



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2193

Introduced 4/27/2017, by Sen. Christine Radogno

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly Article of the Illinois Pension Code. Restricts participation in the General Assembly Retirement System to persons who became participants before the effective date of the amendatory Act. Beginning in fiscal year 2018, makes funding changes. Requires the Board to recalculate and recertify the amount of the State's required contribution for fiscal year 2018. Establishes a voluntary defined contribution plan for certain Tier 1 members and makes conforming changes in the Retirement Systems Reciprocal Act (Article 20 of the Code). Repeals provisions concerning a defined contribution plan added by Public Act 98-599, which has been held unconstitutional. Effective immediately.

LRB100 12287 RPS 24840 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, 2-124, 2-134, and 2-162, 20-121,
6 20-123, 20-124, and 20-125 and by adding Sections 2-105.3,
7 2-165.1, and 2-166.1 as follows:

8 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

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

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

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

22 (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)

25 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A

1 participant who first became a participant before January 1,
2 2011.

3 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

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

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

13 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

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

16 Sec. 2-124. Contributions by State.

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

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

17 Beginning in State fiscal year 2018, any increase or
18 decrease in State contribution over the prior fiscal year due
19 exclusively to changes in actuarial or investment assumptions
20 adopted by the Board shall be included in the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, and shall be increased in equal annual
23 increments so that by the State fiscal year occurring 5 years
24 after the adoption of the actuarial or investment assumptions,
25 the State is contributing at the rate otherwise required under
26 this Section.

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

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

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$4,157,000.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$5,220,300.

22 For each of State fiscal years 2008 through 2009, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2010 is
4 \$10,454,000 and shall be made from the proceeds of bonds sold
5 in fiscal year 2010 pursuant to Section 7.2 of the General
6 Obligation Bond Act, less (i) the pro rata share of bond sale
7 expenses determined by the System's share of total bond
8 proceeds, (ii) any amounts received from the General Revenue
9 Fund in fiscal year 2010, and (iii) any reduction in bond
10 proceeds due to the issuance of discounted bonds, if
11 applicable.

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

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

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

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as calculated
16 under this Section and certified under Section 2-134, shall not
17 exceed an amount equal to (i) the amount of the required State
18 contribution that would have been calculated under this Section
19 for that fiscal year if the System had not received any
20 payments under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act, minus (ii) the portion of the State's
22 total debt service payments for that fiscal year on the bonds
23 issued in fiscal year 2003 for the purposes of that Section
24 7.2, as determined and certified by the Comptroller, that is
25 the same as the System's portion of the total moneys
26 distributed under subsection (d) of Section 7.2 of the General

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

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

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

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

1 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
2 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
3 7-13-12.)

4 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

7 Sec. 2-134. To certify required State contributions and
8 submit vouchers.

9 (a) The Board shall certify to the Governor on or before
10 December 15 of each year until December 15, 2011 the amount of
11 the required State contribution to the System for the next
12 fiscal year and shall specifically identify the System's
13 projected State normal cost for that fiscal year. The
14 certification shall include a copy of the actuarial
15 recommendations upon which it is based and shall specifically
16 identify the System's projected State normal cost for that
17 fiscal year.

18 On or before November 1 of each year, beginning November 1,
19 2012, the Board shall submit to the State Actuary, the
20 Governor, and the General Assembly a proposed certification of
21 the amount of the required State contribution to the System for
22 the next fiscal year, along with all of the actuarial
23 assumptions, calculations, and data upon which that proposed
24 certification is based. On or before January 1 of each year
25 beginning January 1, 2013, the State Actuary shall issue a

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

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

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

24 On or before April 1, 2011, the Board shall recalculate and
25 recertify to the Governor the amount of the required State
26 contribution to the System for State fiscal year 2011, applying

1 the changes made by Public Act 96-889 to the System's assets
2 and liabilities as of June 30, 2009 as though Public Act 96-889
3 was approved on that date.

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

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

1 (a). From the effective date of this amendatory Act of the 93rd
2 General Assembly through June 30, 2004, the Board shall not
3 submit vouchers for the remainder of fiscal year 2004 in excess
4 of the fiscal year 2004 certified contribution amount
5 determined under this Section after taking into consideration
6 the transfer to the System under subsection (d) of Section
7 6z-61 of the State Finance Act. These vouchers shall be paid by
8 the State Comptroller and Treasurer by warrants drawn on the
9 funds appropriated to the System for that fiscal year. If in
10 any month the amount remaining unexpended from all other
11 appropriations to the System for the applicable fiscal year
12 (including the appropriations to the System under Section 8.12
13 of the State Finance Act and Section 1 of the State Pension
14 Funds Continuing Appropriation Act) is less than the amount
15 lawfully vouchered under this Section, the difference shall be
16 paid from the General Revenue Fund under the continuing
17 appropriation authority provided in Section 1.1 of the State
18 Pension Funds Continuing Appropriation Act.

