



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB1757

Introduced 2/17/2021, by Rep. David Friess

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to implement a Tier 3 plan by July 1, 2022 that aggregates State and employee contributions in individual participant accounts which are used for payouts after retirement. Provides that a person who becomes a participant of a System on or after July 1, 2022 shall participate in the Tier 3 plan instead of the defined benefit plan. Authorizes a Tier 1 or Tier 2 participant to elect to participate in the Tier 3 plan instead of the defined benefit plan and to also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB102 10867 RPS 16197 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 State Employees Group Insurance Act of 1971
5 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose
11 of implementing specific programs providing benefits under
12 this Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Article ~~Articles~~ 2 (including an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 2-165.5 of that Article), 14 (including an employee

1 who has elected to receive an alternative retirement
2 cancellation payment under Section 14-108.5 of the Illinois
3 Pension Code in lieu of an annuity; an employee who, in lieu of
4 receiving an annuity under that Article, has retired under the
5 Tier 3 plan established under Section 14-155.5 of that
6 Article; or an employee who meets the criteria for retirement,
7 but in lieu of receiving an annuity under that Article has
8 elected to receive an accelerated pension benefit payment
9 under Section 14-147.5 of that Article), 15 (including an
10 employee who has retired under the optional retirement program
11 established under Section 15-158.2 or the Tier 3 plan
12 established under Section 15-200.5 of the Illinois Pension
13 Code or who meets the criteria for retirement but in lieu of
14 receiving an annuity under that Article has elected to receive
15 an accelerated pension benefit payment under Section 15-185.5
16 of the Article), paragraphs (2), (3), or (5) of Section 16-106
17 (including an employee who meets the criteria for retirement,
18 but in lieu of receiving an annuity under that Article has
19 elected to receive an accelerated pension benefit payment
20 under Section 16-190.5 of the Illinois Pension Code or an
21 employee who, in lieu of receiving an annuity under that
22 Article, has retired under the Tier 3 plan established under
23 Section 16-205.5 of the Illinois Pension Code), or Article 18
24 (including an employee who, in lieu of receiving an annuity
25 under that Article, has retired under the Tier 3 plan
26 established under Section 18-121.5 of that Article) of the

1 Illinois Pension Code; (2) any person who was receiving group
2 insurance coverage under this Act as of March 31, 1978 by
3 reason of his status as an annuitant, even though the annuity
4 in relation to which such coverage was provided is a
5 proportional annuity based on less than the minimum period of
6 service required for a retirement annuity in the system
7 involved; (3) any person not otherwise covered by this Act who
8 has retired as a participating member under Article 2 of the
9 Illinois Pension Code but is ineligible for the retirement
10 annuity under Section 2-119 of the Illinois Pension Code; (4)
11 the spouse of any person who is receiving a retirement annuity
12 under Article 18 of the Illinois Pension Code and who is
13 covered under a group health insurance program sponsored by a
14 governmental employer other than the State of Illinois and who
15 has irrevocably elected to waive his or her coverage under
16 this Act and to have his or her spouse considered as the
17 "annuitant" under this Act and not as a "dependent"; or (5) an
18 employee who retires, or has retired, from a qualified
19 position, as determined according to rules promulgated by the
20 Director, under a qualified local government, a qualified
21 rehabilitation facility, a qualified domestic violence shelter
22 or service, or a qualified child advocacy center. (For
23 definition of "retired employee", see (p) post).

24 (b-5) (Blank).

25 (b-6) (Blank).

26 (b-7) (Blank).

1 (c) "Carrier" means (1) an insurance company, a
2 corporation organized under the Limited Health Service
3 Organization Act or the Voluntary Health Services Plans ~~Plan~~
4 Act, a partnership, or other nongovernmental organization,
5 which is authorized to do group life or group health insurance
6 business in Illinois, or (2) the State of Illinois as a
7 self-insurer.

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

1 domestic violence shelter or service, or qualified child
2 advocacy center.

3 (e) "Commission" means the State Employees Group Insurance
4 Advisory Commission authorized by this Act. Commencing July 1,
5 1984, "Commission" as used in this Act means the Commission on
6 Government Forecasting and Accountability as established by
7 the Legislative Commission Reorganization Act of 1984.

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

17 (g) "Department" means any department, institution, board,
18 commission, officer, court or any agency of the State
19 government receiving appropriations and having power to
20 certify payrolls to the Comptroller authorizing payments of
21 salary and wages against such appropriations as are made by
22 the General Assembly from any State fund, or against trust
23 funds held by the State Treasurer and includes boards of
24 trustees of the retirement systems created by Articles 2, 14,
25 15, 16, and 18 of the Illinois Pension Code. "Department" also
26 includes the Illinois Comprehensive Health Insurance Board,

1 the Board of Examiners established under the Illinois Public
2 Accounting Act, and the Illinois Finance Authority.

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

24 (i) "Director" means the Director of the Illinois
25 Department of Central Management Services.

26 (j) "Eligibility period" means the period of time a member

1 has to elect enrollment in programs or to select benefits
2 without regard to age, sex or health.

