21 Tier 3 plan under Section 14-155.5 of this Code, but only with  
22 respect to service performed on or after the effective date of  
23 that election.

1 (40 ILCS 5/14-152.1)

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

4 Sec. 14-152.1. Application and expiration of new benefit  
5 increases.

6 (a) As used in this Section, "new benefit increase" means  
7 an increase in the amount of any benefit provided under this  
8 Article, or an expansion of the conditions of eligibility for  
9 any benefit under this Article, that results from an amendment  
10 to this Code that takes effect after June 1, 2005 (the  
11 effective date of Public Act 94-4). "New benefit increase",  
12 however, does not include any benefit increase resulting from  
13 the changes made to this Article by Public Act 96-37 or this  
14 amendatory Act of the 100th General Assembly ~~this amendatory~~  
15 ~~Act of the 96th 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  
26 Assembly providing the additional funding required under this

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

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

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

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

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

6 (40 ILCS 5/14-155.5 new)

7 Sec. 14-155.5. Tier 3 plan.

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

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

19 (1) All persons who begin to participate in this System  
20 on or after July 1, 2018 shall participate in the Tier 3  
21 plan rather than the defined benefit plan.

22 (2) A participant in the Tier 3 plan shall pay employee  
23 contributions at a rate determined by the participant, but  
24 not less than 3% of compensation and not more than a  
25 percentage of compensation determined by the board in

1 accordance with the requirements of State and federal law.

2 (3) State contributions shall be paid into the accounts  
3 of all participants in the Tier 3 plan at a uniform rate,  
4 expressed as a percentage of compensation and determined  
5 for each year. This rate shall be no higher than 7.6% of  
6 compensation and shall be no lower than 3% of compensation.  
7 The State shall adjust this rate annually.

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

13 (5) The Tier 3 plan may provide for participants in the  
14 plan to be eligible for the defined disability benefits  
15 available to other participants under this Article. If it  
16 does, 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 such  
19 benefits.

20 (6) The Tier 3 plan shall provide a variety of options  
21 for investments. These options shall include investments  
22 handled by the Illinois State Board of Investment as well  
23 as private sector investment options.

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

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

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

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

15           (1) Service credit under the Tier 3 plan may be used  
16           for determining retirement eligibility under the defined  
17           benefit plan.

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

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

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



1 funding the amount credited to the member's individual account.

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

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

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

19 (f) The Illinois State Board of Investment shall be the  
20 plan sponsor for the Tier 3 plan established under this  
21 Section.

22 (g) The intent of this amendatory Act of the 100th General  
23 Assembly is to ensure that the State's normal cost of  
24 participation in the Tier 3 plan is similar, and if possible  
25 equal, to the State's normal cost of participation in the  
26 defined benefit plan, unless a lower State's normal cost is

1 necessary to ensure cost neutrality.

2 (40 ILCS 5/15-108.1)

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

14 In the case of a Tier 1 member who elects to participate in  
15 the Tier 3 plan under Section 15-200.5 of this Code, that Tier  
16 1 member shall be deemed a Tier 1 member only with respect to  
17 service performed or established before the effective date of  
18 that election.

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

20 (40 ILCS 5/15-108.2)

21 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who  
22 first becomes a participant under this Article on or after  
23 January 1, 2011, other than a person in the self-managed plan  
24 established under Section 15-158.2, unless the person is

1 otherwise a Tier 1 member. The changes made to this Section by  
2 this amendatory Act of the 98th General Assembly are a  
3 correction of existing law and are intended to be retroactive  
4 to the effective date of Public Act 96-889, notwithstanding the  
5 provisions of Section 1-103.1 of this Code.

6 In the case of a Tier 2 member who elects to participate in  
7 the Tier 3 plan under Section 15-200.5 of this Code, that Tier  
8 2 member shall be deemed a Tier 2 member only with respect to  
9 service performed or established before the effective date of  
10 that election.

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

12 (40 ILCS 5/15-108.3 new)

13 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A person who  
14 first becomes a participant under this Article on or after July  
15 1, 2018 or a Tier 1 or Tier 2 member who elects to participate  
16 in the Tier 3 plan under Section 15-200.5 of this Code, but  
17 only with respect to service performed on or after the  
18 effective date of that election.

19 (40 ILCS 5/15-198)

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

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

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

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

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

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

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

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

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

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

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

1       Sec. 15-200.5. Tier 3 plan.

2       (a) By July 1, 2018, the System shall prepare and implement  
3 a Tier 3 plan. The Tier 3 plan developed under this Section  
4 shall be a plan that aggregates State and employee  
5 contributions in individual participant accounts which, after  
6 meeting any other requirements, are used for payouts after  
7 retirement in accordance with this Section and any other  
8 applicable laws.

9       As used in this Section, "defined benefit plan" means the  
10 traditional benefit package or the portable benefit package  
11 available under this Article to Tier 1 or Tier 2 members who  
12 have not made the election authorized under this Section and do  
13 not participate in the self-managed plan under Section  
14 15-158.2.

15       (1) All persons who begin to participate in this System  
16 on or after July 1, 2018 shall participate in the Tier 3  
17 plan rather than the defined benefit plan or the  
18 self-managed plan under Section 15-158.2.

