



Sen. Dale A. Righter

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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. In developing, preparing, and implementing
12 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
13 the System shall utilize the framework of the self-managed plan
14 offered under Article 15 and shall endeavor to adapt the
15 benefits and structure of the self-managed plan. The System
16 shall consult with the State Universities Retirement System in
17 developing the Tier 3 plan.

18 As used in this Section, "defined benefit plan" means the
19 retirement plan available under this Article to Tier 1 or Tier
20 2 participants who have not made the election authorized under
21 this Section.

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

25 (2) A participant in the Tier 3 plan shall pay employee

1 contributions at a rate of 8% of salary.

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

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 (c-5) The System shall solicit proposals to provide
4 administrative services and funding vehicles for the Tier 3
5 plan from insurance and annuity companies and mutual fund
6 companies, banks, trust companies, or other financial
7 institutions authorized to do business in this State. In
8 reviewing the proposals received and approving and contracting
9 with no fewer than 2 and no more than 7 companies, the Board of
10 Trustees of the System shall consider, among other things, the
11 following criteria:

12 (1) the nature and extent of the benefits that would be
13 provided to the participants;

14 (2) the reasonableness of the benefits in relation to
15 the premium charged;

16 (3) the suitability of the benefits to the needs and
17 interests of the participating employees and the employer;

18 (4) the ability of the company to provide benefits
19 under the contract and the financial stability of the
20 company; and

21 (5) the efficacy of the contract in the recruitment and
22 retention of employees.

23 The System shall periodically review each approved
24 company. A company may continue to provide administrative
25 services and funding vehicles for the Tier 3 plan only so long
26 as it continues to be an approved company under contract with

1 the Board.

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

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

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

14 (40 ILCS 5/14-103.41 new)

15 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of
16 this System who first became a member or participant before
17 January 1, 2011 under any reciprocal retirement system or
18 pension fund established under this Code other than a
19 retirement system or pension fund established under Article 2,
20 3, 4, 5, 6, or 18 of this Code.

21 In the case of a Tier 1 member who elects to participate in
22 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
23 1 member shall be deemed a Tier 1 member only with respect to
24 service performed or established before the effective date of
25 that election.

1 (40 ILCS 5/14-103.42 new)

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

5 In the case of a Tier 2 member who elects to participate in
6 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
7 2 member shall be deemed a Tier 2 member only with respect to
8 service performed or established before the effective date of
9 that election.

10 (40 ILCS 5/14-103.43 new)

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

17 (40 ILCS 5/14-152.1)

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

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

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article by Public Act 96-37 or this
7 amendatory Act of the 100th General Assembly ~~this amendatory~~
8 ~~Act of the 96th 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. 96-37, eff. 7-13-09.)

1 Sec. 14-155.5. 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. In developing, preparing, and implementing
9 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
10 the System shall utilize the framework of the self-managed plan
11 offered under Article 15 and shall endeavor to adapt the
12 benefits and structure of the self-managed plan. The System
13 shall consult with the State Universities Retirement System in
14 developing the Tier 3 plan.

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 non-covered employee who participates in the Tier
23 3 plan shall pay employee contributions at a rate of 8% of
24 compensation. A covered employee who participates in the
25 Tier 3 plan shall pay employee contributions at a rate of
26 3% of compensation.

1 (3) State contributions shall be paid into the accounts
2 of non-covered employees who participate in the Tier 3 plan
3 at a rate of 7.6% of compensation, less the amount
4 determined annually by the Board to cover the cost of
5 offering the defined disability benefits available to
6 other participants under this Article if the Tier 3 plan
7 offers such benefits. State contributions shall be paid
8 into the accounts of covered employees who participate in
9 the Tier 3 plan at a rate of 3% of compensation.

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

15 (5) The Tier 3 plan may provide for participants in the
16 plan to be eligible for the defined disability benefits
17 available to other participants under this Article. If it
18 does, for non-covered employees, the System shall reduce
19 the State contributions credited to the member's Tier 3
20 plan account by an amount, not to exceed 1% of
21 compensation, determined annually by the Board to cover the
22 cost of offering such benefits. For covered employees, the
23 State shall contribute an amount, not to exceed 1% of
24 compensation, determined annually by the Board to cover the
25 cost of offering such benefits, which is in addition to the
26 3% State contribution credited to the member's Tier 3 plan

1 account.

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

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

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

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

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

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

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

1 contact all active Tier 1 and Tier 2 members who are
2 eligible to participate in the Tier 3 plan. The System
3 shall mail information describing the option to join the
4 Tier 3 plan to each of these employees to his or her last
5 known address on file with the System. If the employee is
6 not responsive to other means of contact, it is sufficient
7 for the System to publish the details of the option on its
8 website.

