



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5354

by Rep. Jim Durkin

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-105.3 new	
40 ILCS 5/2-107.9 new	
40 ILCS 5/2-107.10 new	
40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
40 ILCS 5/2-110.3 new	
40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
40 ILCS 5/2-162	
40 ILCS 15/1.10 new	

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 and survivor's annuities delayed and reduced or (ii) not agree to the delay and reduction. Provides that a Tier 1 employee who elects to have automatic annual increases in retirement and survivor's annuities delayed and reduced 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 to not agree to the delay and reduction is not eligible to have future increases in income treated as pensionable income. Makes funding changes. Makes other changes. Amends the State Pension Funds Continuing Appropriation Act to provide a continuing appropriation for the amounts of the consideration payments. Effective immediately.

LRB101 18247 RPS 67689 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 2-108, 2-119.1, 2-124, 2-126, 2-134, and 2-162 and by
6 adding Sections 2-105.3, 2-107.9, 2-107.10, and 2-110.3 as
7 follows:

8 (40 ILCS 5/2-105.3 new)

9 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A
10 participant who first became a participant before January 1,
11 2011.

12 (40 ILCS 5/2-107.9 new)

13 Sec. 2-107.9. Future increase in income. "Future increase
14 in income" means an increase to a Tier 1 employee's base pay
15 that is offered to the Tier 1 employee for service under this
16 Article after June 30, 2021 that qualifies as "salary", as
17 defined in Section 2-108, or would qualify as "salary" but for
18 the fact that it was offered to and accepted by the Tier 1
19 employee under the condition set forth in subsection (c) of
20 Section 2-110.3.

21 (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, 2021. For a person returning to
4 active service as a Tier 1 employee after June 30, 2021,
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, 2021. 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 2021 and no later than March 31, 2021, except that a person who
11 returns to active service as a Tier 1 employee under this
12 Article on or after January 1, 2021 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, 2021 shall take effect on July
6 1, 2021. Elections that are made or deemed to be made on or
7 after July 1, 2021 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 101st 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 101st 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 1.10 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, 2021, 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 101st 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 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

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

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

25 (1) The initial increase in retirement annuity under

1 this Section shall occur on the January 1 occurring either
2 on or after the attainment of age 67 or the fifth
3 anniversary of the annuity start date, whichever is
4 earlier.

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

18 For the purposes of this Section, "consumer price index-u"
19 means the index published by the Bureau of Labor Statistics of
20 the United States Department of Labor that measures the average
21 change in prices of goods and services purchased by all urban
22 consumers, United States city average, all items, 1982-84 =
23 100. The new amount resulting from each annual adjustment shall
24 be determined by the Public Pension Division of the Department
25 of Insurance and made available to the board of the retirement
26 system by November 1 of each year.

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

15 This subsection (b) does not apply to any person who first
16 becomes a member of the System after August 8, 2003 (the
17 effective date of Public Act 93-494) ~~this amendatory Act of the~~
18 ~~93rd General Assembly.~~

19 (b-5) Notwithstanding any other provision of this Article,
20 a participant who first becomes a participant on or after
21 January 1, 2011 (the effective date of Public Act 96-889)
22 shall, in January or July next following the first anniversary
23 of retirement, whichever occurs first, and in the same month of
24 each year thereafter, but in no event prior to age 67, have the
25 amount of the retirement annuity then being paid increased by
26 3% or the annual unadjusted percentage increase in the Consumer

1 Price Index for All Urban Consumers as determined by the Public
2 Pension Division of the Department of Insurance under
3 subsection (a) of Section 2-108.1, whichever is less.

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

14 (d) A participant who terminated service prior to July 1,
15 1967, with at least 14 years of service is entitled to an
16 increase in retirement annuity beginning January, 1976, and to
17 additional increases in January of each year thereafter.

18 The initial increase shall be 1 1/2% of the originally
19 granted retirement annuity multiplied by the number of full
20 years that the annuitant was in receipt of such annuity prior
21 to January 1, 1972, plus 2% of the originally granted
22 retirement annuity for each year after that date. The
23 subsequent annual increases shall be at the rate of 2% of the
24 originally granted retirement annuity for each year through
25 1979 and at the rate of 3% for 1980 and thereafter.