19       (2) A participant in the Tier 3 plan shall pay employee  
20 contributions at a rate determined by the participant, but  
21 not less than 3% of earnings and not more than a percentage  
22 of earnings determined by the Board in accordance with the  
23 requirements of State and federal law.

24       (3) State contributions shall be paid into the accounts  
25 of all participants in the Tier 3 plan at a uniform rate,  
26 expressed as a percentage of earnings and determined for

1 each year. This rate shall be no higher than 7.6% of  
2 earnings and shall be no lower than 3% of earnings. The  
3 State shall adjust this rate annually.

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

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

16 (6) The Tier 3 plan shall provide a variety of options  
17 for investments. These options shall include investments  
18 handled by the System as well as private sector investment  
19 options.

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

23 (8) To the extent authorized under federal law and as  
24 authorized by the System, the plan shall allow former  
25 participants in the plan to transfer or roll over employee  
26 and vested State contributions, and the earnings thereon,

1 from the Tier 3 plan into other qualified retirement plans.

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

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

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

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



1 not responsive to other means of contact, it is sufficient  
2 for the System to publish the details of the option on its  
3 website.

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

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

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

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

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

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

23 (f) The intent of this amendatory Act of the 100th General  
24 Assembly is to ensure that the State's normal cost of  
25 participation in the Tier 3 plan is similar, and if possible  
26 equal, to the State's normal cost of participation in the

1 defined benefit plan, unless a lower State's normal cost is  
2 necessary to ensure cost neutrality.

3 (40 ILCS 5/16-106.40 new)

4 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member  
5 under this Article who first became a member or participant  
6 before January 1, 2011 under any reciprocal retirement system  
7 or pension fund established under this Code other than a  
8 retirement system or pension fund established under Article 2,  
9 3, 4, 5, 6, or 18 of this Code.

10 In the case of a Tier 1 member who elects to participate in  
11 the Tier 3 plan under Section 16-205.5 of this Code, that Tier  
12 1 member shall be deemed a Tier 1 member only with respect to  
13 service performed or established before the effective date of  
14 that election.

15 (40 ILCS 5/16-106.41 new)

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

19 In the case of a Tier 2 member who elects to participate in  
20 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2  
21 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.

1 (40 ILCS 5/16-106.42 new)

2 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A member of  
3 the System who first becomes a member under this Article on or  
4 after July 1, 2018 or a Tier 1 or Tier 2 member who elects to  
5 participate in the Tier 3 plan under Section 16-205.5 of this  
6 Code, but only with respect to service performed on or after  
7 the effective date of that election.

8 (40 ILCS 5/16-203)

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

11 Sec. 16-203. 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 June 1, 2005 (the  
18 effective date of Public Act 94-4). "New benefit increase",  
19 however, does not include any benefit increase resulting from  
20 the changes made to this Article by Public Act 95-910 or this  
21 amendatory Act of the 100th General Assembly ~~this amendatory~~  
22 ~~Act of the 95th General 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 Financial and Professional Regulation. A new  
14 benefit increase created by a Public Act that does not include  
15 the additional funding required under this subsection is null  
16 and void. If the Public Pension Division determines that the  
17 additional funding provided for a new benefit increase under  
18 this subsection is or has become inadequate, it may so certify  
19 to the Governor and the State Comptroller and, in the absence  
20 of corrective action by the General Assembly, the new benefit  
21 increase shall expire at the end of the fiscal year in which  
22 the certification is 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. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

14 (40 ILCS 5/16-205.5 new)

15 Sec. 16-205.5. Tier 3 plan.

16 (a) By July 1, 2018, 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.

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

1 Section.

2 (1) All persons who begin to participate in this System  
3 on or after July 1, 2018 shall participate in the Tier 3  
4 plan rather than the defined benefit plan.

5 (2) A participant in the Tier 3 plan shall pay employee  
6 contributions at a rate determined by the participant, but  
7 not less than 3% of salary and not more than a percentage  
8 of salary determined by the Board in accordance with the  
9 requirements of State and federal law.

10 (3) State contributions shall be paid into the accounts  
11 of all participants in the Tier 3 plan at a uniform rate,  
12 expressed as a percentage of salary and determined for each  
13 year. This rate shall be no higher than 7.6% of salary and  
14 shall be no lower than 3% of salary. The State shall adjust  
15 this rate annually.

16 (4) The Tier 3 plan shall require 5 years 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       in a fund created by the System and managed in accordance  
5       with legal and fiduciary standards, as well as investment  
6       options otherwise available.

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

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

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

19          (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
20       member of this System may elect, in writing, to cease accruing  
21       benefits in the defined benefit plan and begin accruing  
22       benefits for future service in the Tier 3 plan. An active Tier  
23       1 or Tier 2 member who elects to cease accruing benefits in his  
24       or her defined benefit plan shall be prohibited from purchasing  
25       service credit on or after the date of his or her election. A  
26       Tier 1 or Tier 2 member making the irrevocable election



1 provided under this subsection shall not receive interest  
2 accruals to his or her benefit under paragraph (A) of  
3 subsection (a) of Section 16-133 of this Code on or after the  
4 date of his or her election. The election to participate in the  
5 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 organizations,  
7       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, 2018.