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

1 or under paragraph (2), (3), or (5) of Section 16-106, of the
2 Illinois Pension Code, but such term does include persons who
3 are employed during the 6 month qualifying period under
4 Article 14 of the Illinois Pension Code. Such term also
5 includes any person who (1) after January 1, 1966, is
6 receiving ordinary or accidental disability benefits under
7 Articles 2, 14, 15 (including ordinary or accidental
8 disability benefits under the optional retirement program
9 established under Section 15-158.2), paragraphs (2), (3), or
10 (5) of Section 16-106, or Article 18 of the Illinois Pension
11 Code, for disability incurred after January 1, 1966, (2)
12 receives total permanent or total temporary disability under
13 the Workers' Compensation Act or Occupational Disease Act as a
14 result of injuries sustained or illness contracted in the
15 course of employment with the State of Illinois, or (3) is not
16 otherwise covered under this Act and has retired as a
17 participating member under Article 2 of the Illinois Pension
18 Code but is ineligible for the retirement annuity under
19 Section 2-119 of the Illinois Pension Code. However, a person
20 who satisfies the criteria of the foregoing definition of
21 "employee" except that such person is made ineligible to
22 participate in the State Universities Retirement System by
23 clause (4) of subsection (a) of Section 15-107 of the Illinois
24 Pension Code is also an "employee" for the purposes of this
25 Act. "Employee" also includes any person receiving or eligible
26 for benefits under a sick pay plan established in accordance

1 with Section 36 of the State Finance Act. "Employee" also
2 includes (i) each officer or employee in the service of a
3 qualified local government, including persons appointed as
4 trustees of sanitary districts regardless of hours devoted to
5 the service of the sanitary district, (ii) each employee in
6 the service of a qualified rehabilitation facility, (iii) each
7 full-time employee in the service of a qualified domestic
8 violence shelter or service, and (iv) each full-time employee
9 in the service of a qualified child advocacy center, as
10 determined according to rules promulgated by the Director.

11 (1) "Member" means an employee, annuitant, retired
12 employee or survivor. In the case of an annuitant or retired
13 employee who first becomes an annuitant or retired employee on
14 or after January 13, 2012 (the effective date of Public Act
15 97-668) ~~this amendatory Act of the 97th General Assembly~~, the
16 individual must meet the minimum vesting requirements of the
17 applicable retirement system in order to be eligible for group
18 insurance benefits under that system. In the case of a
19 survivor who first becomes a survivor on or after January 13,
20 2012 (the effective date of Public Act 97-668) ~~this amendatory~~
21 ~~Act of the 97th General Assembly~~, the deceased employee,
22 annuitant, or retired employee upon whom the annuity is based
23 must have been eligible to participate in the group insurance
24 system under the applicable retirement system in order for the
25 survivor to be eligible for group insurance benefits under
26 that system.

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

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

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

9 (p) "Retired employee" means any person who would be an
10 annuitant as that term is defined herein but for the fact that
11 such person retired prior to January 1, 1966. Such term also
12 includes any person formerly employed by the University of
13 Illinois in the Cooperative Extension Service who would be an
14 annuitant but for the fact that such person was made
15 ineligible to participate in the State Universities Retirement
16 System by clause (4) of subsection (a) of Section 15-107 of the
17 Illinois Pension Code.

18 (q) "Survivor" means a person receiving an annuity as a
19 survivor of an employee or of an annuitant. "Survivor" also
20 includes: (1) the surviving dependent of a person who
21 satisfies the definition of "employee" except that such person
22 is made ineligible to participate in the State Universities
23 Retirement System by clause (4) of subsection (a) of Section
24 15-107 of the Illinois Pension Code; (2) the surviving
25 dependent of any person formerly employed by the University of
26 Illinois in the Cooperative Extension Service who would be an

1 annuitant except for the fact that such person was made
2 ineligible to participate in the State Universities Retirement
3 System by clause (4) of subsection (a) of Section 15-107 of the
4 Illinois Pension Code; (3) the surviving dependent of a person
5 who was an annuitant under this Act by virtue of receiving an
6 alternative retirement cancellation payment under Section
7 14-108.5 of the Illinois Pension Code; and (4) a person who
8 would be receiving an annuity as a survivor of an annuitant
9 except that the annuitant elected on or after June 4, 2018 to
10 receive an accelerated pension benefit payment under Section
11 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code
12 in lieu of receiving an annuity.

13 (q-2) "SERS" means the State Employees' Retirement System
14 of Illinois, created under Article 14 of the Illinois Pension
15 Code.

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

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

21 (q-5) (Blank).

22 (q-6) (Blank).

23 (q-7) (Blank).

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

1 (s) "Unit of local government" means any county,
2 municipality, township, school district (including a
3 combination of school districts under the Intergovernmental
4 Cooperation Act), special district or other unit, designated
5 as a unit of local government by law, which exercises limited
6 governmental powers or powers in respect to limited
7 governmental subjects, any not-for-profit association with a
8 membership that primarily includes townships and township
9 officials, that has duties that include provision of research
10 service, dissemination of information, and other acts for the
11 purpose of improving township government, and that is funded
12 wholly or partly in accordance with Section 85-15 of the
13 Township Code; any not-for-profit corporation or association,
14 with a membership consisting primarily of municipalities, that
15 operates its own utility system, and provides research,
16 training, dissemination of information, or other acts to
17 promote cooperation between and among municipalities that
18 provide utility services and for the advancement of the goals
19 and purposes of its membership; the Southern Illinois
20 Collegiate Common Market, which is a consortium of higher
21 education institutions in Southern Illinois; the Illinois
22 Association of Park Districts; and any hospital provider that
23 is owned by a county that has 100 or fewer hospital beds and
24 has not already joined the program. "Qualified local
25 government" means a unit of local government approved by the
26 Director and participating in a program created under

1 subsection (i) of Section 10 of this Act.

2 (t) "Qualified rehabilitation facility" means any
3 not-for-profit organization that is accredited by the
4 Commission on Accreditation of Rehabilitation Facilities or
5 certified by the Department of Human Services (as successor to
6 the Department of Mental Health and Developmental
7 Disabilities) to provide services to persons with disabilities
8 and which receives funds from the State of Illinois for
9 providing those services, approved by the Director and
10 participating in a program created under subsection (j) of
11 Section 10 of this Act.