9 (3) Upon request for further information describing
10 the option, the System shall provide employees with
11 information from the System before exercising the option to
12 join the plan, including information on the impact to their
13 benefits and service. The individual consultation shall
14 include projections of the member's defined benefits at
15 retirement or earlier termination of service and the value
16 of the member's account at retirement or earlier
17 termination of service. The System shall not provide advice
18 or counseling with respect to whether the employee should
19 exercise the option. The System shall inform Tier 1 and
20 Tier 2 members who are eligible to participate in the Tier
21 3 plan that they may also wish to obtain information and
22 counsel relating to their option from any other available
23 source, including but not limited to labor organizations,
24 private counsel, and financial advisors.

25 (b-5) A Tier 1 or Tier 2 member who elects to participate
26 in the Tier 3 plan may irrevocably elect to terminate all

1 participation in the defined benefit plan. Upon that election,
2 the System shall transfer to the member's individual account an
3 amount equal to the amount of contribution refund that the
4 member would be eligible to receive if the member terminated
5 employment on that date and elected a refund of contributions,
6 including regular interest for the respective years. The System
7 shall make the transfer as a tax free transfer in accordance
8 with Internal Revenue Service guidelines, for purposes of
9 funding the amount credited to the member's individual account.

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

18 (c-5) The System shall solicit proposals to provide
19 administrative services and funding vehicles for the Tier 3
20 plan from insurance and annuity companies and mutual fund
21 companies, banks, trust companies, or other financial
22 institutions authorized to do business in this State. In
23 reviewing the proposals received and approving and contracting
24 with no fewer than 2 and no more than 7 companies, the Board of
25 Trustees of the System shall consider, among other things, the
26 following criteria:

1 (1) the nature and extent of the benefits that would be
2 provided to the participants;

3 (2) the reasonableness of the benefits in relation to
4 the premium charged;

5 (3) the suitability of the benefits to the needs and
6 interests of the participating employees and the employer;

7 (4) the ability of the company to provide benefits
8 under the contract and the financial stability of the
9 company; and

10 (5) the efficacy of the contract in the recruitment and
11 retention of employees.

12 The System shall periodically review each approved
13 company. A company may continue to provide administrative
14 services and funding vehicles for the Tier 3 plan only so long
15 as it continues to be an approved company under contract with
16 the Board.

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

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

26 (f) The Illinois State Board of Investment shall be the

1 plan sponsor for the Tier 3 plan established under this
2 Section.

3 (40 ILCS 5/15-108.1)

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

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

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

21 (40 ILCS 5/15-108.2)

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

1 established under Section 15-158.2, unless the person is
2 otherwise a Tier 1 member. The changes made to this Section by
3 this amendatory Act of the 98th General Assembly are a
4 correction of existing law and are intended to be retroactive
5 to the effective date of Public Act 96-889, notwithstanding the
6 provisions of Section 1-103.1 of this Code.

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

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

13 (40 ILCS 5/15-108.3 new)

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

20 (40 ILCS 5/15-198)

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

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

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

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

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

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

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

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

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

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

1 (40 ILCS 5/15-200.5 new)

2 Sec. 15-200.5. Tier 3 plan.

3 (a) By July 1, 2018, the System shall prepare and implement
4 a Tier 3 plan. The Tier 3 plan developed under this Section
5 shall be a plan that aggregates State and employee
6 contributions in individual participant accounts which, after
7 meeting any other requirements, are used for payouts after
8 retirement in accordance with this Section and any other
9 applicable laws. In developing, preparing, and implementing
10 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
11 the System shall utilize the framework of the self-managed plan
12 and shall endeavor to adapt the benefits and structure of the
13 self-managed plan.

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

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

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

26 (3) State contributions shall be paid into the accounts

1 of all participants in the Tier 3 plan at a rate of 7.6% of
2 earnings, less the amount determined annually by the Board
3 to cover the cost of offering the defined disability
4 benefits available to other participants under this
5 Article if the Tier 3 plan offers such benefits.

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

11 (5) The Tier 3 plan may provide for participants in the
12 plan to be eligible for the defined disability benefits
13 available to other participants under this Article. If it
14 does, the System shall reduce the employee contributions
15 credited to the member's Tier 3 plan account by an amount,
16 not to exceed 1% of earnings, determined annually by the
17 Board to cover the cost of offering such benefits.

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

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

25 (8) To the extent authorized under federal law and as
26 authorized by the System, the plan shall allow former

1 participants in the plan to transfer or roll over employee
2 and vested State contributions, and the earnings thereon,
3 from the Tier 3 plan into other qualified retirement plans.

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

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

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

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

1 Tier 3 plan to each of these employees to his or her last
2 known address on file with the System. If the employee is
3 not responsive to other means of contact, it is sufficient
4 for the System to publish the details of the option on its
5 website.

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

22 (b-5) A Tier 1 or Tier 2 member who elects to participate
23 in the Tier 3 plan may irrevocably elect to terminate all
24 participation in the defined benefit plan. Upon that election,
25 the System shall transfer to the member's individual account an
26 amount equal to the amount of contribution refund that the

1 member would be eligible to receive if the member terminated
2 employment on that date and elected a refund of contributions,
3 including interest at the effective rate for the respective
4 years. The System shall make the transfer as a tax free
5 transfer in accordance with Internal Revenue Service
6 guidelines, for purposes of funding the amount credited to the
7 member's individual account.