10       (f) The intent of this amendatory Act of the 100th General  
11 Assembly is to ensure that the State's normal cost of  
12 participation in the Tier 3 plan is similar, and if possible  
13 equal, to the State's normal cost of participation in the  
14 defined benefit plan, unless a lower State's normal cost is  
15 necessary to ensure cost neutrality.

16       (40 ILCS 5/18-110.1 new)

17       Sec. 18-110.1. Tier 1 participant. "Tier 1 participant": A  
18 participant who first became a participant of this System  
19 before January 1, 2011.

20       In the case of a Tier 1 participant who elects to  
21 participate in the Tier 3 plan under Section 18-121.5 of this  
22 Code, that Tier 1 participant shall be deemed a Tier 1  
23 participant only with respect to service performed or  
24 established before the effective date of that election.

1 (40 ILCS 5/18-110.2 new)

2 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant": A  
3 participant who first becomes a participant of this System on  
4 or after January 1, 2011.

5 In the case of a Tier 2 participant who elects to  
6 participate in the Tier 3 plan under Section 18-121.5 of this  
7 Code, that Tier 2 participant shall be deemed a Tier 2  
8 participant only with respect to service performed or  
9 established before the effective date of that election.

10 (40 ILCS 5/18-110.3 new)

11 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A  
12 participant who first becomes a participant of this System on  
13 or after July 1, 2018 or a Tier 1 or Tier 2 participant who  
14 elects to participate in the Tier 3 plan under Section 18-121.5  
15 of this Code, but only with respect to service performed on or  
16 after the effective date of that election.

17 (40 ILCS 5/18-121.5 new)

18 Sec. 18-121.5. Tier 3 plan.

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

1 applicable laws.

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 participants who have not made the election authorized under  
5 this Section.

6 (1) All persons who begin to participate in this System  
7 on or after July 1, 2018 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 determined by the participant, but  
11 not less than 3% of salary and not more than a percentage  
12 of salary determined by the Board in accordance with the  
13 requirements of State and federal law.

14 (3) State contributions shall be paid into the accounts  
15 of all participants in the Tier 3 plan at a uniform rate,  
16 expressed as a percentage of salary and determined for each  
17 year. This rate shall be no higher than 7.6% of salary and  
18 shall be no lower than 3% of salary. The State shall adjust  
19 this rate annually.

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

25 (5) The Tier 3 plan may provide for participants in the  
26 plan to be eligible for defined disability benefits. If it

1 does, the System shall reduce the employee contributions  
2 credited to the participant's Tier 3 plan account by an  
3 amount determined by the System to cover the cost of  
4 offering such benefits.

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

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

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

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

22 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
23 participant of this System may elect, in writing, to cease  
24 accruing benefits in the defined benefit plan and begin  
25 accruing benefits for future service in the Tier 3 plan. The  
26 election to participate in the Tier 3 plan is voluntary and

1 irrevocable.

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

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

14 (3) Upon request for further information describing  
15 the option, the System shall provide employees with  
16 information from the System before exercising the option to  
17 join the plan, including information on the impact to their  
18 benefits and service. The individual consultation shall  
19 include projections of the participant's defined benefits  
20 at retirement or earlier termination of service and the  
21 value of the participant's account at retirement or earlier  
22 termination of service. The System shall not provide advice  
23 or counseling with respect to whether the employee should  
24 exercise the option. The System shall inform Tier 1 and  
25 Tier 2 participants who are eligible to participate in the  
26 Tier 3 plan that they may also wish to obtain information

1 and counsel relating to their option from any other  
2 available source, including but not limited to private  
3 counsel and financial advisors.

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

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

25 (d) Notwithstanding any other provision of this Section, no  
26 person shall begin participating in the Tier 3 plan until it



1 has attained qualified plan status and received all necessary  
2 approvals from the U.S. Internal Revenue Service.

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

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

11 (g) The intent of this amendatory Act of the 100th General  
12 Assembly is to ensure that the State's normal cost of  
13 participation in the Tier 3 plan is similar, and if possible  
14 equal, to the State's normal cost of participation in the  
15 defined benefit plan, unless a lower State's normal cost is  
16 necessary to ensure cost neutrality.

17 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

18 Sec. 18-124. Retirement annuities - conditions for  
19 eligibility.

20 (a) This subsection (a) applies to a Tier 1 participant ~~who~~  
21 ~~first serves as a judge before the effective date of this~~  
22 ~~amendatory Act of the 96th General Assembly.~~

23 A participant whose employment as a judge is terminated,  
24 regardless of age or cause is entitled to a retirement annuity  
25 beginning on the date specified in a written application

1 subject to the following:

2 (1) the date the annuity begins is subsequent to the  
3 date of final termination of employment, or the date 30  
4 days prior to the receipt of the application by the board  
5 for annuities based on disability, or one year before the  
6 receipt of the application by the board for annuities based  
7 on attained age;

8 (2) the participant is at least age 55, or has become  
9 permanently disabled and as a consequence is unable to  
10 perform the duties of his or her office;

11 (3) the participant has at least 10 years of service  
12 credit except that a participant terminating service after  
13 June 30 1975, with at least 6 years of service credit,  
14 shall be entitled to a retirement annuity at age 62 or  
15 over;

16 (4) the participant is not receiving or entitled to  
17 receive, at the date of retirement, any salary from an  
18 employer for service currently performed.