26 (e) Beginning January 1, 1990, and except as provided in

1 subsection (a-1), all automatic annual increases payable under
2 this Section shall be calculated as a percentage of the total
3 annuity payable at the time of the increase, including previous
4 increases granted under this Article.

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

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

7 Sec. 2-124. Contributions by State.

8 (a) The State shall make contributions to the System by
9 appropriations of amounts which, together with the
10 contributions of participants, interest earned on investments,
11 and other income will meet the cost of maintaining and
12 administering the System on a 90% funded basis in accordance
13 with actuarial recommendations.

14 (b) The Board shall determine the amount of State
15 contributions required for each fiscal year on the basis of the
16 actuarial tables and other assumptions adopted by the Board and
17 the prescribed rate of interest, using the formula in
18 subsection (c).

19 (c) For State fiscal years 2012 through 2045 (except as
20 otherwise provided for fiscal year 2022), the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 90% of
24 the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the

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

5 For State fiscal year 2022:

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

8 (2) For purposes of the recertification due on or
9 before May 1, 2021, the recalculation of the required State
10 contribution for fiscal year 2022 shall take into account
11 the effect on the System's liabilities of the elections
12 made under Section 2-110.3.

13 (3) For purposes of the recertification due on or
14 before October 1, 2021, the total required State
15 contribution for fiscal year 2022 shall be reduced by the
16 amount of the consideration payments made to Tier 1
17 employees who made the election under paragraph (1) of
18 subsection (a) of Section 2-110.3.

19 If Section 2-110.3 is determined to be unconstitutional or
20 otherwise invalid by a final unappealable decision of an
21 Illinois court or a court of competent jurisdiction, then the
22 changes made to this Section by this amendatory Act of the
23 101st General Assembly shall not take effect and are repealed
24 by operation of law.

25 A change in an actuarial or investment assumption that
26 increases or decreases the required State contribution and

1 first applies in State fiscal year 2018 or thereafter shall be
2 implemented in equal annual amounts over a 5-year period
3 beginning in the State fiscal year in which the actuarial
4 change first applies to the required State contribution.

5 A change in an actuarial or investment assumption that
6 increases or decreases the required State contribution and
7 first applied to the State contribution in fiscal year 2014,
8 2015, 2016, or 2017 shall be implemented:

9 (i) as already applied in State fiscal years before
10 2018; and

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

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2006 is
25 \$4,157,000.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2007 is
2 \$5,220,300.

3 For each of State fiscal years 2008 through 2009, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 from the required State contribution for State fiscal year
7 2007, so that by State fiscal year 2011, the State is
8 contributing at the rate otherwise required under this Section.

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2011 is
21 the amount recertified by the System on or before April 1, 2011
22 pursuant to Section 2-134 and shall be made from the proceeds
23 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
24 the General Obligation Bond Act, less (i) the pro rata share of
25 bond sale expenses determined by the System's share of total
26 bond proceeds, (ii) any amounts received from the General

1 Revenue Fund in fiscal year 2011, and (iii) any reduction in
2 bond proceeds due to the issuance of discounted bonds, if
3 applicable.

4 Beginning in State fiscal year 2046, the minimum State
5 contribution for each fiscal year shall be the amount needed to
6 maintain the total assets of the System at 90% of the total
7 actuarial liabilities of the System.

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter, as calculated
23 under this Section and certified under Section 2-134, shall not
24 exceed an amount equal to (i) the amount of the required State
25 contribution that would have been calculated under this Section
26 for that fiscal year if the System had not received any

1 payments under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act, minus (ii) the portion of the State's
3 total debt service payments for that fiscal year on the bonds
4 issued in fiscal year 2003 for the purposes of that Section
5 7.2, as determined and certified by the Comptroller, that is
6 the same as the System's portion of the total moneys
7 distributed under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act. In determining this maximum for State
9 fiscal years 2008 through 2010, however, the amount referred to
10 in item (i) shall be increased, as a percentage of the
11 applicable employee payroll, in equal increments calculated
12 from the sum of the required State contribution for State
13 fiscal year 2007 plus the applicable portion of the State's
14 total debt service payments for fiscal year 2007 on the bonds
15 issued in fiscal year 2003 for the purposes of Section 7.2 of
16 the General Obligation Bond Act, so that, by State fiscal year
17 2011, the State is contributing at the rate otherwise required
18 under this Section.

