



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

SB1763

Introduced 2/9/2017, by Sen. William E. Brady - Neil Anderson - Tom Rooney - Sue Rezin, Paul Schimpf, et al.

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly Article of the Illinois Pension Code. Requires active Tier 1 employees to elect either to (i) have automatic annual increases in retirement annuity and survivor's annuity delayed and reduced or (ii) maintain the current benefit package with additional limitations on pensionable salary. Provides that a Tier 1 employee who elects item (i) is entitled to have future increases in income treated as pensionable income, have contributions reduced to a specified rate, and receive a consideration payment of 10% of contributions made prior to the election. Provides that a Tier 1 employee who elects item (ii) is not eligible to have future increases in income treated as pensionable income. Makes funding changes and requires recertification of State contributions for fiscal years 2018 and 2019. Establishes a voluntary defined contribution plan for certain eligible Tier 1 participants and repeals provisions concerning the defined contribution plan added by Public Act 98-599, which has been held unconstitutional. Makes conforming changes in the Retirement Systems Reciprocal Act (Article 20 of the Code). Restricts participation in the System to persons who became participants before the effective date. Amends the State Pension Funds Continuing Appropriation Act to provide a continuing appropriation for the amounts of the consideration payments. Effective immediately.

LRB100 11311 RPS 21675 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing  
5 Sections 2-101, 2-105, 2-107, 2-108, 2-119.1, 2-124, 2-126,  
6 2-134, 2-162, 20-121, 20-123, 20-124, and 20-125 and by adding  
7 Sections 2-105.3, 2-107.9, 2-107.10, 2-110.3, 2-165.1, and  
8 2-166.1 as follows:

9 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

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

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

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

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

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

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

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

24 (40 ILCS 5/2-105.3 new)

1       Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A  
2 participant who first became a participant before January 1,  
3 2011.

4           (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

5       Sec. 2-107. Participant. "Participant": Any member who  
6 elects to participate; and any former member who elects to  
7 continue participation under Section 2-117.1, for the duration  
8 of such continued participation. However, notwithstanding any  
9 other provision of this Article, a person shall not be deemed a  
10 participant for the purposes of this Article unless he or she  
11 became a participant of the System before the effective date of  
12 this amendatory Act of the 100th General Assembly.

13       (Source: P.A. 86-1488.)

14           (40 ILCS 5/2-107.9 new)

15       Sec. 2-107.9. Future increase in income. "Future increase  
16 in income" means an increase to a Tier 1 employee's base pay  
17 that is offered to the Tier 1 employee for service under this  
18 Article after June 30, 2018 that qualifies as "salary", as  
19 defined in Section 2-108, or would qualify as "salary" but for  
20 the fact that it was offered to and accepted by the Tier 1  
21 employee under the condition set forth in subsection (c) of  
22 Section 2-110.3.

23           (40 ILCS 5/2-107.10 new)

1       Sec. 2-107.10. Base pay. As used in Section 2-107.9 of  
2       this Code, "base pay" means the Tier 1 employee's annualized  
3       rate of salary as of June 30, 2018. For a person returning to  
4       active service as a Tier 1 employee after June 30, 2018,  
5       however, "base pay" means the employee's annualized rate of  
6       salary as of the employee's last date of service prior to July  
7       1, 2018. The System shall calculate the base pay of each Tier 1  
8       employee pursuant to this Section.

9           (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

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

12          Sec. 2-108. Salary. "Salary":

13           (1) For members of the General Assembly, the total  
14          compensation paid to the member by the State for one year of  
15          service, including the additional amounts, if any, paid to the  
16          member as an officer pursuant to Section 1 of "An Act in  
17          relation to the compensation and emoluments of the members of  
18          the General Assembly", approved December 6, 1907, as now or  
19          hereafter amended.

20           (2) For the State executive officers specified in Section  
21          2-105, the total compensation paid to the member for one year  
22          of service.

23           (3) For members of the System who are participants under  
24          Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
25          of the House of Representatives or Secretary or Assistant

1 Secretary of the Senate, the total compensation paid to the  
2 member for one year of service, but not to exceed the salary of  
3 the highest salaried officer of the General Assembly.