12 (u) "Qualified domestic violence shelter or service" means
13 any Illinois domestic violence shelter or service and its
14 administrative offices funded by the Department of Human
15 Services (as successor to the Illinois Department of Public
16 Aid), approved by the Director and participating in a program
17 created under subsection (k) of Section 10.

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

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

20 (2) is receiving a monthly benefit or retirement
21 annuity under Article 16 of the Illinois Pension Code or
22 would be receiving such monthly benefit or retirement
23 annuity except that the benefit recipient elected on or
24 after June 4, 2018 to receive an accelerated pension
25 benefit payment under Section 16-190.5 of the Illinois
26 Pension Code in lieu of receiving an annuity; and

1 (3) either (i) has at least 8 years of creditable
2 service under Article 16 of the Illinois Pension Code, or
3 (ii) was enrolled in the health insurance program offered
4 under that Article on January 1, 1996, or (iii) is the
5 survivor of a benefit recipient who had at least 8 years of
6 creditable service under Article 16 of the Illinois
7 Pension Code or was enrolled in the health insurance
8 program offered under that Article on June 21, 1995 (the
9 effective date of Public Act 89-25) ~~this amendatory Act of~~
10 ~~1995~~, or (iv) is a recipient or survivor of a recipient of
11 a disability benefit under Article 16 of the Illinois
12 Pension Code.

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

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

16 (2) is a TRS benefit recipient's: (A) spouse, (B)
17 dependent parent who is receiving at least half of his or
18 her support from the TRS benefit recipient, or (C)
19 natural, step, adjudicated, or adopted child who is (i)
20 under age 26, (ii) was, on January 1, 1996, participating
21 as a dependent beneficiary in the health insurance program
22 offered under Article 16 of the Illinois Pension Code, or
23 (iii) age 19 or over who has a mental or physical
24 disability from a cause originating prior to the age of 19
25 (age 26 if enrolled as an adult child).

26 "TRS dependent beneficiary" does not include, as indicated

1 under paragraph (2) of this subsection (w), a dependent of the
2 survivor of a TRS benefit recipient who first becomes a
3 dependent of a survivor of a TRS benefit recipient on or after
4 January 13, 2012 (the effective date of Public Act 97-668)
5 ~~this amendatory Act of the 97th General Assembly~~ unless that
6 dependent would have been eligible for coverage as a dependent
7 of the deceased TRS benefit recipient upon whom the survivor
8 benefit is based.

9 (x) "Military leave" refers to individuals in basic
10 training for reserves, special/advanced training, annual
11 training, emergency call up, activation by the President of
12 the United States, or any other training or duty in service to
13 the United States Armed Forces.

14 (y) (Blank).

15 (z) "Community college benefit recipient" means a person
16 who:

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

18 (2) is receiving a monthly survivor's annuity or
19 retirement annuity under Article 15 of the Illinois
20 Pension Code or would be receiving such monthly survivor's
21 annuity or retirement annuity except that the benefit
22 recipient elected on or after June 4, 2018 to receive an
23 accelerated pension benefit payment under Section 15-185.5
24 of the Illinois Pension Code in lieu of receiving an
25 annuity; and

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

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

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

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

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

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

1 (aa), a dependent of the survivor of a community college
2 benefit recipient who first becomes a dependent of a survivor
3 of a community college benefit recipient on or after January
4 13, 2012 (the effective date of Public Act 97-668) ~~this~~
5 ~~amendatory Act of the 97th General Assembly~~ unless that
6 dependent would have been eligible for coverage as a dependent
7 of the deceased community college benefit recipient upon whom
8 the survivor annuity is based.

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

15 (cc) "Placement for adoption" means the assumption and
16 retention by a member of a legal obligation for total or
17 partial support of a child in anticipation of adoption of the
18 child. The child's placement with the member terminates upon
19 the termination of such legal obligation.

20 (Source: P.A. 100-355, eff. 1-1-18; 100-587, eff. 6-4-18;
21 101-242, eff. 8-9-19; revised 9-19-19.)

22 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

24 (a) The State shall pay the cost of basic non-contributory
25 group life insurance and, subject to member paid contributions

1 set by the Department or required by this Section and except as
2 provided in this Section, the basic program of group health
3 benefits on each eligible member, except a member, not
4 otherwise covered by this Act, who has retired as a
5 participating member under Article 2 of the Illinois Pension
6 Code but is ineligible for the retirement annuity under
7 Section 2-119 of the Illinois Pension Code, and part of each
8 eligible member's and retired member's premiums for health
9 insurance coverage for enrolled dependents as provided by
10 Section 9. The State shall pay the cost of the basic program of
11 group health benefits only after benefits are reduced by the
12 amount of benefits covered by Medicare for all members and
13 dependents who are eligible for benefits under Social Security
14 or the Railroad Retirement system or who had sufficient
15 Medicare-covered government employment, except that such
16 reduction in benefits shall apply only to those members and
17 dependents who (1) first become eligible for such Medicare
18 coverage on or after July 1, 1992; or (2) are
19 Medicare-eligible members or dependents of a local government
20 unit which began participation in the program on or after July
21 1, 1992; or (3) remain eligible for, but no longer receive
22 Medicare coverage which they had been receiving on or after
23 July 1, 1992. The Department may determine the aggregate level
24 of the State's contribution on the basis of actual cost of
25 medical services adjusted for age, sex or geographic or other
26 demographic characteristics which affect the costs of such

1 programs.