19 (d) For purposes of determining the required State
20 contribution to the System, the value of the System's assets
21 shall be equal to the actuarial value of the System's assets,
22 which shall be calculated as follows:

23 As of June 30, 2008, the actuarial value of the System's
24 assets shall be equal to the market value of the assets as of
25 that date. In determining the actuarial value of the System's
26 assets for fiscal years after June 30, 2008, any actuarial

1 gains or losses from investment return incurred in a fiscal
2 year shall be recognized in equal annual amounts over the
3 5-year period following that fiscal year.

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

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

9 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

12 Sec. 2-126. Contributions by participants.

13 (a) Each participant shall contribute toward the cost of
14 his or her retirement annuity a percentage of each payment of
15 salary received by him or her for service as a member as
16 follows: for service between October 31, 1947 and January 1,
17 1959, 5%; for service between January 1, 1959 and June 30,
18 1969, 6%; for service between July 1, 1969 and January 10,
19 1973, 6 1/2%; for service after January 10, 1973, 7%; for
20 service after December 31, 1981, 8 1/2%.

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

24 A participant who has no eligible survivor's annuity
25 beneficiary may elect to cease making contributions for

1 survivor's annuity under this subsection. A survivor's annuity
2 shall not be payable upon the death of a person who has made
3 this election, unless prior to that death the election has been
4 revoked and the amount of the contributions that would have
5 been paid under this subsection in the absence of the election
6 is paid to the System, together with interest at the rate of 4%
7 per year from the date the contributions would have been made
8 to the date of payment.

9 (c) Beginning July 1, 1967, each participant shall
10 contribute 1% of salary towards the cost of automatic increase
11 in annuity provided in Section 2-119.1. These contributions
12 shall be made concurrently with contributions for retirement
13 annuity purposes.

14 (d) In addition, each participant serving as an officer of
15 the General Assembly shall contribute, for the same purposes
16 and at the same rates as are required of a regular participant,
17 on each additional payment received as an officer. If the
18 participant serves as an officer for at least 2 but less than 4
19 years, he or she shall contribute an amount equal to the amount
20 that would have been contributed had the participant served as
21 an officer for 4 years. Persons who serve as officers in the
22 87th General Assembly but cannot receive the additional payment
23 to officers because of the ban on increases in salary during
24 their terms may nonetheless make contributions based on those
25 additional payments for the purpose of having the additional
26 payments included in their highest salary for annuity purposes;

1 however, persons electing to make these additional
2 contributions must also pay an amount representing the
3 corresponding employer contributions, as calculated by the
4 System.

5 (e) Notwithstanding any other provision of this Article,
6 the required contribution of a participant who first becomes a
7 participant on or after January 1, 2011 shall not exceed the
8 contribution that would be due under this Article if that
9 participant's highest salary for annuity purposes were
10 \$106,800, plus any increases in that amount under Section
11 2-108.1.

12 (f) Beginning July 1, 2021 or the effective date of the
13 Tier 1 employee's election under paragraph (1) of subsection
14 (a) of 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 shall contribute 8.5% of each
18 payment of salary toward the cost of his or her retirement
19 annuity and 1.85% of each payment of salary toward the cost of
20 the survivor's annuity.

21 (g) Notwithstanding subsection (f) of this Section,
22 beginning July 1, 2021 or the effective date of the Tier 1
23 employee's election under paragraph (1) of subsection (a) of
24 Section 2-110.3, whichever is later, in lieu of the
25 contributions otherwise required under this Section, each Tier
26 1 employee who made the election under paragraph (1) of

1 subsection (a) of Section 2-110.3 and has elected to cease
2 making contributions for survivor's annuity under subsection
3 (b) of this Section, shall contribute 8.55% of each payment of
4 salary toward the cost of his or her retirement annuity.