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

16 (c-5) The System, in consultation with the employers, shall
17 solicit proposals to provide administrative services and
18 funding vehicles for the Tier 3 plan from insurance and annuity
19 companies and mutual fund companies, banks, trust companies, or
20 other financial institutions authorized to do business in this
21 State. In reviewing the proposals received and approving and
22 contracting with no fewer than 2 and no more than 7 companies,
23 the Board of Trustees of the System shall consider, among other
24 things, the following criteria:

25 (1) the nature and extent of the benefits that would be
26 provided to the participants;

1 (2) the reasonableness of the benefits in relation to
2 the premium charged;

3 (3) the suitability of the benefits to the needs and
4 interests of the participating employees and the employer;

5 (4) the ability of the company to provide benefits
6 under the contract and the financial stability of the
7 company; and

8 (5) the efficacy of the contract in the recruitment and
9 retention of employees.

10 The System, in consultation with the employers, shall
11 periodically review each approved company. A company may
12 continue to provide administrative services and funding
13 vehicles for the Tier 3 plan only so long as it continues to be
14 an approved company under contract with the Board.

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

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

24 (40 ILCS 5/16-106.40 new)

25 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member

1 under this Article who first became a member or participant
2 before January 1, 2011 under any reciprocal retirement system
3 or pension fund established under this Code other than a
4 retirement system or pension fund established under Article 2,
5 3, 4, 5, 6, or 18 of this Code.

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

11 (40 ILCS 5/16-106.41 new)

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

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

20 (40 ILCS 5/16-106.42 new)

21 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A member of
22 the System who first becomes a member under this Article on or
23 after July 1, 2018 or a Tier 1 or Tier 2 member who elects to
24 participate in the Tier 3 plan under Section 16-205.5 of this

1 Code, but only with respect to service performed on or after
2 the effective date of that election.

3 (40 ILCS 5/16-203)

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

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

8 (a) As used in this Section, "new benefit increase" means
9 an increase in the amount of any benefit provided under this
10 Article, or an expansion of the conditions of eligibility for
11 any benefit under this Article, that results from an amendment
12 to this Code that takes effect after June 1, 2005 (the
13 effective date of Public Act 94-4). "New benefit increase",
14 however, does not include any benefit increase resulting from
15 the changes made to this Article by Public Act 95-910 or this
16 amendatory Act of the 100th General Assembly ~~this amendatory~~
17 ~~Act of the 95th General Assembly.~~

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

23 (c) The Public Act enacting a new benefit increase must
24 identify and provide for payment to the System of additional
25 funding at least sufficient to fund the resulting annual

1 increase in cost to the System as it accrues.

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

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

24 (e) Except as otherwise provided in the language creating
25 the new benefit increase, a new benefit increase that expires
26 under this Section continues to apply to persons who applied

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

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

9 (40 ILCS 5/16-205.5 new)

10 Sec. 16-205.5. Tier 3 plan.

11 (a) By July 1, 2018, the System shall prepare and implement
12 a Tier 3 plan. The Tier 3 plan developed under this Section
13 shall be a plan that aggregates State and employee
14 contributions in individual participant accounts which, after
15 meeting any other requirements, are used for payouts after
16 retirement in accordance with this Section and any other
17 applicable laws. In developing, preparing, and implementing
18 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
19 the System shall utilize the framework of the self-managed plan
20 offered under Article 15 and shall endeavor to adapt the
21 benefits and structure of the self-managed plan. The System
22 shall consult with the State Universities Retirement System in
23 developing the Tier 3 plan.

24 As used in this Section, "defined benefit plan" means the
25 retirement plan available under this Article to Tier 1 or Tier

1 2 members who have not made the election authorized under this
2 Section.

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

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

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

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

19 (5) The Tier 3 plan may provide for participants in the
20 plan to be eligible for the defined disability benefits
21 available to other participants under this Article. If it
22 does, the System shall reduce the employee contributions
23 credited to the member's Tier 3 plan account by an amount,
24 not to exceed 1% of salary, determined annually by the
25 Board to cover the cost of offering such benefits.

26 (6) The Tier 3 plan shall provide a variety of options

1 for investments. These options shall include investments
2 in a fund created by the System and managed in accordance
3 with legal and fiduciary standards, as well as investment
4 options otherwise available.

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

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

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

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

1 subsection (a) of Section 16-133 of this Code on or after the
2 date of his or her election. The election to participate in the
3 Tier 3 plan is voluntary and irrevocable.