4 However, in the event that federal law results in any  
5 participant receiving imputed income based on the value of  
6 group term life insurance provided by the State, such imputed  
7 income shall not be included in salary for the purposes of this  
8 Article.

9 Notwithstanding any other provision of this Section,  
10 "salary" does not include any future increase in income that is  
11 offered for service to a Tier 1 employee under this Article  
12 pursuant to the condition set forth in subsection (c) of  
13 Section 2-110.3 and accepted under that condition by a Tier 1  
14 employee who has made the election under paragraph (2) of  
15 subsection (a) of Section 2-110.3.

16 Notwithstanding any other provision of this Section,  
17 "salary" does not include any consideration payment made to a  
18 Tier 1 employee.

19 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

20 (40 ILCS 5/2-110.3 new)

21 Sec. 2-110.3. Election by Tier 1 employees.

22 (a) Each active Tier 1 employee shall make an irrevocable  
23 election either:

24 (1) to agree to delay his or her eligibility for  
25 automatic annual increases in retirement annuity as

1 provided in subsection (a-1) of Section 2-119.1 and to have  
2 the amount of the automatic annual increases in his or her  
3 retirement annuity and survivor's annuity that are  
4 otherwise provided for in this Article calculated,  
5 instead, as provided in subsection (a-1) of Section  
6 2-119.1; or

7 (2) to not agree to paragraph (1) of this subsection.

8 The election required under this subsection (a) shall be  
9 made by each active Tier 1 employee no earlier than January 1,  
10 2018 and no later than March 31, 2018, except that a person who  
11 returns to active service as a Tier 1 employee under this  
12 Article on or after January 1, 2018 and has not yet made an  
13 election under this Section must make the election under this  
14 subsection (a) within 60 days after returning to active service  
15 as a Tier 1 employee.

16 If a Tier 1 employee fails for any reason to make a  
17 required election under this subsection within the time  
18 specified, then the employee shall be deemed to have made the  
19 election under paragraph (2) of this subsection.

20 (a-5) If this Section is enjoined or stayed by an Illinois  
21 court or a court of competent jurisdiction pending the entry of  
22 a final and unappealable decision, and this Section is  
23 determined to be constitutional or otherwise valid by a final  
24 unappealable decision of an Illinois court or a court of  
25 competent jurisdiction, then the election procedure set forth  
26 in subsection (a) of this Section shall commence on the 180th

1 calendar day after the date of the issuance of the final  
2 unappealable decision and shall conclude at the end of the  
3 270th calendar day after that date.

4 (a-10) All elections under subsection (a) that are made or  
5 deemed to be made before July 1, 2018 shall take effect on July  
6 1, 2018. Elections that are made or deemed to be made on or  
7 after July 1, 2018 shall take effect on the first day of the  
8 month following the month in which the election is made or  
9 deemed to be made.

10 (b) As adequate and legal consideration provided under this  
11 amendatory Act of the 100th General Assembly for making an  
12 election under paragraph (1) of subsection (a) of this Section,  
13 the State of Illinois shall be expressly and irrevocably  
14 prohibited from offering any future increases in income to a  
15 Tier 1 employee who has made an election under paragraph (1) of  
16 subsection (a) of this Section on the condition of not  
17 constituting salary under Section 2-108.

18 As adequate and legal consideration provided under this  
19 amendatory Act of the 100th General Assembly for making an  
20 election under paragraph (1) of subsection (a) of this Section,  
21 each Tier 1 employee who has made an election under paragraph  
22 (1) of subsection (a) of this Section shall receive a  
23 consideration payment equal to 10% of the contributions made by  
24 or on behalf of the employee under Section 2-126 before the  
25 effective date of that election. The State Comptroller shall  
26 pay the consideration payment to the Tier 1 employee out of



1 funds appropriated for that purpose under Section 1.9 of the  
2 State Pension Funds Continuing Appropriation Act. The System  
3 shall calculate the amount of each consideration payment and,  
4 by July 1, 2018, shall certify to the State Comptroller the  
5 amount of the consideration payment, together with the name,  
6 address, and any other available payment information of the  
7 Tier 1 employee as found in the records of the System. The  
8 System shall make additional calculations and certifications  
9 of consideration payments to the State Comptroller as the  
10 System deems necessary.