19 (b) This subsection (b) applies to a Tier 2 participant ~~who~~  
20 ~~first serves as a judge on or after the effective date of this~~  
21 ~~amendatory Act of the 96th General Assembly.~~

22 A participant who has at least 8 years of creditable  
23 service is entitled to a retirement annuity when he or she has  
24 attained age 67.

25 A member who has attained age 62 and has at least 8 years  
26 of service credit may elect to receive the lower retirement

1 annuity provided in subsection (d) of Section 18-125 of this  
2 Code.

3 (Source: P.A. 96-889, eff. 1-1-11.)

4 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)  
5 Sec. 18-125. Retirement annuity amount.

6 (a) The annual retirement annuity for a participant who  
7 terminated service as a judge prior to July 1, 1971 shall be  
8 based on the law in effect at the time of termination of  
9 service.

10 (b) Except as provided in subsection (b-5), effective July  
11 1, 1971, the retirement annuity for any participant in service  
12 on or after such date shall be 3 1/2% of final average salary,  
13 as defined in this Section, for each of the first 10 years of  
14 service, and 5% of such final average salary for each year of  
15 service in ~~on~~ excess of 10.

16 For purposes of this Section, final average salary for a  
17 Tier 1 participant who first serves as a judge before August  
18 10, 2009 (the effective date of Public Act 96-207) shall be:

19 (1) the average salary for the last 4 years of credited  
20 service as a judge for a participant who terminates service  
21 before July 1, 1975.

22 (2) for a participant who terminates service after June  
23 30, 1975 and before July 1, 1982, the salary on the last  
24 day of employment as a judge.

25 (3) for any participant who terminates service after

1 June 30, 1982 and before January 1, 1990, the average  
2 salary for the final year of service as a judge.

3 (4) for a participant who terminates service on or  
4 after January 1, 1990 but before July 14, 1995 (the  
5 effective date of Public Act 89-136) ~~this amendatory Act of~~  
6 ~~1995~~, the salary on the last day of employment as a judge.

7 (5) for a participant who terminates service on or  
8 after July 14, 1995 (the effective date of Public Act  
9 89-136) ~~this amendatory Act of 1995~~, the salary on the last  
10 day of employment as a judge, or the highest salary  
11 received by the participant for employment as a judge in a  
12 position held by the participant for at least 4 consecutive  
13 years, whichever is greater.

14 However, in the case of a participant who elects to  
15 discontinue contributions as provided in subdivision (a) (2) of  
16 Section 18-133, the time of such election shall be considered  
17 the last day of employment in the determination of final  
18 average salary under this subsection.

19 For a Tier 1 participant who first serves as a judge on or  
20 after August 10, 2009 (the effective date of Public Act 96-207)  
21 ~~and before January 1, 2011 (the effective date of Public Act~~  
22 ~~96-889)~~, final average salary shall be the average monthly  
23 salary obtained by dividing the total salary of the participant  
24 during the period of: (1) the 48 consecutive months of service  
25 within the last 120 months of service in which the total  
26 compensation was the highest, or (2) the total period of

1 service, if less than 48 months, by the number of months of  
2 service in that period.

3 The maximum retirement annuity for any participant shall be  
4 85% of final average salary.

5 (b-5) Notwithstanding any other provision of this Article,  
6 for a Tier 2 participant ~~who first serves as a judge on or~~  
7 ~~after January 1, 2011 (the effective date of Public Act~~  
8 ~~96-889)~~, the annual retirement annuity is 3% of the  
9 participant's final average salary for each year of service.  
10 The maximum retirement annuity payable shall be 60% of the  
11 participant's final average salary.

12 For a Tier 2 participant ~~who first serves as a judge on or~~  
13 ~~after January 1, 2011 (the effective date of Public Act~~  
14 ~~96-889)~~, final average salary shall be the average monthly  
15 salary obtained by dividing the total salary of the judge  
16 during the 96 consecutive months of service within the last 120  
17 months of service in which the total salary was the highest by  
18 the number of months of service in that period; however,  
19 beginning January 1, 2011, the annual salary may not exceed  
20 \$106,800, except that that amount shall annually thereafter be  
21 increased by the lesser of (i) 3% of that amount, including all  
22 previous adjustments, or (ii) the annual unadjusted percentage  
23 increase (but not less than zero) in the consumer price index-u  
24 for the 12 months ending with the September preceding each  
25 November 1. "Consumer price index-u" means the index published  
26 by the Bureau of Labor Statistics of the United States

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

7 (c) The retirement annuity for a participant who retires  
8 prior to age 60 with less than 28 years of service in the  
9 System shall be reduced 1/2 of 1% for each month that the  
10 participant's age is under 60 years at the time the annuity  
11 commences. However, for a participant who retires on or after  
12 December 10, 1999 (the effective date of Public Act 91-653)  
13 ~~this amendatory Act of the 91st General Assembly,~~ the  
14 percentage reduction in retirement annuity imposed under this  
15 subsection shall be reduced by 5/12 of 1% for every month of  
16 service in this System in excess of 20 years, and therefore a  
17 participant with at least 26 years of service in this System  
18 may retire at age 55 without any reduction in annuity.