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

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

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

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

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

1 funding vehicles for the Tier 3 plan from insurance and annuity
2 companies and mutual fund companies, banks, trust companies, or
3 other financial institutions authorized to do business in this
4 State. In reviewing the proposals received and approving and
5 contracting with no fewer than 2 and no more than 7 companies,
6 the Board of Trustees of the System shall consider, among other
7 things, the following criteria:

8 (1) the nature and extent of the benefits that would be
9 provided to the participants;

10 (2) the reasonableness of the benefits in relation to
11 the premium charged;

12 (3) the suitability of the benefits to the needs and
13 interests of the participating employees and the employer;

14 (4) the ability of the company to provide benefits
15 under the contract and the financial stability of the
16 company; and

17 (5) the efficacy of the contract in the recruitment and
18 retention of employees.

19 The System, in consultation with the employers, shall
20 periodically review each approved company. A company may
21 continue to provide administrative services and funding
22 vehicles for the Tier 3 plan only so long as it continues to be
23 an approved company under contract with the Board.

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

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

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

7 (40 ILCS 5/18-110.1 new)

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

11 In the case of a Tier 1 participant who elects to
12 participate in the Tier 3 plan under Section 18-121.5 of this
13 Code, that Tier 1 participant shall be deemed a Tier 1
14 participant only with respect to service performed or
15 established before the effective date of that election.

16 (40 ILCS 5/18-110.2 new)

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

20 In the case of a Tier 2 participant who elects to
21 participate in the Tier 3 plan under Section 18-121.5 of this
22 Code, that Tier 2 participant shall be deemed a Tier 2
23 participant only with respect to service performed or
24 established before the effective date of that election.

1 (40 ILCS 5/18-110.3 new)

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

8 (40 ILCS 5/18-121.5 new)

9 Sec. 18-121.5. Tier 3 plan.

10 (a) By July 1, 2018, the System shall prepare and implement
11 a Tier 3 plan. The Tier 3 plan developed under this Section
12 shall be a plan that aggregates State and employee
13 contributions in individual participant accounts which, after
14 meeting any other requirements, are used for payouts after
15 retirement in accordance with this Section and any other
16 applicable laws. In developing, preparing, and implementing
17 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
18 the System shall utilize the framework of the self-managed plan
19 offered under Article 15 and shall endeavor to adapt the
20 benefits and structure of the self-managed plan. The System
21 shall consult with the State Universities Retirement System in
22 developing the Tier 3 plan.

23 As used in this Section, "defined benefit plan" means the
24 retirement plan available under this Article to Tier 1 or Tier

1 2 participants who have not made the election authorized under
2 this Section.

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

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

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

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

19 (5) The Tier 3 plan may provide for participants in the
20 plan to be eligible for the defined disability benefits
21 available to other participants under this Article. If it
22 does, the System shall reduce the employee contributions
23 credited to the member's Tier 3 plan account by an amount,
24 not to exceed 1% of salary, determined annually by the
25 Board to cover the cost of offering such benefits.

26 (6) The Tier 3 plan shall provide a variety of options

1 for investments. These options shall include investments
2 handled by the Illinois State Board of Investment as well
3 as private sector investment options.

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

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

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

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

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

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

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

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

25 (b-5) A Tier 1 or Tier 2 participant who elects to
26 participate in the Tier 3 plan may irrevocably elect to

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

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

20 (c-5) The System shall solicit proposals to provide
21 administrative services and funding vehicles for the Tier 3
22 plan from insurance and annuity companies and mutual fund
23 companies, banks, trust companies, or other financial
24 institutions authorized to do business in this State. In
25 reviewing the proposals received and approving and contracting
26 with no fewer than 2 and no more than 7 companies, the Board of

1 Trustees of the System shall consider, among other things, the
2 following criteria:

3 (1) the nature and extent of the benefits that would be
4 provided to the participants;

5 (2) the reasonableness of the benefits in relation to
6 the premium charged;

7 (3) the suitability of the benefits to the needs and
8 interests of the participating employees and the employer;

9 (4) the ability of the company to provide benefits
10 under the contract and the financial stability of the
11 company; and

12 (5) the efficacy of the contract in the recruitment and
13 retention of employees.

14 The System shall periodically review each approved
15 company. A company may continue to provide administrative
16 services and funding vehicles for the Tier 3 plan only so long
17 as it continues to be an approved company under contract with
18 the Board.

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

23 (e) The System shall report on its progress under this
24 Section, including the available details of the Tier 3 plan and
25 the System's plans for informing eligible Tier 1 and Tier 2
26 participants about the plan, to the Governor and the General

1 Assembly on or before January 15, 2018.

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

5 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)
6 Sec. 18-124. Retirement annuities - conditions for
7 eligibility.