11 (c) A Tier 1 employee who makes the election under  
12 paragraph (2) of subsection (a) of this Section shall not be  
13 subject to paragraph (1) of subsection (a) of this Section.  
14 However, each future increase in income offered for service as  
15 a member under this Article to a Tier 1 employee who has made  
16 the election under paragraph (2) of subsection (a) of this  
17 Section shall be offered expressly and irrevocably on the  
18 condition of not constituting salary under Section 2-108 and  
19 that the Tier 1 employee's acceptance of the offered future  
20 increase in income shall constitute his or her agreement to  
21 that condition.

22 (d) The System shall make a good faith effort to contact  
23 each Tier 1 employee subject to this Section. The System shall  
24 mail information describing the required election to each Tier  
25 1 employee by United States Postal Service mail to his or her  
26 last known address on file with the System. If the Tier 1

1 employee is not responsive to other means of contact, it is  
2 sufficient for the System to publish the details of any  
3 required elections on its website or to publish those details  
4 in a regularly published newsletter or other existing public  
5 forum.

6 Tier 1 employees who are subject to this Section shall be  
7 provided with an election packet containing information  
8 regarding their options, as well as the forms necessary to make  
9 the required election. Upon request, the System shall offer  
10 Tier 1 employees an opportunity to receive information from the  
11 System before making the required election. The information may  
12 be provided through video materials, group presentations,  
13 individual consultation with a member or authorized  
14 representative of the System in person or by telephone or other  
15 electronic means, or any combination of those methods. The  
16 System shall not provide advice or counseling with respect to  
17 which election a Tier 1 employee should make or specific to the  
18 legal or tax circumstances of or consequences to the Tier 1  
19 employee.

20 The System shall inform Tier 1 employees in the election  
21 packet required under this subsection that the Tier 1 employee  
22 may also wish to obtain information and counsel relating to the  
23 election required under this Section from any other available  
24 source, including, but not limited to, labor organizations and  
25 private counsel.

26 In no event shall the System, its staff, or the Board be

1 held liable for any information given to a member regarding the  
2 elections under this Section. The System shall coordinate with  
3 the Illinois Department of Central Management Services and each  
4 other retirement system administering an election in  
5 accordance with this amendatory Act of the 100th General  
6 Assembly to provide information concerning the impact of the  
7 election set forth in this Section.

8 (e) Notwithstanding any other provision of law, each future  
9 increase in income offered by the State of Illinois for service  
10 as a member must be offered expressly and irrevocably on the  
11 condition of not constituting "salary" under Section 2-108 to  
12 any Tier 1 employee who has made an election under paragraph  
13 (2) of subsection (a) of this Section. The offer shall also  
14 provide that the Tier 1 employee's acceptance of the offered  
15 future increase in income shall constitute his or her agreement  
16 to the condition set forth in this subsection.

17 For purposes of legislative intent, the condition set forth  
18 in this subsection shall be construed in a manner that ensures  
19 that the condition is not violated or circumvented through any  
20 contrivance of any kind.

21 (f) A member's election under this Section is not a  
22 prohibited election under subdivision (j)(1) of Section 1-119  
23 of this Code.

24 (g) No provision of this Section shall be interpreted in a  
25 way that would cause the System to cease to be a qualified plan  
26 under Section 401(a) of the Internal Revenue Code of 1986. The

1 provisions of this Section shall be subject to and implemented  
2 in a manner that complies with Section 11 of Article IV of the  
3 Illinois Constitution.

4 (h) If an election created by this amendatory Act in any  
5 other Article of this Code or any change deriving from that  
6 election is determined to be unconstitutional or otherwise  
7 invalid by a final unappealable decision of an Illinois court  
8 or a court of competent jurisdiction, the invalidity of that  
9 provision shall not in any way affect the validity of this  
10 Section or the changes deriving from the election required  
11 under this Section.

12 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

15 Sec. 2-119.1. Automatic increase in retirement annuity.

16 (a) Except as provided in subsection (a-1), a ~~A~~ participant  
17 who retires after June 30, 1967, and who has not received an  
18 initial increase under this Section before the effective date  
19 of this amendatory Act of 1991, shall, in January or July next  
20 following the first anniversary of retirement, whichever  
21 occurs first, and in the same month of each year thereafter,  
22 but in no event prior to age 60, have the amount of the  
23 originally granted retirement annuity increased as follows:  
24 for each year through 1971, 1 1/2%; for each year from 1972  
25 through 1979, 2%; and for 1980 and each year thereafter, 3%.