19 The reduction in retirement annuity imposed by this  
20 subsection shall not apply in the case of retirement on account  
21 of disability.

22 (d) Notwithstanding any other provision of this Article,  
23 for a Tier 2 participant ~~who first serves as a judge on or~~  
24 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~  
25 ~~and~~ who is retiring after attaining age 62, the retirement  
26 annuity shall be reduced by 1/2 of 1% for each month that the

1 participant's age is under age 67 at the time the annuity  
2 commences.

3 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;  
4 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11; revised 9-9-16.)

5 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

6 Sec. 18-125.1. Automatic increase in retirement annuity. A  
7 participant who retires from service after June 30, 1969,  
8 shall, in January of the year next following the year in which  
9 the first anniversary of retirement occurs, and in January of  
10 each year thereafter, have the amount of his or her originally  
11 granted retirement annuity increased as follows: for each year  
12 up to and including 1971, 1 1/2%; for each year from 1972  
13 through 1979 inclusive, 2%; and for 1980 and each year  
14 thereafter, 3%.

15 Notwithstanding any other provision of this Article, a  
16 retirement annuity for a Tier 2 participant ~~who first serves as~~  
17 ~~a judge on or after January 1, 2011 (the effective date of~~  
18 ~~Public Act 96-889)~~ shall be increased in January of the year  
19 next following the year in which the first anniversary of  
20 retirement occurs, but in no event prior to age 67, and in  
21 January of each year thereafter, by an amount equal to 3% or  
22 the annual percentage increase in the consumer price index-u as  
23 determined by the Public Pension Division of the Department of  
24 Insurance under subsection (b-5) of Section 18-125, whichever  
25 is less, of the retirement annuity then being paid.

1           This Section is not applicable to a participant who retires  
2 before he or she has made contributions at the rate prescribed  
3 in Section 18-133 for automatic increases for not less than the  
4 equivalent of one full year, unless such a participant arranges  
5 to pay the system the amount required to bring the total  
6 contributions for the automatic increase to the equivalent of  
7 one year's contribution based upon his or her last year's  
8 salary.

9           This Section is applicable to all participants (other than  
10 Tier 3 participants who do not have any service credit as a  
11 Tier 1 or Tier 2 participant) in service after June 30, 1969  
12 unless a participant has elected, prior to September 1, 1969,  
13 in a written direction filed with the board not to be subject  
14 to the provisions of this Section. Any participant in service  
15 on or after July 1, 1992 shall have the option of electing  
16 prior to April 1, 1993, in a written direction filed with the  
17 board, to be covered by the provisions of the 1969 amendatory  
18 Act. Such participant shall be required to make the aforesaid  
19 additional contributions with compound interest at 4% per  
20 annum.

21           Any participant who has become eligible to receive the  
22 maximum rate of annuity and who resumes service as a judge  
23 after receiving a retirement annuity under this Article shall  
24 have the amount of his or her retirement annuity increased by  
25 3% of the originally granted annuity amount for each year of  
26 such resumed service, beginning in January of the year next



1 following the date of such resumed service, upon subsequent  
2 termination of such resumed service.

3 Beginning January 1, 1990, all automatic annual increases  
4 payable under this Section shall be calculated as a percentage  
5 of the total annuity payable at the time of the increase,  
6 including previous increases granted under this Article.

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

8 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

9 Sec. 18-127. Retirement annuity - suspension on  
10 reemployment.

11 (a) A participant receiving a retirement annuity who is  
12 regularly employed for compensation by an employer other than a  
13 county, in any capacity, shall have his or her retirement  
14 annuity payments suspended during such employment. Upon  
15 termination of such employment, retirement annuity payments at  
16 the previous rate shall be resumed.

17 If such a participant resumes service as a judge, he or she  
18 shall receive credit for any additional service. Upon  
19 subsequent retirement, his or her retirement annuity shall be  
20 the amount previously granted, plus the amount earned by the  
21 additional judicial service under the provisions in effect  
22 during the period of such additional service. However, if the  
23 participant was receiving the maximum rate of annuity at the  
24 time of re-employment, he or she may elect, in a written  
25 direction filed with the board, not to receive any additional

1 service credit during the period of re-employment. In such  
2 case, contributions shall not be required during the period of  
3 re-employment. Any such election shall be irrevocable.

4 (b) Beginning January 1, 1991, any participant receiving a  
5 retirement annuity who accepts temporary employment from an  
6 employer other than a county for a period not exceeding 75  
7 working days in any calendar year shall not be deemed to be  
8 regularly employed for compensation or to have resumed service  
9 as a judge for the purposes of this Article. A day shall be  
10 considered a working day if the annuitant performs on it any of  
11 his duties under the temporary employment agreement.

12 (c) Except as provided in subsection (a), beginning January  
13 1, 1993, retirement annuities shall not be subject to  
14 suspension upon resumption of employment for an employer, and  
15 any retirement annuity that is then so suspended shall be  
16 reinstated on that date.

17 (d) The changes made in this Section by this amendatory Act  
18 of 1993 shall apply to judges no longer in service on its  
19 effective date, as well as to judges serving on or after that  
20 date.