2 The cost of participation in the basic program of group
3 health benefits for the dependent or survivor of a living or
4 deceased retired employee who was formerly employed by the
5 University of Illinois in the Cooperative Extension Service
6 and would be an annuitant but for the fact that he or she was
7 made ineligible to participate in the State Universities
8 Retirement System by clause (4) of subsection (a) of Section
9 15-107 of the Illinois Pension Code shall not be greater than
10 the cost of participation that would otherwise apply to that
11 dependent or survivor if he or she were the dependent or
12 survivor of an annuitant under the State Universities
13 Retirement System.

14 (a-1) (Blank).

15 (a-2) (Blank).

16 (a-3) (Blank).

17 (a-4) (Blank).

18 (a-5) (Blank).

19 (a-6) (Blank).

20 (a-7) (Blank).

21 (a-8) Any annuitant, survivor, or retired employee may
22 waive or terminate coverage in the program of group health
23 benefits. Any such annuitant, survivor, or retired employee
24 who has waived or terminated coverage may enroll or re-enroll
25 in the program of group health benefits only during the annual
26 benefit choice period, as determined by the Director; except

1 that in the event of termination of coverage due to nonpayment
2 of premiums, the annuitant, survivor, or retired employee may
3 not re-enroll in the program.

4 (a-8.5) Beginning on the effective date of this amendatory
5 Act of the 97th General Assembly, the Director of Central
6 Management Services shall, on an annual basis, determine the
7 amount that the State shall contribute toward the basic
8 program of group health benefits on behalf of annuitants
9 (including individuals who (i) participated in the General
10 Assembly Retirement System, the State Employees' Retirement
11 System of Illinois, the State Universities Retirement System,
12 the Teachers' Retirement System of the State of Illinois, or
13 the Judges Retirement System of Illinois and (ii) qualify as
14 annuitants under subsection (b) of Section 3 of this Act),
15 survivors (including individuals who (i) receive an annuity as
16 a survivor of an individual who participated in the General
17 Assembly Retirement System, the State Employees' Retirement
18 System of Illinois, the State Universities Retirement System,
19 the Teachers' Retirement System of the State of Illinois, or
20 the Judges Retirement System of Illinois and (ii) qualify as
21 survivors under subsection (q) of Section 3 of this Act), and
22 retired employees (as defined in subsection (p) of Section 3
23 of this Act). The remainder of the cost of coverage for each
24 annuitant, survivor, or retired employee, as determined by the
25 Director of Central Management Services, shall be the
26 responsibility of that annuitant, survivor, or retired

1 employee.

2 Contributions required of annuitants, survivors, and
3 retired employees shall be the same for all retirement systems
4 and shall also be based on whether an individual has made an
5 election under Section 15-135.1 of the Illinois Pension Code.
6 Contributions may be based on annuitants', survivors', or
7 retired employees' Medicare eligibility, but may not be based
8 on Social Security eligibility.

9 (a-9) No later than May 1 of each calendar year, the
10 Director of Central Management Services shall certify in
11 writing to the Executive Secretary of the State Employees'
12 Retirement System of Illinois the amounts of the Medicare
13 supplement health care premiums and the amounts of the health
14 care premiums for all other retirees who are not Medicare
15 eligible.

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

18 The Director of Central Management Services shall provide
19 to the Executive Secretary of the State Employees' Retirement
20 System of Illinois such information, statistics, and other
21 data as he or she may require to review the premium amounts
22 certified by the Director of Central Management Services.

23 The Department of Central Management Services, or any
24 successor agency designated to procure healthcare contracts
25 pursuant to this Act, is authorized to establish funds,
26 separate accounts provided by any bank or banks as defined by

1 the Illinois Banking Act, or separate accounts provided by any
2 savings and loan association or associations as defined by the
3 Illinois Savings and Loan Act of 1985 to be held by the
4 Director, outside the State treasury, for the purpose of
5 receiving the transfer of moneys from the Local Government
6 Health Insurance Reserve Fund. The Department may promulgate
7 rules further defining the methodology for the transfers. Any
8 interest earned by moneys in the funds or accounts shall inure
9 to the Local Government Health Insurance Reserve Fund. The
10 transferred moneys, and interest accrued thereon, shall be
11 used exclusively for transfers to administrative service
12 organizations or their financial institutions for payments of
13 claims to claimants and providers under the self-insurance
14 health plan. The transferred moneys, and interest accrued
15 thereon, shall not be used for any other purpose including,
16 but not limited to, reimbursement of administration fees due
17 the administrative service organization pursuant to its
18 contract or contracts with the Department.

19 (a-10) To the extent that participation, benefits, or
20 premiums under this Act are based on a person's service credit
21 under an Article of the Illinois Pension Code, service credit
22 terminated in exchange for an accelerated pension benefit
23 payment under Section 14-147.5, 15-185.5, or 16-190.5 of that
24 Code shall be included in determining a person's service
25 credit for the purposes of this Act.

26 (a-15) For purposes of determining State contributions

1 under this Section, service established under a Tier 3 plan
2 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code
3 shall be included in determining an employee's creditable
4 service. Any credit terminated as part of a transfer of
5 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or
6 18 of the Illinois Pension Code shall also be included in
7 determining an employee's creditable service.

8 (b) State employees who become eligible for this program
9 on or after January 1, 1980 in positions normally requiring
10 actual performance of duty not less than 1/2 of a normal work
11 period but not equal to that of a normal work period, shall be
12 given the option of participating in the available program. If
13 the employee elects coverage, the State shall contribute on
14 behalf of such employee to the cost of the employee's benefit
15 and any applicable dependent supplement, that sum which bears
16 the same percentage as that percentage of time the employee
17 regularly works when compared to normal work period.