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

11 A participant whose employment as a judge is terminated,
12 regardless of age or cause is entitled to a retirement annuity
13 beginning on the date specified in a written application
14 subject to the following:

15 (1) the date the annuity begins is subsequent to the
16 date of final termination of employment, or the date 30
17 days prior to the receipt of the application by the board
18 for annuities based on disability, or one year before the
19 receipt of the application by the board for annuities based
20 on attained age;

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

24 (3) the participant has at least 10 years of service
25 credit except that a participant terminating service after

1 June 30 1975, with at least 6 years of service credit,
2 shall be entitled to a retirement annuity at age 62 or
3 over;

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

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

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

13 A member who has attained age 62 and has at least 8 years
14 of service credit may elect to receive the lower retirement
15 annuity provided in subsection (d) of Section 18-125 of this
16 Code.

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

18 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

19 Sec. 18-125. Retirement annuity amount.

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

24 (b) Except as provided in subsection (b-5), effective July
25 1, 1971, the retirement annuity for any participant in service

1 on or after such date shall be 3 1/2% of final average salary,
2 as defined in this Section, for each of the first 10 years of
3 service, and 5% of such final average salary for each year of
4 service in ~~on~~ excess of 10.

5 For purposes of this Section, final average salary for a
6 Tier 1 participant who first serves as a judge before August
7 10, 2009 (the effective date of Public Act 96-207) shall be:

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

11 (2) for a participant who terminates service after June
12 30, 1975 and before July 1, 1982, the salary on the last
13 day of employment as a judge.

14 (3) for any participant who terminates service after
15 June 30, 1982 and before January 1, 1990, the average
16 salary for the final year of service as a judge.

17 (4) for a participant who terminates service on or
18 after January 1, 1990 but before July 14, 1995 (the
19 effective date of Public Act 89-136) ~~this amendatory Act of~~
20 ~~1995~~, the salary on the last day of employment as a judge.

21 (5) for a participant who terminates service on or
22 after July 14, 1995 (the effective date of Public Act
23 89-136) ~~this amendatory Act of 1995~~, the salary on the last
24 day of employment as a judge, or the highest salary
25 received by the participant for employment as a judge in a
26 position held by the participant for at least 4 consecutive

1 years, whichever is greater.

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

7 For a Tier 1 participant who first serves as a judge on or
8 after August 10, 2009 (the effective date of Public Act 96-207)
9 ~~and before January 1, 2011 (the effective date of Public Act~~
10 ~~96-889)~~, final average salary shall be the average monthly
11 salary obtained by dividing the total salary of the participant
12 during the period of: (1) the 48 consecutive months of service
13 within the last 120 months of service in which the total
14 compensation was the highest, or (2) the total period of
15 service, if less than 48 months, by the number of months of
16 service in that period.

17 The maximum retirement annuity for any participant shall be
18 85% of final average salary.

19 (b-5) Notwithstanding any other provision of this Article,
20 for a Tier 2 participant ~~who first serves as a judge on or~~
21 ~~after January 1, 2011 (the effective date of Public Act~~
22 ~~96-889)~~, the annual retirement annuity is 3% of the
23 participant's final average salary for each year of service.
24 The maximum retirement annuity payable shall be 60% of the
25 participant's final average salary.

26 For a Tier 2 participant ~~who first serves as a judge on or~~

1 ~~after January 1, 2011 (the effective date of Public Act~~
2 ~~96-889)~~, final average salary shall be the average monthly
3 salary obtained by dividing the total salary of the judge
4 during the 96 consecutive months of service within the last 120
5 months of service in which the total salary was the highest by
6 the number of months of service in that period; however,
7 beginning January 1, 2011, the annual salary may not exceed
8 \$106,800, except that that amount shall annually thereafter be
9 increased by the lesser of (i) 3% of that amount, including all
10 previous adjustments, or (ii) the annual unadjusted percentage
11 increase (but not less than zero) in the consumer price index-u
12 for the 12 months ending with the September preceding each
13 November 1. "Consumer price index-u" means the index published
14 by the Bureau of Labor Statistics of the United States
15 Department of Labor that measures the average change in prices
16 of goods and services purchased by all urban consumers, United
17 States city average, all items, 1982-84 = 100. The new amount
18 resulting from each annual adjustment shall be determined by
19 the Public Pension Division of the Department of Insurance and
20 made available to the Board by November 1st of each year.

21 (c) The retirement annuity for a participant who retires
22 prior to age 60 with less than 28 years of service in the
23 System shall be reduced 1/2 of 1% for each month that the
24 participant's age is under 60 years at the time the annuity
25 commences. However, for a participant who retires on or after
26 December 10, 1999 (the effective date of Public Act 91-653)

1 ~~this amendatory Act of the 91st General Assembly~~, the
2 percentage reduction in retirement annuity imposed under this
3 subsection shall be reduced by 5/12 of 1% for every month of
4 service in this System in excess of 20 years, and therefore a
5 participant with at least 26 years of service in this System
6 may retire at age 55 without any reduction in annuity.

7 The reduction in retirement annuity imposed by this
8 subsection shall not apply in the case of retirement on account
9 of disability.