1 Annuitants who have received an initial increase under this  
2 subsection prior to the effective date of this amendatory Act  
3 of 1991 shall continue to receive their annual increases in the  
4 same month as the initial increase.

5 (a-1) Notwithstanding any other provision of this Article,  
6 for a Tier 1 employee who made the election under paragraph (1)  
7 of subsection (a) of Section 2-110.3:

8 (1) The initial increase in retirement annuity under  
9 this Section shall occur on the January 1 occurring either  
10 on or after the attainment of age 67 or the fifth  
11 anniversary of the annuity start date, whichever is  
12 earlier.

13 (2) The amount of each automatic annual increase in  
14 retirement annuity or survivor's annuity occurring on or  
15 after the effective date of that election shall be  
16 calculated as a percentage of the originally granted  
17 retirement annuity or survivor's annuity, equal to 3% or  
18 one-half the annual unadjusted percentage increase (but  
19 not less than zero) in the consumer price index-u for the  
20 12 months ending with the September preceding each November  
21 1, whichever is less. If the annual unadjusted percentage  
22 change in the consumer price index-u for the 12 months  
23 ending with the September preceding each November 1 is zero  
24 or there is a decrease, then the annuity shall not be  
25 increased.

26 For the purposes of this Section, "consumer price index-u"

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

9 (b) Beginning January 1, 1990, for eligible participants  
10 who remain in service after attaining 20 years of creditable  
11 service, the 3% increases provided under subsection (a) shall  
12 begin to accrue on the January 1 next following the date upon  
13 which the participant (1) attains age 55, or (2) attains 20  
14 years of creditable service, whichever occurs later, and shall  
15 continue to accrue while the participant remains in service;  
16 such increases shall become payable on January 1 or July 1,  
17 whichever occurs first, next following the first anniversary of  
18 retirement. For any person who has service credit in the System  
19 for the entire period from January 15, 1969 through December  
20 31, 1992, regardless of the date of termination of service, the  
21 reference to age 55 in clause (1) of this subsection (b) shall  
22 be deemed to mean age 50.

23 This subsection (b) does not apply to any person who first  
24 becomes a member of the System after August 8, 2003 (the  
25 effective date of Public Act 93-494) ~~this amendatory Act of the~~  
26 ~~93rd General Assembly.~~

1 (b-5) Notwithstanding any other provision of this Article,  
2 a participant who first becomes a participant on or after  
3 January 1, 2011 (the effective date of Public Act 96-889)  
4 shall, in January or July next following the first anniversary  
5 of retirement, whichever occurs first, and in the same month of  
6 each year thereafter, but in no event prior to age 67, have the  
7 amount of the retirement annuity then being paid increased by  
8 3% or the annual unadjusted percentage increase in the Consumer  
9 Price Index for All Urban Consumers as determined by the Public  
10 Pension Division of the Department of Insurance under  
11 subsection (a) of Section 2-108.1, whichever is less.

12 (c) The foregoing provisions relating to automatic  
13 increases are not applicable to a participant who retires  
14 before having made contributions (at the rate prescribed in  
15 Section 2-126) for automatic increases for less than the  
16 equivalent of one full year. However, in order to be eligible  
17 for the automatic increases, such a participant may make  
18 arrangements to pay to the system the amount required to bring  
19 the total contributions for the automatic increase to the  
20 equivalent of one year's contributions based upon his or her  
21 last salary.

22 (d) A participant who terminated service prior to July 1,  
23 1967, with at least 14 years of service is entitled to an  
24 increase in retirement annuity beginning January, 1976, and to  
25 additional increases in January of each year thereafter.

26 The initial increase shall be 1 1/2% of the originally

1 granted retirement annuity multiplied by the number of full  
2 years that the annuitant was in receipt of such annuity prior  
3 to January 1, 1972, plus 2% of the originally granted  
4 retirement annuity for each year after that date. The  
5 subsequent annual increases shall be at the rate of 2% of the  
6 originally granted retirement annuity for each year through  
7 1979 and at the rate of 3% for 1980 and thereafter.