19 (c) The full amount of any annual appropriation for the
20 System for State fiscal year 1995 shall be transferred and made
21 available to the System at the beginning of that fiscal year at
22 the request of the Board. Any excess funds remaining at the end
23 of any fiscal year from appropriations shall be retained by the
24 System as a general reserve to meet the System's accrued
25 liabilities.

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;

1 97-694, eff. 6-18-12.)

2 (40 ILCS 5/2-162)

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

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

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

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

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

25 Every new benefit increase is contingent upon the General

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

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

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

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

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

7 (40 ILCS 5/2-165.1 new)

8 Sec. 2-165.1. Defined contribution plan.

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

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

23 (1) Under the defined contribution plan, an active Tier
24 1 employee of this System could elect to cease accruing
25 benefits in the defined benefit plan under this Article and

1 begin accruing benefits for future service in the defined
2 contribution plan. Service credit under the defined
3 contribution plan may be used for determining retirement
4 eligibility under the defined benefit plan.

5 (2) Participants in the defined contribution plan
6 shall pay employee contributions at the same rate as Tier 1
7 employees in this System who do not participate in the
8 defined contribution plan.

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

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

23 (5) The defined contribution plan may provide for
24 participants in the plan to be eligible for defined
25 disability benefits. If it does, the System shall reduce
26 the employee contributions credited to the participant's

1 defined contribution plan account by an amount determined
2 by the System to cover the cost of offering such benefits.

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

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

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

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

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

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

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

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

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

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

10 (e) 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 defined
15 contribution plan to provide information concerning the impact
16 of the option set forth in this Section.

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

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

26 (h) The Illinois State Board of Investments shall be the

1 plan sponsor for the defined contribution plan established
2 under this Section.

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

9 (40 ILCS 5/2-166.1 new)

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

19 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

22 Sec. 20-121. Calculation of proportional retirement
23 annuities.

24 (a) Upon retirement of the employee, a proportional

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

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

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

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

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

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

15 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

18 Sec. 20-123. Survivor's annuity. The provisions governing
19 a retirement annuity shall be applicable to a survivor's
20 annuity. Appropriate credits shall be established for
21 survivor's annuity purposes in those participating systems
22 which provide survivor's annuities, according to the same
23 conditions and subject to the same limitations and restrictions
24 herein prescribed for a retirement annuity. If a participating
25 system has no survivor's annuity benefit, or if the survivor's

1 annuity benefit under that system is waived, pension credit
2 established in that system shall not be considered in
3 determining eligibility for or the amount of the survivor's
4 annuity which may be payable by any other participating system.

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

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

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

1 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)
2 (Text of Section WITHOUT the changes made by P.A. 98-599,
3 which has been held unconstitutional)
4 Sec. 20-124. Maximum benefits.

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

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

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

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

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

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

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

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

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

25 (iii) Benefits payable under a defined contribution
26 plan established under Article 2 of this Code are not

1 subject to proportionate reduction under this Section.

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

3 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

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

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

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

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

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

1 (40 ILCS 5/2-166 rep.)

2 Section 15. The Illinois Pension Code is amended by
3 repealing Sections 2-165 and 2-166.

4 Section 900. The State Mandates Act is amended by adding
5 Section 8.41 as follows:

6 (30 ILCS 805/8.41 new)

7 Sec. 8.41. Exempt mandate. Notwithstanding Sections 6 and 8
8 of this Act, no reimbursement by the State is required for the
9 implementation of any mandate created by this amendatory Act of
10 the 100th General Assembly.

11 Section 970. Severability. The provisions of this Act are
12 severable under Section 1.31 of the Statute on Statutes.

13 Section 999. Effective date. This Act takes effect upon
14 becoming law.

1 INDEX

2 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 5/2-124	from Ch. 108 1/2, par. 2-124
8	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
9	40 ILCS 5/2-162	
10	40 ILCS 5/2-165.1 new	
11	40 ILCS 5/2-166.1 new	
12	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
13	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
14	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
15	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
16	40 ILCS 5/2-165 rep.	
17	40 ILCS 5/2-166 rep.	
18	30 ILCS 805/8.41 new	