10 (d) Notwithstanding any other provision of this Article,
11 for a Tier 2 participant ~~who first serves as a judge on or~~
12 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~
13 ~~and~~ who is retiring after attaining age 62, the retirement
14 annuity shall be reduced by 1/2 of 1% for each month that the
15 participant's age is under age 67 at the time the annuity
16 commences.

17 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
18 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11; revised 9-9-16.)

19 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

20 Sec. 18-125.1. Automatic increase in retirement annuity. A
21 participant who retires from service after June 30, 1969,
22 shall, in January of the year next following the year in which
23 the first anniversary of retirement occurs, and in January of
24 each year thereafter, have the amount of his or her originally
25 granted retirement annuity increased as follows: for each year

1 up to and including 1971, 1 1/2%; for each year from 1972
2 through 1979 inclusive, 2%; and for 1980 and each year
3 thereafter, 3%.

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

15 This Section is not applicable to a participant who retires
16 before he or she has made contributions at the rate prescribed
17 in Section 18-133 for automatic increases for not less than the
18 equivalent of one full year, unless such a participant arranges
19 to pay the system the amount required to bring the total
20 contributions for the automatic increase to the equivalent of
21 one year's contribution based upon his or her last year's
22 salary.

23 This Section is applicable to all participants (other than
24 Tier 3 participants who do not have any service credit as a
25 Tier 1 or Tier 2 participant) in service after June 30, 1969
26 unless a participant has elected, prior to September 1, 1969,

1 in a written direction filed with the board not to be subject
2 to the provisions of this Section. Any participant in service
3 on or after July 1, 1992 shall have the option of electing
4 prior to April 1, 1993, in a written direction filed with the
5 board, to be covered by the provisions of the 1969 amendatory
6 Act. Such participant shall be required to make the aforesaid
7 additional contributions with compound interest at 4% per
8 annum.

9 Any participant who has become eligible to receive the
10 maximum rate of annuity and who resumes service as a judge
11 after receiving a retirement annuity under this Article shall
12 have the amount of his or her retirement annuity increased by
13 3% of the originally granted annuity amount for each year of
14 such resumed service, beginning in January of the year next
15 following the date of such resumed service, upon subsequent
16 termination of such resumed service.

17 Beginning January 1, 1990, all automatic annual increases
18 payable under this Section shall be calculated as a percentage
19 of the total annuity payable at the time of the increase,
20 including previous increases granted under this Article.

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

22 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

23 Sec. 18-127. Retirement annuity - suspension on
24 reemployment.

25 (a) A participant receiving a retirement annuity who is

1 regularly employed for compensation by an employer other than a
2 county, in any capacity, shall have his or her retirement
3 annuity payments suspended during such employment. Upon
4 termination of such employment, retirement annuity payments at
5 the previous rate shall be resumed.

6 If such a participant resumes service as a judge, he or she
7 shall receive credit for any additional service. Upon
8 subsequent retirement, his or her retirement annuity shall be
9 the amount previously granted, plus the amount earned by the
10 additional judicial service under the provisions in effect
11 during the period of such additional service. However, if the
12 participant was receiving the maximum rate of annuity at the
13 time of re-employment, he or she may elect, in a written
14 direction filed with the board, not to receive any additional
15 service credit during the period of re-employment. In such
16 case, contributions shall not be required during the period of
17 re-employment. Any such election shall be irrevocable.

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

26 (c) Except as provided in subsection (a), beginning January

1 1, 1993, retirement annuities shall not be subject to
2 suspension upon resumption of employment for an employer, and
3 any retirement annuity that is then so suspended shall be
4 reinstated on that date.

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

9 (e) A participant receiving a retirement annuity under this
10 Article who serves as a part-time employee in any of the
11 following positions: Legislative Inspector General, Special
12 Legislative Inspector General, employee of the Office of the
13 Legislative Inspector General, Executive Director of the
14 Legislative Ethics Commission, or staff of the Legislative
15 Ethics Commission, but has not elected to participate in the
16 Article 14 System with respect to that service, shall not be
17 deemed to be regularly employed for compensation by an employer
18 other than a county, nor to have resumed service as a judge, on
19 the basis of that service, and the retirement annuity payments
20 and other benefits of that person under this Code shall not be
21 suspended, diminished, or otherwise impaired solely as a
22 consequence of that service. This subsection (e) applies
23 without regard to whether the person is in service as a judge
24 under this Article on or after the effective date of this
25 amendatory Act of the 93rd General Assembly. In this
26 subsection, a "part-time employee" is a person who is not

1 required to work at least 35 hours per week.

2 (f) A participant receiving a retirement annuity under this
3 Article who has made an election under Section 1-123 and who is
4 serving either as legal counsel in the Office of the Governor
5 or as Chief Deputy Attorney General shall not be deemed to be
6 regularly employed for compensation by an employer other than a
7 county, nor to have resumed service as a judge, on the basis of
8 that service, and the retirement annuity payments and other
9 benefits of that person under this Code shall not be suspended,
10 diminished, or otherwise impaired solely as a consequence of
11 that service. This subsection (f) applies without regard to
12 whether the person is in service as a judge under this Article
13 on or after the effective date of this amendatory Act of the
14 93rd General Assembly.