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

6 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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 By November 1, 2017, the Board shall recalculate and
5 recertify to the State Actuary, the Governor, and the General
6 Assembly the amount of the State contribution to the System for
7 State fiscal year 2018, taking into account the changes in
8 required State contributions made by this amendatory Act of the
9 100th General Assembly. The State Actuary shall review the
10 assumptions and valuations underlying the Board's revised
11 certification and issue a preliminary report concerning the
12 proposed recertification and identifying, if necessary,
13 recommended changes in actuarial assumptions that the Board
14 must consider before finalizing its certification of the
15 required State contributions. The Board's final certification
16 must note any deviations from the State Actuary's recommended
17 changes, the reason or reasons for not following the State
18 Actuary's recommended changes, and the fiscal impact of not
19 following the State Actuary's recommended changes on the
20 required State contribution.

21 On or before May 1, 2021, the Board shall recalculate and
22 recertify to the Governor and the General Assembly the amount
23 of the required State contribution to the System for State
24 fiscal year 2022, taking into account the effect on the
25 System's liabilities of the elections made under Section
26 2-110.3.

1 On or before October 1, 2021, the Board shall recalculate
2 and recertify to the Governor and the General Assembly the
3 amount of the required State contribution to the System for
4 State fiscal year 2022, taking into account the reduction
5 specified under item (3) of subsection (c) of Section 2-124.

6 (b) Beginning in State fiscal year 1996, on or as soon as
7 possible after the 15th day of each month the Board shall
8 submit vouchers for payment of State contributions to the
9 System, in a total monthly amount of one-twelfth of the
10 required annual State contribution certified under subsection
11 (a). From the effective date of this amendatory Act of the 93rd
12 General Assembly through June 30, 2004, the Board shall not
13 submit vouchers for the remainder of fiscal year 2004 in excess
14 of the fiscal year 2004 certified contribution amount
15 determined under this Section after taking into consideration
16 the transfer to the System under subsection (d) of Section
17 6z-61 of the State Finance Act. These vouchers shall be paid by
18 the State Comptroller and Treasurer by warrants drawn on the
19 funds appropriated to the System for that fiscal year. If in
20 any month the amount remaining unexpended from all other
21 appropriations to the System for the applicable fiscal year
22 (including the appropriations to the System under Section 8.12
23 of the State Finance Act and Section 1 of the State Pension
24 Funds Continuing Appropriation Act) is less than the amount
25 lawfully vouchered under this Section, the difference shall be
26 paid from the General Revenue Fund under the continuing

1 appropriation authority provided in Section 1.1 of the State
2 Pension Funds Continuing Appropriation Act.

3 (c) The full amount of any annual appropriation for the
4 System for State fiscal year 1995 shall be transferred and made
5 available to the System at the beginning of that fiscal year at
6 the request of the Board. Any excess funds remaining at the end
7 of any fiscal year from appropriations shall be retained by the
8 System as a general reserve to meet the System's accrued
9 liabilities.

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

11 (40 ILCS 5/2-162)

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

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

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after the effective date of this
21 amendatory Act of the 94th General Assembly. "New benefit
22 increase", however, does not include any benefit increase
23 resulting from the changes made to this Article by this
24 amendatory Act of the 101st General Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

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

16 Section 10. The State Pension Funds Continuing
17 Appropriation Act is amended by adding Section 1.10 as follows:

18 (40 ILCS 15/1.10 new)

19 Sec. 1.10. Appropriation for consideration payment. There
20 is hereby appropriated from the General Revenue Fund to the
21 State Comptroller, on a continuing basis, all amounts necessary
22 for the payment of consideration payments under subsection (b)
23 of Section 2-110.3 of the Illinois Pension Code in the amounts
24 certified to the State Comptroller by the General Assembly

1 Retirement System.

2 Section 970. Severability. Except as otherwise provided in
3 this Act, the provisions of this Act are severable under
4 Section 1.31 of the Statute on Statutes.

5 Section 999. Effective date. This Act takes effect upon
6 becoming law.