8 (e) Beginning January 1, 1990, and except as provided in  
9 subsection (a-1), all automatic annual increases payable under  
10 this Section shall be calculated as a percentage of the total  
11 annuity payable at the time of the increase, including previous  
12 increases granted under this Article.

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

14 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

17 Sec. 2-124. Contributions by State.

18 (a) The State shall make contributions to the System by  
19 appropriations of amounts which, together with the  
20 contributions of participants, interest earned on investments,  
21 and other income will meet the cost of maintaining and  
22 administering the System on a 90% funded basis in accordance  
23 with actuarial recommendations.

24 (b) The Board shall determine the amount of State  
25 contributions required for each fiscal year on the basis of the



1 actuarial tables and other assumptions adopted by the Board and  
2 the prescribed rate of interest, using the formula in  
3 subsection (c).

4 (c) For State fiscal years 2018 through 2045 (except as  
5 otherwise provided for fiscal year 2019), the minimum  
6 contribution to the System to be made by the State for each  
7 fiscal year shall be an amount determined by the System to be  
8 sufficient to bring the total assets of the System up to 90% of  
9 the total actuarial liabilities of the System by the end of  
10 State fiscal year 2045. In making these determinations, the  
11 required State contribution shall be calculated each year as a  
12 level percentage of total payroll, including payroll that is  
13 not deemed pensionable, but excluding payroll attributable to  
14 participants in the defined contribution plan under Section  
15 2-165.1, over the years remaining to and including fiscal year  
16 2045 and shall be determined under the projected unit credit  
17 actuarial cost method.

18 For State fiscal year 2019:

19 (1) The initial calculation and certification shall be  
20 based on the amount determined above.

21 (2) For purposes of the recertification due on or  
22 before May 1, 2018, the recalculation of the required State  
23 contribution for fiscal year 2019 shall take into account  
24 the effect on the System's liabilities of the elections  
25 made under Section 2-110.3.

26 (3) For purposes of the recertification due on or

1       before October 1, 2018, the total required State  
2       contribution for fiscal year 2019 shall be reduced by the  
3       amount of the consideration payments made to Tier 1  
4       employees who made the election under paragraph (1) of  
5       subsection (a) of Section 2-110.3.

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

16       If Section 2-110.3 is determined to be unconstitutional or  
17       otherwise invalid by a final unappealable decision of an  
18       Illinois court or a court of competent jurisdiction, then the  
19       changes made to this Section by this amendatory Act of the  
20       100th General Assembly shall not take effect and are repealed  
21       by operation of law.

22       For State fiscal years 2012 through 2017 ~~2045~~, the minimum  
23       contribution to the System to be made by the State for each  
24       fiscal year shall be an amount determined by the System to be  
25       sufficient to bring the total assets of the System up to 90% of  
26       the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the  
2 required State contribution shall be calculated each year as a  
3 level percentage of payroll over the years remaining to and  
4 including fiscal year 2045 and shall be determined under the  
5 projected unit credit actuarial cost method.

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

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2006 is  
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2007 is  
16 \$5,220,300.

17 For each of State fiscal years 2008 through 2009, the State  
18 contribution to the System, as a percentage of the applicable  
19 employee payroll, shall be increased in equal annual increments  
20 from the required State contribution for State fiscal year  
21 2007, so that by State fiscal year 2011, the State is  
22 contributing at the rate otherwise required under this Section.

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2010 is  
25 \$10,454,000 and shall be made from the proceeds of bonds sold  
26 in fiscal year 2010 pursuant to Section 7.2 of the General

1 Obligation Bond Act, less (i) the pro rata share of bond sale  
2 expenses determined by the System's share of total bond  
3 proceeds, (ii) any amounts received from the General Revenue  
4 Fund in fiscal year 2010, and (iii) any reduction in bond  
5 proceeds due to the issuance of discounted bonds, if  
6 applicable.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2011 is  
9 the amount recertified by the System on or before April 1, 2011  
10 pursuant to Section 2-134 and shall be made from the proceeds  
11 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
12 the General Obligation Bond Act, less (i) the pro rata share of  
13 bond sale expenses determined by the System's share of total  
14 bond proceeds, (ii) any amounts received from the General  
15 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
16 bond proceeds due to the issuance of discounted bonds, if  
17 applicable.