21 (e) A participant receiving a retirement annuity under this  
22 Article who serves as a part-time employee in any of the  
23 following positions: Legislative Inspector General, Special  
24 Legislative Inspector General, employee of the Office of the  
25 Legislative Inspector General, Executive Director of the  
26 Legislative Ethics Commission, or staff of the Legislative

1 Ethics Commission, but has not elected to participate in the  
2 Article 14 System with respect to that service, shall not be  
3 deemed to be regularly employed for compensation by an employer  
4 other than a county, nor to have resumed service as a judge, on  
5 the basis of that service, and the retirement annuity payments  
6 and other benefits of that person under this Code shall not be  
7 suspended, diminished, or otherwise impaired solely as a  
8 consequence of that service. This subsection (e) applies  
9 without regard to whether the person is in service as a judge  
10 under this Article on or after the effective date of this  
11 amendatory Act of the 93rd General Assembly. In this  
12 subsection, a "part-time employee" is a person who is not  
13 required to work at least 35 hours per week.

14 (f) A participant receiving a retirement annuity under this  
15 Article who has made an election under Section 1-123 and who is  
16 serving either as legal counsel in the Office of the Governor  
17 or as Chief Deputy Attorney General shall not be deemed to be  
18 regularly employed for compensation by an employer other than a  
19 county, nor to have resumed service as a judge, on the basis of  
20 that service, and the retirement annuity payments and other  
21 benefits of that person under this Code shall not be suspended,  
22 diminished, or otherwise impaired solely as a consequence of  
23 that service. This subsection (f) applies without regard to  
24 whether the person is in service as a judge under this Article  
25 on or after the effective date of this amendatory Act of the  
26 93rd General Assembly.

1 (g) Notwithstanding any other provision of this Article, if  
2 a Tier 2 participant ~~person who first becomes a participant~~  
3 ~~under this System on or after January 1, 2011 (the effective~~  
4 ~~date of this amendatory Act of the 96th General Assembly)~~ is  
5 receiving a retirement annuity under this Article and becomes a  
6 member or participant under this Article or any other Article  
7 of this Code and is employed on a full-time basis, then the  
8 person's retirement annuity under this System shall be  
9 suspended during that employment. Upon termination of that  
10 employment, the person's retirement annuity shall resume and,  
11 if appropriate, be recalculated under the applicable  
12 provisions of this Article.

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

14 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

15 Sec. 18-128.01. Amount of survivor's annuity.

16 (a) Upon the death of an annuitant, his or her surviving  
17 spouse shall be entitled to a survivor's annuity of 66 2/3% of  
18 the annuity the annuitant was receiving immediately prior to  
19 his or her death, inclusive of annual increases in the  
20 retirement annuity to the date of death.

21 (b) Upon the death of an active participant, his or her  
22 surviving spouse shall receive a survivor's annuity of 66 2/3%  
23 of the annuity earned by the participant as of the date of his  
24 or her death, determined without regard to whether the  
25 participant had attained age 60 as of that time, or 7 1/2% of

1 the last salary of the decedent, whichever is greater.

2 (c) Upon the death of a participant who had terminated  
3 service with at least 10 years of service, his or her surviving  
4 spouse shall be entitled to a survivor's annuity of 66 2/3% of  
5 the annuity earned by the deceased participant at the date of  
6 death.

7 (d) Upon the death of an annuitant, active participant, or  
8 participant who had terminated service with at least 10 years  
9 of service, each surviving child under the age of 18 or  
10 disabled as defined in Section 18-128 shall be entitled to a  
11 child's annuity in an amount equal to 5% of the decedent's  
12 final salary, not to exceed in total for all such children the  
13 greater of 20% of the decedent's last salary or 66 2/3% of the  
14 annuity received or earned by the decedent as provided under  
15 subsections (a) and (b) of this Section. This child's annuity  
16 shall be paid whether or not a survivor's annuity was elected  
17 under Section 18-123.

18 (e) The changes made in the survivor's annuity provisions  
19 by Public Act 82-306 shall apply to the survivors of a deceased  
20 participant or annuitant whose death occurs on or after August  
21 21, 1981.

22 (f) Beginning January 1, 1990, every survivor's annuity  
23 shall be increased (1) on each January 1 occurring on or after  
24 the commencement of the annuity if the deceased member died  
25 while receiving a retirement annuity, or (2) in other cases, on  
26 each January 1 occurring on or after the first anniversary of

1 the commencement of the annuity, by an amount equal to 3% of  
2 the current amount of the annuity, including any previous  
3 increases under this Article. Such increases shall apply  
4 without regard to whether the deceased member was in service on  
5 or after the effective date of this amendatory Act of 1991, but  
6 shall not accrue for any period prior to January 1, 1990.

7 (g) Notwithstanding any other provision of this Article,  
8 the initial survivor's annuity for a survivor of a Tier 2  
9 participant ~~who first serves as a judge after January 1, 2011~~  
10 ~~(the effective date of Public Act 96-889)~~ shall be in the  
11 amount of 66 2/3% of the annuity received or earned by the  
12 decedent, and shall be increased (1) on each January 1  
13 occurring on or after the commencement of the annuity if the  
14 deceased participant died while receiving a retirement  
15 annuity, or (2) in other cases, on each January 1 occurring on  
16 or after the first anniversary of the commencement of the  
17 annuity, but in no event prior to age 67, by an amount equal to  
18 3% or the annual unadjusted percentage increase in the consumer  
19 price index-u as determined by the Public Pension Division of  
20 the Department of Insurance under subsection (b-5) of Section  
21 18-125, whichever is less, of the survivor's annuity then being  
22 paid.