18 (c) The basic non-contributory coverage from the basic
19 program of group health benefits shall be continued for each
20 employee not in pay status or on active service by reason of
21 (1) leave of absence due to illness or injury, (2) authorized
22 educational leave of absence or sabbatical leave, or (3)
23 military leave. This coverage shall continue until expiration
24 of authorized leave and return to active service, but not to
25 exceed 24 months for leaves under item (1) or (2). This
26 24-month limitation and the requirement of returning to active

1 service shall not apply to persons receiving ordinary or
2 accidental disability benefits or retirement benefits through
3 the appropriate State retirement system or benefits under the
4 Workers' Compensation or Occupational Disease Act.

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

11 (e) Where the person is in non-pay status for a period in
12 excess of 30 days or on leave of absence, other than by reason
13 of disability, educational or sabbatical leave, or military
14 leave, such person may continue coverage only by making
15 personal payment equal to the amount normally contributed by
16 the State on such person's behalf. Such payments and coverage
17 may be continued: (1) until such time as the person returns to
18 a status eligible for coverage at State expense, but not to
19 exceed 24 months or (2) until such person's employment or
20 annuitant status with the State is terminated (exclusive of
21 any additional service imposed pursuant to law).

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

25 (g) The State shall not pay the cost of the basic
26 non-contributory group life insurance, program of health

1 benefits and other employee benefits for members who are
2 survivors as defined by paragraphs (1) and (2) of subsection
3 (q) of Section 3 of this Act. The costs of benefits for these
4 survivors shall be paid by the survivors or by the University
5 of Illinois Cooperative Extension Service, or any combination
6 thereof. However, the State shall pay the amount of the
7 reduction in the cost of participation, if any, resulting from
8 the amendment to subsection (a) made by this amendatory Act of
9 the 91st General Assembly.

10 (h) Those persons occupying positions with any department
11 as a result of emergency appointments pursuant to Section 8b.8
12 of the Personnel Code who are not considered employees under
13 this Act shall be given the option of participating in the
14 programs of group life insurance, health benefits and other
15 employee benefits. Such persons electing coverage may
16 participate only by making payment equal to the amount
17 normally contributed by the State for similarly situated
18 employees. Such amounts shall be determined by the Director.
19 Such payments and coverage may be continued until such time as
20 the person becomes an employee pursuant to this Act or such
21 person's appointment is terminated.

22 (i) Any unit of local government within the State of
23 Illinois may apply to the Director to have its employees,
24 annuitants, and their dependents provided group health
25 coverage under this Act on a non-insured basis. To
26 participate, a unit of local government must agree to enroll

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

1 from the participating school district attests that the
2 full-time employee has waived coverage by participating in a
3 component of the district's cafeteria plan. For the purposes
4 of this subsection, "participating school district" includes a
5 unit of local government whose primary purpose is education as
6 defined by the Department's rules.

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

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

21 (1) In the first year of coverage, the rates shall be
22 equal to the amount normally charged to State employees
23 for elected optional coverages or for enrolled dependents
24 coverages or other contributory coverages, or contributed
25 by the State for basic insurance coverages on behalf of
26 its employees, adjusted for differences between State

1 employees and employees of the local government in age,
2 sex, geographic location or other relevant demographic
3 variables, plus an amount sufficient to pay for the
4 additional administrative costs of providing coverage to
5 employees of the unit of local government and their
6 dependents.

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

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

22 Monthly payments by the unit of local government or its
23 employees for group health benefits plan or health maintenance
24 organization coverage shall be deposited in the Local
25 Government Health Insurance Reserve Fund.

26 The Local Government Health Insurance Reserve Fund is

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

20 A local government employer's participation or desire to
21 participate in a program created under this subsection shall
22 not limit that employer's duty to bargain with the
23 representative of any collective bargaining unit of its
24 employees.

25 (j) Any rehabilitation facility within the State of
26 Illinois may apply to the Director to have its employees,

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

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

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

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

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

20 (k) Any domestic violence shelter or service within the
21 State of Illinois may apply to the Director to have its
22 employees, annuitants, and their dependents provided group
23 health coverage under this Act on a non-insured basis. To
24 participate, a domestic violence shelter or service must agree
25 to enroll all of its employees and pay the entire cost of
26 providing such coverage for its employees. The domestic

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

21 The Director shall annually determine rates of payment,
22 subject to the following constraints:

23 (1) In the first year of coverage, the rates shall be
24 equal to the amount normally charged to State employees
25 for elected optional coverages or for enrolled dependents
26 coverages or other contributory coverages on behalf of its

1 employees, adjusted for differences between State
2 employees and employees of the domestic violence shelter
3 or service in age, sex, geographic location or other
4 relevant demographic variables, plus an amount sufficient
5 to pay for the additional administrative costs of
6 providing coverage to employees of the domestic violence
7 shelter or service and their dependents.

8 (2) In subsequent years, a further adjustment shall be
9 made to reflect the actual prior years' claims experience
10 of the employees of the domestic violence shelter or
11 service.

12 Monthly payments by the domestic violence shelter or
13 service or its employees for group health insurance shall be
14 deposited in the Local Government Health Insurance Reserve
15 Fund.

16 (1) A public community college or entity organized
17 pursuant to the Public Community College Act may apply to the
18 Director initially to have only annuitants not covered prior
19 to July 1, 1992 by the district's health plan provided health
20 coverage under this Act on a non-insured basis. The community
21 college must execute a 2-year contract to participate in the
22 Local Government Health Plan. Any annuitant may enroll in the
23 event of a qualifying change in status, special enrollment,
24 special circumstance as defined by the Director, or during the
25 annual Benefit Choice Period.

26 The Director shall annually determine monthly rates of

1 payment subject to the following constraints: for those
2 community colleges with annuitants only enrolled, first year
3 rates shall be equal to the average cost to cover claims for a
4 State member adjusted for demographics, Medicare
5 participation, and other factors; and in the second year, a
6 further adjustment of rates shall be made to reflect the
7 actual first year's claims experience of the covered
8 annuitants.