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

22 Amounts received by the System pursuant to Section 25 of  
23 the Budget Stabilization Act or Section 8.12 of the State  
24 Finance Act in any fiscal year do not reduce and do not  
25 constitute payment of any portion of the minimum State  
26 contribution required under this Article in that fiscal year.

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

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

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

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

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

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

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
23 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
24 7-13-12.)

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

3 Sec. 2-126. Contributions by participants.

4 (a) Each participant shall contribute toward the cost of  
5 his or her retirement annuity a percentage of each payment of  
6 salary received by him or her for service as a member as  
7 follows: for service between October 31, 1947 and January 1,  
8 1959, 5%; for service between January 1, 1959 and June 30,  
9 1969, 6%; for service between July 1, 1969 and January 10,  
10 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
11 service after December 31, 1981, 8 1/2%.

12 (b) Beginning August 2, 1949, each male participant, and  
13 from July 1, 1971, each female participant shall contribute  
14 towards the cost of the survivor's annuity 2% of salary.

15 A participant who has no eligible survivor's annuity  
16 beneficiary may elect to cease making contributions for  
17 survivor's annuity under this subsection. A survivor's annuity  
18 shall not be payable upon the death of a person who has made  
19 this election, unless prior to that death the election has been  
20 revoked and the amount of the contributions that would have  
21 been paid under this subsection in the absence of the election  
22 is paid to the System, together with interest at the rate of 4%  
23 per year from the date the contributions would have been made  
24 to the date of payment.

25 (c) Beginning July 1, 1967, each participant shall  
26 contribute 1% of salary towards the cost of automatic increase

1 in annuity provided in Section 2-119.1. These contributions  
2 shall be made concurrently with contributions for retirement  
3 annuity purposes.

4 (d) In addition, each participant serving as an officer of  
5 the General Assembly shall contribute, for the same purposes  
6 and at the same rates as are required of a regular participant,  
7 on each additional payment received as an officer. If the  
8 participant serves as an officer for at least 2 but less than 4  
9 years, he or she shall contribute an amount equal to the amount  
10 that would have been contributed had the participant served as  
11 an officer for 4 years. Persons who serve as officers in the  
12 87th General Assembly but cannot receive the additional payment  
13 to officers because of the ban on increases in salary during  
14 their terms may nonetheless make contributions based on those  
15 additional payments for the purpose of having the additional  
16 payments included in their highest salary for annuity purposes;  
17 however, persons electing to make these additional  
18 contributions must also pay an amount representing the  
19 corresponding employer contributions, as calculated by the  
20 System.

21 (e) Notwithstanding any other provision of this Article,  
22 the required contribution of a participant who first becomes a  
23 participant on or after January 1, 2011 shall not exceed the  
24 contribution that would be due under this Article if that  
25 participant's highest salary for annuity purposes were  
26 \$106,800, plus any increases in that amount under Section



1 2-108.1.

2 (f) Beginning July 1, 2018 or the effective date of the  
3 Tier 1 employee's election under paragraph (1) of subsection  
4 (a) of Section 2-110.3, whichever is later, in lieu of the  
5 contributions otherwise required under this Section, each Tier  
6 1 employee who made the election under paragraph (1) of  
7 subsection (a) of Section 2-110.3 shall contribute 8.5% of each  
8 payment of salary toward the cost of his or her retirement  
9 annuity and 1.85% of each payment of salary toward the cost of  
10 the survivor's annuity.

11 (g) Notwithstanding subsection (f) of this Section,  
12 beginning July 1, 2018 or the effective date of the Tier 1  
13 employee's election under paragraph (1) of subsection (a) of  
14 Section 2-110.3, whichever is later, in lieu of the  
15 contributions otherwise required under this Section, each Tier  
16 1 employee who made the election under paragraph (1) of  
17 subsection (a) of Section 2-110.3 and has elected to cease  
18 making contributions for survivor's annuity under subsection  
19 (b) of this Section, shall contribute 8.55% of each payment of  
20 salary toward the cost of his or her retirement annuity.

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

22 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

25 Sec. 2-134. To certify required State contributions and

1 submit vouchers.