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

24 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

25 Sec. 18-133. Financing; employee contributions.

1 (a) Effective July 1, 1967, each participant is required to  
2 contribute 7 1/2% of each payment of salary toward the  
3 retirement annuity. Such contributions shall continue during  
4 the entire time the participant is in service, with the  
5 following exceptions:

6 (1) Contributions for the retirement annuity are not  
7 required on salary received after 18 years of service by  
8 persons who were participants before January 2, 1954.

9 (2) A participant who continues to serve as a judge  
10 after becoming eligible to receive the maximum rate of  
11 annuity may elect, through a written direction filed with  
12 the Board, to discontinue contributing to the System. Any  
13 such option elected by a judge shall be irrevocable unless  
14 prior to January 1, 2000, and while continuing to serve as  
15 judge, the judge (A) files with the Board a letter  
16 cancelling the direction to discontinue contributing to  
17 the System and requesting that such contributing resume,  
18 and (B) pays into the System an amount equal to the total  
19 of the discontinued contributions plus interest thereon at  
20 5% per annum. Service credits earned in any other  
21 "participating system" as defined in Article 20 of this  
22 Code shall be considered for purposes of determining a  
23 judge's eligibility to discontinue contributions under  
24 this subdivision (a) (2).

25 (3) A participant who (i) has attained age 60, (ii)  
26 continues to serve as a judge after becoming eligible to

1 receive the maximum rate of annuity, and (iii) has not  
2 elected to discontinue contributing to the System under  
3 subdivision (a)(2) of this Section (or has revoked any such  
4 election) may elect, through a written direction filed with  
5 the Board, to make contributions to the System based only  
6 on the amount of the increases in salary received by the  
7 judge on or after the date of the election, rather than the  
8 total salary received. If a judge who is making  
9 contributions to the System on the effective date of this  
10 amendatory Act of the 91st General Assembly makes an  
11 election to limit contributions under this subdivision  
12 (a)(3) within 90 days after that effective date, the  
13 election shall be deemed to become effective on that  
14 effective date and the judge shall be entitled to receive a  
15 refund of any excess contributions paid to the System  
16 during that 90-day period; any other election under this  
17 subdivision (a)(3) becomes effective on the first of the  
18 month following the date of the election. An election to  
19 limit contributions under this subdivision (a)(3) is  
20 irrevocable. Service credits earned in any other  
21 participating system as defined in Article 20 of this Code  
22 shall be considered for purposes of determining a judge's  
23 eligibility to make an election under this subdivision  
24 (a)(3).

25 (b) Beginning July 1, 1969, each participant is required to  
26 contribute 1% of each payment of salary towards the automatic



1 increase in annuity provided in Section 18-125.1. However, such  
2 contributions need not be made by any participant who has  
3 elected prior to September 15, 1969, not to be subject to the  
4 automatic increase in annuity provisions.

5 (c) Effective July 13, 1953, each married participant  
6 subject to the survivor's annuity provisions is required to  
7 contribute 2 1/2% of each payment of salary, whether or not he  
8 or she is required to make any other contributions under this  
9 Section. Such contributions shall be made concurrently with the  
10 contributions made for annuity purposes.

11 (d) Notwithstanding any other provision of this Article,  
12 the required contributions for a Tier 2 participant ~~who first~~  
13 ~~becomes a participant on or after January 1, 2011~~ shall not  
14 exceed the contributions that would be due under this Article  
15 if that participant's highest salary for annuity purposes were  
16 \$106,800, plus any increase in that amount under Section  
17 18-125.

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

19 (40 ILCS 5/18-169)

20 Sec. 18-169. Application and expiration of new benefit  
21 increases.

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

1 to this Code that takes effect after the effective date of this  
2 amendatory Act of the 94th General Assembly. "New benefit  
3 increase", however, does not include any benefit increase  
4 resulting from the changes made by this amendatory Act of the  
5 100th General Assembly.

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

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

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

1 to the Governor and the State Comptroller and, in the absence  
2 of corrective action by the General Assembly, the new benefit  
3 increase shall expire at the end of the fiscal year in which  
4 the certification is made.

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

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

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

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

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

25 Sec. 20-121. Calculation of proportional retirement

1 annuities.

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

16 (a-5) For persons who participate in a Tier 3 plan  
17 established under Article 2, 14, 15, 16, or 18 of this Code to  
18 whom the provisions of this Article apply, the pension credits  
19 established under the Tier 3 plan may be considered in  
20 determining eligibility for or the amount of the defined  
21 benefit retirement annuity that is payable by any other  
22 participating system.

23 (b) Combined pension credit under all retirement systems  
24 subject to this Article shall be considered in determining  
25 whether the minimum qualification has been met and the formula  
26 or method of computation which shall be applied, except as may

1 be otherwise provided with respect to vesting in State or  
2 employer contributions in a Tier 3 plan. If a system has a  
3 step-rate formula for calculation of the retirement annuity,  
4 pension credits covering previous service which have been  
5 established under another system shall be considered in  
6 determining which range or ranges of the step-rate formula are  
7 to be applicable to the employee.