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

11 (m) The Director shall adopt any rules deemed necessary
12 for implementation of this amendatory Act of 1989 (Public Act
13 86-978).

14 (n) Any child advocacy center within the State of Illinois
15 may apply to the Director to have its employees, annuitants,
16 and their dependents provided group health coverage under this
17 Act on a non-insured basis. To participate, a child advocacy
18 center must agree to enroll all of its employees and pay the
19 entire cost of providing coverage for its employees. The child
20 advocacy center shall not be required to enroll those of its
21 employees who are covered spouses or dependents under this
22 plan or another group policy or plan providing health benefits
23 as long as (1) an appropriate official from the child advocacy
24 center attests that each employee not enrolled is a covered
25 spouse or dependent under this plan or another group policy or
26 plan and (2) at least 50% of the employees are enrolled and the

1 child advocacy center remits the entire cost of providing
2 coverage to those employees. Employees of a participating
3 child advocacy center who are not enrolled due to coverage
4 under another group health policy or plan may enroll in the
5 event of a qualifying change in status, special enrollment, or
6 special circumstance as defined by the Director or during the
7 annual Benefit Choice Period. A participating child advocacy
8 center may also elect to cover its annuitants. Dependent
9 coverage shall be offered on an optional basis, with the costs
10 paid by the child advocacy center, its employees, or some
11 combination of the 2 as determined by the child advocacy
12 center. The child advocacy center shall be responsible for
13 timely collection and transmission of dependent premiums.

14 The Director shall annually determine rates of payment,
15 subject to the following constraints:

16 (1) In the first year of coverage, the rates shall be
17 equal to the amount normally charged to State employees
18 for elected optional coverages or for enrolled dependents
19 coverages or other contributory coverages on behalf of its
20 employees, adjusted for differences between State
21 employees and employees of the child advocacy center in
22 age, sex, geographic location, or other relevant
23 demographic variables, plus an amount sufficient to pay
24 for the additional administrative costs of providing
25 coverage to employees of the child advocacy center and
26 their dependents.

1 (2) In subsequent years, a further adjustment shall be
2 made to reflect the actual prior years' claims experience
3 of the employees of the child advocacy center.

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

7 (Source: P.A. 100-587, eff. 6-4-18.)

8 Section 10. The Illinois Pension Code is amended by
9 changing Sections 1-160, 1-161, 2-162, 14-103.41, 14-152.1,
10 15-108.1, 15-108.2, 15-198, 16-106.41, 16-203, 18-124, 18-125,
11 18-125.1, 18-127, 18-128.01, 18-133, 18-169, 20-121, 20-123,
12 20-124, and 20-125 and by adding Sections 2-105.3, 2-165.5,
13 14-103.44, 14-103.45, 14-155.5, 15-108.3, 15-200.5, 16-106.42,
14 16-106.43, 16-205.5, 18-110.1, 18-110.2, 18-110.3, and
15 18-121.5 as follows:

16 (40 ILCS 5/1-160)

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

18 (a) The provisions of this Section apply to a person who,
19 on or after January 1, 2011, first becomes a member or a
20 participant under any reciprocal retirement system or pension
21 fund established under this Code, other than a retirement
22 system or pension fund established under Article 2, 3, 4, 5, 6,
23 15 or 18 of this Code, notwithstanding any other provision of
24 this Code to the contrary, but do not apply to any self-managed

1 plan established under this Code, to any person with respect
2 to service as a sheriff's law enforcement employee under
3 Article 7, or to any participant of the retirement plan
4 established under Section 22-101. Notwithstanding anything to
5 the contrary in this Section, for purposes of this Section, a
6 person who participated in a retirement system under Article
7 15 prior to January 1, 2011 shall be deemed a person who first
8 became a member or participant prior to January 1, 2011 under
9 any retirement system or pension fund subject to this Section.
10 The changes made to this Section by Public Act 98-596 are a
11 clarification of existing law and are intended to be
12 retroactive to January 1, 2011 (the effective date of Public
13 Act 96-889), notwithstanding the provisions of Section 1-103.1
14 of this Code.

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

18 This Section does not apply to a person who first becomes a
19 noncovered employee under Article 14 on or after the
20 implementation date of the plan created under Section 1-161
21 for that Article, unless that person elects under subsection
22 (b) of Section 1-161 to instead receive the benefits provided
23 under this Section and the applicable provisions of that
24 Article.

25 This Section does not apply to a person who first becomes a
26 member or participant under Article 16 on or after the

1 implementation date of the plan created under Section 1-161
2 for that Article, unless that person elects under subsection
3 (b) of Section 1-161 to instead receive the benefits provided
4 under this Section and the applicable provisions of that
5 Article.

6 This Section does not apply to a person who elects under
7 subsection (c-5) of Section 1-161 to receive the benefits
8 under Section 1-161.

9 This Section does not apply to a person who first becomes a
10 member or participant of an affected pension fund on or after 6
11 months after the resolution or ordinance date, as defined in
12 Section 1-162, unless that person elects under subsection (c)
13 of Section 1-162 to receive the benefits provided under this
14 Section and the applicable provisions of the Article under
15 which he or she is a member or participant.

16 (b) "Final average salary" means the average monthly (or
17 annual) salary obtained by dividing the total salary or
18 earnings calculated under the Article applicable to the member
19 or participant during the 96 consecutive months (or 8
20 consecutive years) of service within the last 120 months (or
21 10 years) of service in which the total salary or earnings
22 calculated under the applicable Article was the highest by the
23 number of months (or years) of service in that period. For the
24 purposes of a person who first becomes a member or participant
25 of any retirement system or pension fund to which this Section
26 applies on or after January 1, 2011, in this Code, "final

1 average salary" shall be substituted for the following:

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

4 (2) In Articles 8, 9, 10, 11, and 12, "highest average
5 annual salary for any 4 consecutive years within the last
6 10 years of service immediately preceding the date of
7 withdrawal".