15 (g) Notwithstanding any other provision of this Article, if
16 a Tier 2 participant ~~person who first becomes a participant~~
17 ~~under this System on or after January 1, 2011 (the effective~~
18 ~~date of this amendatory Act of the 96th General Assembly)~~ is
19 receiving a retirement annuity under this Article and becomes a
20 member or participant under this Article or any other Article
21 of this Code and is employed on a full-time basis, then the
22 person's retirement annuity under this System shall be
23 suspended during that employment. Upon termination of that
24 employment, the person's retirement annuity shall resume and,
25 if appropriate, be recalculated under the applicable
26 provisions of this Article.

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

2 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)
3 Sec. 18-128.01. Amount of survivor's annuity.

4 (a) Upon the death of an annuitant, his or her surviving
5 spouse shall be entitled to a survivor's annuity of 66 2/3% of
6 the annuity the annuitant was receiving immediately prior to
7 his or her death, inclusive of annual increases in the
8 retirement annuity to the date of death.

9 (b) Upon the death of an active participant, his or her
10 surviving spouse shall receive a survivor's annuity of 66 2/3%
11 of the annuity earned by the participant as of the date of his
12 or her death, determined without regard to whether the
13 participant had attained age 60 as of that time, or 7 1/2% of
14 the last salary of the decedent, whichever is greater.

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

20 (d) Upon the death of an annuitant, active participant, or
21 participant who had terminated service with at least 10 years
22 of service, each surviving child under the age of 18 or
23 disabled as defined in Section 18-128 shall be entitled to a
24 child's annuity in an amount equal to 5% of the decedent's
25 final salary, not to exceed in total for all such children the

1 greater of 20% of the decedent's last salary or 66 2/3% of the
2 annuity received or earned by the decedent as provided under
3 subsections (a) and (b) of this Section. This child's annuity
4 shall be paid whether or not a survivor's annuity was elected
5 under Section 18-123.

6 (e) The changes made in the survivor's annuity provisions
7 by Public Act 82-306 shall apply to the survivors of a deceased
8 participant or annuitant whose death occurs on or after August
9 21, 1981.

10 (f) Beginning January 1, 1990, every survivor's annuity
11 shall be increased (1) on each January 1 occurring on or after
12 the commencement of the annuity if the deceased member died
13 while receiving a retirement annuity, or (2) in other cases, on
14 each January 1 occurring on or after the first anniversary of
15 the commencement of the annuity, by an amount equal to 3% of
16 the current amount of the annuity, including any previous
17 increases under this Article. Such increases shall apply
18 without regard to whether the deceased member was in service on
19 or after the effective date of this amendatory Act of 1991, but
20 shall not accrue for any period prior to January 1, 1990.

21 (g) Notwithstanding any other provision of this Article,
22 the initial survivor's annuity for a survivor of a Tier 2
23 participant ~~who first serves as a judge after January 1, 2011~~
24 ~~(the effective date of Public Act 96-889)~~ shall be in the
25 amount of 66 2/3% of the annuity received or earned by the
26 decedent, and shall be increased (1) on each January 1

1 occurring on or after the commencement of the annuity if the
2 deceased participant died while receiving a retirement
3 annuity, or (2) in other cases, on each January 1 occurring on
4 or after the first anniversary of the commencement of the
5 annuity, but in no event prior to age 67, by an amount equal to
6 3% or the annual unadjusted percentage increase in the consumer
7 price index-u as determined by the Public Pension Division of
8 the Department of Insurance under subsection (b-5) of Section
9 18-125, whichever is less, of the survivor's annuity then being
10 paid.

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

12 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

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

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

22 (2) A participant who continues to serve as a judge
23 after becoming eligible to receive the maximum rate of
24 annuity may elect, through a written direction filed with
25 the Board, to discontinue contributing to the System. Any

1 such option elected by a judge shall be irrevocable unless
2 prior to January 1, 2000, and while continuing to serve as
3 judge, the judge (A) files with the Board a letter
4 cancelling the direction to discontinue contributing to
5 the System and requesting that such contributing resume,
6 and (B) pays into the System an amount equal to the total
7 of the discontinued contributions plus interest thereon at
8 5% per annum. Service credits earned in any other
9 "participating system" as defined in Article 20 of this
10 Code shall be considered for purposes of determining a
11 judge's eligibility to discontinue contributions under
12 this subdivision (a) (2).