8 (c) Interest on pension credit shall continue to accumulate  
9 in accordance with the provisions of the law governing the  
10 retirement system in which the same has been established during  
11 the time an employee is in the service of another employer, on  
12 the assumption such employee, for interest purposes for pension  
13 credit, is continuing in the service covered by such retirement  
14 system.

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

16 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

19 Sec. 20-123. Survivor's annuity. The provisions governing  
20 a retirement annuity shall be applicable to a survivor's  
21 annuity. Appropriate credits shall be established for  
22 survivor's annuity purposes in those participating systems  
23 which provide survivor's annuities, according to the same  
24 conditions and subject to the same limitations and restrictions  
25 herein prescribed for a retirement annuity. If a participating

1 system has no survivor's annuity benefit, or if the survivor's  
2 annuity benefit under that system is waived, pension credit  
3 established in that system shall not be considered in  
4 determining eligibility for or the amount of the survivor's  
5 annuity which may be payable by any other participating system.

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

14 For persons who participate in a Tier 3 plan established  
15 under Article 2, 14, 15, 16, or 18 of this Code to whom the  
16 provisions of this Article apply, the pension credits  
17 established under the Tier 3 plan may be considered in  
18 determining eligibility for or the amount of the defined  
19 benefit survivor's annuity that is payable by any other  
20 participating system, but pension credits established in any  
21 other system shall not result in any right to or increase in  
22 the value of a survivor's annuity under the Tier 3 plan, which  
23 depends solely on the options chosen and the value of the  
24 participant's vested account balances and is not subject to any  
25 proportional adjustment under this Section.

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

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

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

4 Sec. 20-124. Maximum benefits.

5 (a) In no event shall the combined retirement or survivors  
6 annuities exceed the highest annuity which would have been  
7 payable by any participating system in which the employee has  
8 pension credits, if all of his pension credits had been  
9 validated in that system.

10 If the combined annuities should exceed the highest maximum  
11 as determined in accordance with this Section, the respective  
12 annuities shall be reduced proportionately according to the  
13 ratio which the amount of each proportional annuity bears to  
14 the aggregate of all such annuities.

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

18 (i) For purposes of calculating the combined  
19 retirement annuity and the proportionate reduction, if  
20 any, in a retirement annuity other than one payable under  
21 the self-managed plan, the amount of the Article 15  
22 retirement annuity shall be deemed to be the highest  
23 annuity to which the annuitant would have been entitled if  
24 he or she had participated in the traditional benefit  
25 package as defined in Section 15-103.1 rather than the

1 self-managed plan.

2 (ii) For purposes of calculating the combined  
3 survivor's annuity and the proportionate reduction, if  
4 any, in a survivor's annuity other than one payable under  
5 the self-managed plan, the amount of the Article 15  
6 survivor's annuity shall be deemed to be the highest  
7 survivor's annuity to which the survivor would have been  
8 entitled if the deceased employee had participated in the  
9 traditional benefit package as defined in Section 15-103.1  
10 rather than the self-managed plan.

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

13 (c) In the case of a participant in a Tier 3 plan  
14 established under Article 2, 14, 15, 16, or 18 of this Code to  
15 whom the provisions of this Article apply:

16 (i) For purposes of calculating the combined  
17 retirement annuity and the proportionate reduction, if  
18 any, in a defined benefit retirement annuity, any benefit  
19 payable under the Tier 3 plan shall not be considered.

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

24 (iii) Benefits payable under a Tier 3 plan established  
25 under Article 2, 14, 15, 16, or 18 of this Code are not  
26 subject to proportionate reduction under this Section.



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

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

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

5 Sec. 20-125. Return to employment - suspension of benefits.

6 If a retired employee returns to employment which is covered by  
7 a system from which he is receiving a proportional annuity  
8 under this Article, his proportional annuity from all  
9 participating systems shall be suspended during the period of  
10 re-employment, except that this suspension does not apply to  
11 any distributions payable under the self-managed plan  
12 established under Section 15-158.2 of this Code or under a Tier  
13 3 plan established under Article 2, 14, 15, 16, or 18 of this  
14 Code.

15 The provisions of the Article under which such employment  
16 would be covered shall govern the determination of whether the  
17 employee has returned to employment, and if applicable the  
18 exemption of temporary employment or employment not exceeding a  
19 specified duration or frequency, for all participating systems  
20 from which the retired employee is receiving a proportional  
21 annuity under this Article, notwithstanding any contrary  
22 provisions in the other Articles governing such systems.

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

24 (40 ILCS 5/2-165 rep.)

1 (40 ILCS 5/2-166 rep.)  
2 (40 ILCS 5/14-155 rep.)  
3 (40 ILCS 5/14-156 rep.)  
4 (40 ILCS 5/15-200 rep.)  
5 (40 ILCS 5/15-201 rep.)  
6 (40 ILCS 5/16-205 rep.)  
7 (40 ILCS 5/16-206 rep.)

8 Section 15. The Illinois Pension Code is amended by  
9 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,  
10 15-201, 16-205, and 16-206.

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law."