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

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

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

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

13 (b-5) Beginning on January 1, 2011, for all purposes under
14 this Code (including without limitation the calculation of
15 benefits and employee contributions), the annual earnings,
16 salary, or wages (based on the plan year) of a member or
17 participant to whom this Section applies shall not exceed
18 \$106,800; however, that amount shall annually thereafter be
19 increased by the lesser of (i) 3% of that amount, including all
20 previous adjustments, or (ii) one-half the annual unadjusted
21 percentage increase (but not less than zero) in the consumer
22 price index-u for the 12 months ending with the September
23 preceding each November 1, including all previous adjustments.

24 For the purposes of this Section, "consumer price index-u"
25 means the index published by the Bureau of Labor Statistics of
26 the United States Department of Labor that measures the

1 average change in prices of goods and services purchased by
2 all urban consumers, United States city average, all items,
3 1982-84 = 100. The new amount resulting from each annual
4 adjustment shall be determined by the Public Pension Division
5 of the Department of Insurance and made available to the
6 boards of the retirement systems and pension funds by November
7 1 of each year.

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

14 A member or participant who has attained age 62 (beginning
15 January 1, 2015, age 60 with respect to service under Article
16 12 of this Code that is subject to this Section) and has at
17 least 10 years of service credit and is otherwise eligible
18 under the requirements of the applicable Article may elect to
19 receive the lower retirement annuity provided in subsection
20 (d) of this Section.

21 (c-5) A person who first becomes a member or a participant
22 subject to this Section on or after July 6, 2017 (the effective
23 date of Public Act 100-23), notwithstanding any other
24 provision of this Code to the contrary, is entitled to a
25 retirement annuity under Article 8 or Article 11 upon written
26 application if he or she has attained age 65 and has at least

1 10 years of service credit and is otherwise eligible under the
2 requirements of Article 8 or Article 11 of this Code,
3 whichever is applicable.

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

12 (d-5) The retirement annuity payable under Article 8 or
13 Article 11 to an eligible person subject to subsection (c-5)
14 of this Section who is retiring at age 60 with at least 10
15 years of service credit shall be reduced by one-half of 1% for
16 each full month that the member's age is under age 65.

17 (d-10) Each person who first became a member or
18 participant under Article 8 or Article 11 of this Code on or
19 after January 1, 2011 and prior to the effective date of this
20 amendatory Act of the 100th General Assembly shall make an
21 irrevocable election either:

22 (i) to be eligible for the reduced retirement age
23 provided in subsections (c-5) and (d-5) of this Section,
24 the eligibility for which is conditioned upon the member
25 or participant agreeing to the increases in employee
26 contributions for age and service annuities provided in

1 subsection (a-5) of Section 8-174 of this Code (for
2 service under Article 8) or subsection (a-5) of Section
3 11-170 of this Code (for service under Article 11); or

4 (ii) to not agree to item (i) of this subsection
5 (d-10), in which case the member or participant shall
6 continue to be subject to the retirement age provisions in
7 subsections (c) and (d) of this Section and the employee
8 contributions for age and service annuity as provided in
9 subsection (a) of Section 8-174 of this Code (for service
10 under Article 8) or subsection (a) of Section 11-170 of
11 this Code (for service under Article 11).

12 The election provided for in this subsection shall be made
13 between October 1, 2017 and November 15, 2017. A person
14 subject to this subsection who makes the required election
15 shall remain bound by that election. A person subject to this
16 subsection who fails for any reason to make the required
17 election within the time specified in this subsection shall be
18 deemed to have made the election under item (ii).

19 (e) Any retirement annuity or supplemental annuity shall
20 be subject to annual increases on the January 1 occurring
21 either on or after the attainment of age 67 (beginning January
22 1, 2015, age 65 with respect to service under Article 12 of
23 this Code that is subject to this Section and beginning on the
24 effective date of this amendatory Act of the 100th General
25 Assembly, age 65 with respect to service under Article 8 or
26 Article 11 for eligible persons who: (i) are subject to

1 subsection (c-5) of this Section; or (ii) made the election
2 under item (i) of subsection (d-10) of this Section) or the
3 first anniversary of the annuity start date, whichever is
4 later. Each annual increase shall be calculated at 3% or
5 one-half the annual unadjusted percentage increase (but not
6 less than zero) in the consumer price index-u for the 12 months
7 ending with the September preceding each November 1, whichever
8 is less, of the originally granted retirement annuity. If the
9 annual unadjusted percentage change in the consumer price
10 index-u for the 12 months ending with the September preceding
11 each November 1 is zero or there is a decrease, then the
12 annuity shall not be increased.

13 For the purposes of Section 1-103.1 of this Code, the
14 changes made to this Section by this amendatory Act of the
15 100th General Assembly are applicable without regard to
16 whether the employee was in active service on or after the
17 effective date of this amendatory Act of the 100th General
18 Assembly.

19 (f) The initial survivor's or widow's annuity of an
20 otherwise eligible survivor or widow of a retired member or
21 participant who first became a member or participant on or
22 after January 1, 2011 shall be in the amount of 66 2/3% of the
23 retired member's or participant's retirement annuity at the
24 date of death. In the case of the death of a member or
25 participant who has not retired and who first became a member
26 or participant on or after January 1, 2011, eligibility for a

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

20 (g) The benefits in Section 14-110 apply only if the
21 person is a State policeman, a fire fighter in the fire
22 protection service of a department, a conservation police
23 officer, an investigator for the Secretary of State, an arson
24 investigator, a Commerce Commission police officer,
25 investigator for the Department of Revenue or the Illinois
26 Gaming Board, a security employee of the Department of

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

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

26 If a person who first becomes a member of a retirement

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

19 (i) (Blank).