2 (a) The Board shall certify to the Governor on or before  
3 December 15 of each year until December 15, 2011 the amount of  
4 the required State contribution to the System for the next  
5 fiscal year and shall specifically identify the System's  
6 projected State normal cost for that fiscal year. The  
7 certification shall include a copy of the actuarial  
8 recommendations upon which it is based and shall specifically  
9 identify the System's projected State normal cost for that  
10 fiscal year.

11 On or before November 1 of each year, beginning November 1,  
12 2012, the Board shall submit to the State Actuary, the  
13 Governor, and the General Assembly a proposed certification of  
14 the amount of the required State contribution to the System for  
15 the next fiscal year, along with all of the actuarial  
16 assumptions, calculations, and data upon which that proposed  
17 certification is based. On or before January 1 of each year  
18 beginning January 1, 2013, the State Actuary shall issue a  
19 preliminary report concerning the proposed certification and  
20 identifying, if necessary, recommended changes in actuarial  
21 assumptions that the Board must consider before finalizing its  
22 certification of the required State contributions. On or before  
23 January 15, 2013 and every January 15 thereafter, the Board  
24 shall certify to the Governor and the General Assembly the  
25 amount of the required State contribution for the next fiscal  
26 year. The Board's certification must note any deviations from

1 the State Actuary's recommended changes, the reason or reasons  
2 for not following the State Actuary's recommended changes, and  
3 the fiscal impact of not following the State Actuary's  
4 recommended changes on the required State contribution.

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

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

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

22 As soon as practical after the effective date of this  
23 amendatory Act of the 100th General Assembly, the State Actuary  
24 and the Board shall recalculate and recertify to the Governor  
25 and the General Assembly the amount of the State contribution  
26 to the System for State fiscal year 2018, taking into account

1 the changes in required State contributions made by this  
2 amendatory Act of the 100th General Assembly.

3 On or before May 1, 2018, the Board shall recalculate and  
4 recertify to the Governor and the General Assembly the amount  
5 of the required State contribution to the System for State  
6 fiscal year 2019, taking into account the effect on the  
7 System's liabilities of the elections made under Section  
8 2-110.3.

9 On or before October 1, 2018, the Board shall recalculate  
10 and recertify to the Governor and the General Assembly the  
11 amount of the required State contribution to the System for  
12 State fiscal year 2019, taking into account the reduction  
13 specified under item (3) of subsection (c) of Section 2-124.

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

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

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

18 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
19 97-694, eff. 6-18-12.)

20 (40 ILCS 5/2-162)

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

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

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

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

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

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

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

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

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

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

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

1       Sec. 2-165.1. Defined contribution plan.

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

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

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

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



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

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

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

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

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

1 survivors.

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

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

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

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

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

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

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

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

1 financial advisors.

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

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

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

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

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

1 is necessary to ensure cost neutrality.

2 (j) If Section 2-110.3 is determined to be unconstitutional  
3 or otherwise invalid by a final unappealable decision of an  
4 Illinois court or a court of competent jurisdiction, then this  
5 Section shall not take effect and is repealed by operation of  
6 law.

7 (40 ILCS 5/2-166.1 new)

8 Sec. 2-166.1. Defined contribution plan; termination. If  
9 the defined contribution plan is terminated or becomes  
10 inoperative pursuant to law, then each participant in the plan  
11 shall automatically be deemed to have been a contributing Tier  
12 1 employee in the System's defined benefit plan during the time  
13 in which he or she participated in the defined contribution  
14 plan, and for that purpose the System shall be entitled to  
15 recover the amounts in the participant's defined contribution  
16 accounts.

17 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

20 Sec. 20-121. Calculation of proportional retirement  
21 annuities.

22 (a) Upon retirement of the employee, a proportional  
23 retirement annuity shall be computed by each participating  
24 system in which pension credit has been established on the

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

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

20 (b) Combined pension credit under all retirement systems  
21 subject to this Article shall be considered in determining  
22 whether the minimum qualification has been met and the formula  
23 or method of computation which shall be applied, except as may  
24 be otherwise provided with respect to vesting in State or  
25 employer contributions in a defined contribution plan. If a  
26 system has a step-rate formula for calculation of the

1 retirement annuity, pension credits covering previous service  
2 which have been established under another system shall be  
3 considered in determining which range or ranges of the  
4 step-rate formula are to be applicable to the employee.