13 (3) A participant who (i) has attained age 60, (ii)
14 continues to serve as a judge after becoming eligible to
15 receive the maximum rate of annuity, and (iii) has not
16 elected to discontinue contributing to the System under
17 subdivision (a) (2) of this Section (or has revoked any such
18 election) may elect, through a written direction filed with
19 the Board, to make contributions to the System based only
20 on the amount of the increases in salary received by the
21 judge on or after the date of the election, rather than the
22 total salary received. If a judge who is making
23 contributions to the System on the effective date of this
24 amendatory Act of the 91st General Assembly makes an
25 election to limit contributions under this subdivision
26 (a) (3) within 90 days after that effective date, the

1 election shall be deemed to become effective on that
2 effective date and the judge shall be entitled to receive a
3 refund of any excess contributions paid to the System
4 during that 90-day period; any other election under this
5 subdivision (a) (3) becomes effective on the first of the
6 month following the date of the election. An election to
7 limit contributions under this subdivision (a) (3) is
8 irrevocable. Service credits earned in any other
9 participating system as defined in Article 20 of this Code
10 shall be considered for purposes of determining a judge's
11 eligibility to make an election under this subdivision
12 (a) (3).

13 (b) Beginning July 1, 1969, each participant is required to
14 contribute 1% of each payment of salary towards the automatic
15 increase in annuity provided in Section 18-125.1. However, such
16 contributions need not be made by any participant who has
17 elected prior to September 15, 1969, not to be subject to the
18 automatic increase in annuity provisions.

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

25 (d) Notwithstanding any other provision of this Article,
26 the required contributions for a Tier 2 participant ~~who first~~

1 ~~becomes a participant on or after January 1, 2011~~ shall not
2 exceed the contributions that would be due under this Article
3 if that participant's highest salary for annuity purposes were
4 \$106,800, plus any increase in that amount under Section
5 18-125.

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

7 (40 ILCS 5/18-169)

8 Sec. 18-169. Application and expiration of new benefit
9 increases.

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

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

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

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

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

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

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

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

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

10 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

13 Sec. 20-121. Calculation of proportional retirement
14 annuities.

15 (a) Upon retirement of the employee, a proportional
16 retirement annuity shall be computed by each participating
17 system in which pension credit has been established on the
18 basis of pension credits under each system. The computation
19 shall be in accordance with the formula or method prescribed by
20 each participating system which is in effect at the date of the
21 employee's latest withdrawal from service covered by any of the
22 systems in which he has pension credits which he elects to have
23 considered under this Article. However, the amount of any
24 retirement annuity payable under the self-managed plan
25 established under Section 15-158.2 of this Code depends solely

1 on the value of the participant's vested account balances and
2 is not subject to any proportional adjustment under this
3 Section.

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

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

22 (c) Interest on pension credit shall continue to accumulate
23 in accordance with the provisions of the law governing the
24 retirement system in which the same has been established during
25 the time an employee is in the service of another employer, on
26 the assumption such employee, for interest purposes for pension

1 credit, is continuing in the service covered by such retirement
2 system.

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

4 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

19 For persons who participate in the self-managed plan
20 established under Section 15-158.2 or the portable benefit
21 package established under Section 15-136.4, pension credit
22 established under Article 15 may be considered in determining
23 eligibility for or the amount of the survivor's annuity that is
24 payable by any other participating system, but pension credit
25 established in any other system shall not result in any right

1 to a survivor's annuity under the Article 15 system.

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

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

15 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

18 Sec. 20-124. Maximum benefits.

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

24 If the combined annuities should exceed the highest maximum
25 as determined in accordance with this Section, the respective

1 annuities shall be reduced proportionately according to the
2 ratio which the amount of each proportional annuity bears to
3 the aggregate of all such annuities.

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

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

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

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

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

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

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

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

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

16 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

19 Sec. 20-125. Return to employment - suspension of benefits.
20 If a retired employee returns to employment which is covered by
21 a system from which he is receiving a proportional annuity
22 under this Article, his proportional annuity from all
23 participating systems shall be suspended during the period of
24 re-employment, except that this suspension does not apply to
25 any distributions payable under the self-managed plan

1 established under Section 15-158.2 of this Code or under a Tier
2 3 plan established under Article 2, 14, 15, 16, or 18 of this
3 Code.

4 The provisions of the Article under which such employment
5 would be covered shall govern the determination of whether the
6 employee has returned to employment, and if applicable the
7 exemption of temporary employment or employment not exceeding a
8 specified duration or frequency, for all participating systems
9 from which the retired employee is receiving a proportional
10 annuity under this Article, notwithstanding any contrary
11 provisions in the other Articles governing such systems.

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

13 (40 ILCS 5/2-165 rep.)

14 (40 ILCS 5/2-166 rep.)

15 (40 ILCS 5/14-155 rep.)

16 (40 ILCS 5/14-156 rep.)

17 (40 ILCS 5/15-200 rep.)

18 (40 ILCS 5/15-201 rep.)

19 (40 ILCS 5/16-205 rep.)

20 (40 ILCS 5/16-206 rep.)

21 Section 15. The Illinois Pension Code is amended by
22 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,
23 15-201, 16-205, and 16-206.

24 Section 99. Effective date. This Act takes effect upon

1 becoming law.".