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

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

13 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

16 Sec. 20-123. Survivor's annuity. The provisions governing  
17 a retirement annuity shall be applicable to a survivor's  
18 annuity. Appropriate credits shall be established for  
19 survivor's annuity purposes in those participating systems  
20 which provide survivor's annuities, according to the same  
21 conditions and subject to the same limitations and restrictions  
22 herein prescribed for a retirement annuity. If a participating  
23 system has no survivor's annuity benefit, or if the survivor's  
24 annuity benefit under that system is waived, pension credit  
25 established in that system shall not be considered in

1 determining eligibility for or the amount of the survivor's  
2 annuity which may be payable by any other participating system.

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

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

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

24 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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



1 which has been held unconstitutional)

2 Sec. 20-124. Maximum benefits.

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

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

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

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

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

1 any, in a survivor's annuity other than one payable under  
2 the self-managed plan, the amount of the Article 15  
3 survivor's annuity shall be deemed to be the highest  
4 survivor's annuity to which the survivor would have been  
5 entitled if the deceased employee had participated in the  
6 traditional benefit package as defined in Section 15-103.1  
7 rather than the self-managed plan.

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

10 (c) In the case of a participant in a defined contribution  
11 plan established under Article 2 of this Code to whom the  
12 provisions of this Article apply:

13 (i) For purposes of calculating the combined  
14 retirement annuity and the proportionate reduction, if  
15 any, in a defined benefit retirement annuity, any benefit  
16 payable under the defined contribution plan shall not be  
17 considered.

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

23 (iii) Benefits payable under a defined contribution  
24 plan established under Article 2 of this Code are not  
25 subject to proportionate reduction under this Section.

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

1 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)  
2 (Text of Section WITHOUT the changes made by P.A. 98-599,  
3 which has been held unconstitutional)

4 Sec. 20-125. Return to employment - suspension of benefits.  
5 If a retired employee returns to employment which is covered by  
6 a system from which he is receiving a proportional annuity  
7 under this Article, his proportional annuity from all  
8 participating systems shall be suspended during the period of  
9 re-employment, except that this suspension does not apply to  
10 any distributions payable under the self-managed plan  
11 established under Section 15-158.2 or under a defined  
12 contribution plan established under Article 2 of this Code.

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

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

22 (40 ILCS 5/2-165 rep.)

23 (40 ILCS 5/2-166 rep.)

24 Section 10. The Illinois Pension Code is amended by

1 repealing Sections 2-165 and 2-166.

2 Section 15. The State Pension Funds Continuing  
3 Appropriation Act is amended by adding Section 1.9 as follows:

4 (40 ILCS 15/1.9 new)

5 Sec. 1.9. Appropriation for consideration payment. There  
6 is hereby appropriated from the General Revenue Fund to the  
7 State Comptroller, on a continuing basis, all amounts necessary  
8 for the payment of consideration payments under subsection (b)  
9 of Section 2-110.3 of the Illinois Pension Code, in the amounts  
10 certified to the State Comptroller by the retirement system.

11 Section 97. Severability. Except as otherwise provided in  
12 this Act, the provisions of this Act are severable under  
13 Section 1.31 of the Statute on Statutes.

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law.

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## INDEX

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## Statutes amended in order of appearance

3	40 ILCS 5/2-101	from Ch. 108 1/2, par. 2-101
4	40 ILCS 5/2-105	from Ch. 108 1/2, par. 2-105
5	40 ILCS 5/2-105.3 new	
6	40 ILCS 5/2-107	from Ch. 108 1/2, par. 2-107
7	40 ILCS 5/2-107.9 new	
8	40 ILCS 5/2-107.10 new	
9	40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
10	40 ILCS 5/2-110.3 new	
11	40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
12	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
13	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
14	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
15	40 ILCS 5/2-162	
16	40 ILCS 5/2-165.1 new	
17	40 ILCS 5/2-166.1 new	
18	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
19	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
20	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
21	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
22	40 ILCS 5/2-165 rep.	
23	40 ILCS 5/2-166 rep.	
24	40 ILCS 15/1.9 new	