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

23 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
24 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.
25 1-4-19; 101-610, eff. 1-1-20.)

1 (40 ILCS 5/1-161)

2 Sec. 1-161. Optional benefits for certain Tier 2 members
3 under Articles 14, 15, and 16.

4 (a) Notwithstanding any other provision of this Code to
5 the contrary, the provisions of this Section apply to a person
6 who first becomes a member or a participant under Article 14,
7 15, or 16 on or after the implementation date under this
8 Section for the applicable Article and who does not make the
9 election under subsection (b) or (c), whichever applies. The
10 provisions of this Section also apply to a person who makes the
11 election under subsection (c-5). However, the provisions of
12 this Section do not apply to any participant in a self-managed
13 plan, nor to a covered employee under Article 14. The
14 provisions of this Section do not apply to service under a Tier
15 3 plan established under Article 14, 15, or 16 of this Code.

16 As used in this Section and Section 1-160, the
17 "implementation date" under this Section means the earliest
18 date upon which the board of a retirement system authorizes
19 members of that system to begin participating in accordance
20 with this Section, as determined by the board of that
21 retirement system. Each of the retirement systems subject to
22 this Section shall endeavor to make such participation
23 available as soon as possible after the effective date of this
24 Section and shall establish an implementation date by board
25 resolution.

26 (b) In lieu of the benefits provided under this Section, a

1 member or participant, except for a participant under Article
2 15, may irrevocably elect the benefits under Section 1-160 and
3 the benefits otherwise applicable to that member or
4 participant. The election must be made within 30 days after
5 becoming a member or participant. Each retirement system shall
6 establish procedures for making this election.

7 (c) A participant under Article 15 may irrevocably elect
8 the benefits otherwise provided to a Tier 2 member under
9 Article 15. The election must be made within 30 days after
10 becoming a member. The retirement system under Article 15
11 shall establish procedures for making this election.

12 (c-5) A non-covered participant under Article 14 to whom
13 Section 1-160 applies, a Tier 2 member under Article 15, or a
14 participant under Article 16 to whom Section 1-160 applies may
15 irrevocably elect to receive the benefits under this Section
16 in lieu of the benefits under Section 1-160 or the benefits
17 otherwise available to a Tier 2 member under Article 15,
18 whichever is applicable. Each retirement System shall
19 establish procedures for making this election.

20 (d) "Final average salary" means the average monthly (or
21 annual) salary obtained by dividing the total salary or
22 earnings calculated under the Article applicable to the member
23 or participant during the last 120 months (or 10 years) of
24 service in which the total salary or earnings calculated under
25 the applicable Article was the highest by the number of months
26 (or years) of service in that period. For the purposes of a

1 person to whom this Section applies, in this Code, "final
2 average salary" shall be substituted for "final average
3 compensation" in Article 14.

4 (e) Beginning on the implementation date, for all purposes
5 under this Code (including without limitation the calculation
6 of benefits and employee contributions), the annual earnings,
7 salary, compensation, or wages (based on the plan year) of a
8 member or participant to whom this Section applies shall not
9 at any time exceed the federal Social Security Wage Base then
10 in effect.

11 (f) A member or participant is entitled to a retirement
12 annuity upon written application if he or she has attained the
13 normal retirement age determined by the Social Security
14 Administration for that member or participant's year of birth,
15 but no earlier than 67 years of age, and has at least 10 years
16 of service credit and is otherwise eligible under the
17 requirements of the applicable Article.

18 (g) The amount of the retirement annuity to which a member
19 or participant is entitled shall be computed by multiplying
20 1.25% for each year of service credit by his or her final
21 average salary.

22 (h) Any retirement annuity or supplemental annuity shall
23 be subject to annual increases on the first anniversary of the
24 annuity start date. Each annual increase shall be one-half the
25 annual unadjusted percentage increase (but not less than zero)
26 in the consumer price index-w for the 12 months ending with the

1 September preceding each November 1 of the originally granted
2 retirement annuity. If the annual unadjusted percentage change
3 in the consumer price index-w for the 12 months ending with the
4 September preceding each November 1 is zero or there is a
5 decrease, then the annuity shall not be increased.

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

16 (i) The initial survivor's or widow's annuity of an
17 otherwise eligible survivor or widow of a retired member or
18 participant to whom this Section applies shall be in the
19 amount of 66 2/3% of the retired member's or participant's
20 retirement annuity at the date of death. In the case of the
21 death of a member or participant who has not retired and to
22 whom this Section applies, eligibility for a survivor's or
23 widow's annuity shall be determined by the applicable Article
24 of this Code. The benefit shall be 66 2/3% of the earned
25 annuity without a reduction due to age. A child's annuity of an
26 otherwise eligible child shall be in the amount prescribed

1 under each Article if applicable.

2 (j) In lieu of any other employee contributions, except
3 for the contribution to the defined contribution plan under
4 subsection (k) of this Section, each employee shall contribute
5 6.2% of his her or salary to the retirement system. However,
6 the employee contribution under this subsection shall not
7 exceed the amount of the total normal cost of the benefits for
8 all members making contributions under this Section (except
9 for the defined contribution plan under subsection (k) of this
10 Section), expressed as a percentage of payroll and certified
11 on or before January 15 of each year by the board of trustees
12 of the retirement system. If the board of trustees of the
13 retirement system certifies that the 6.2% employee
14 contribution rate exceeds the normal cost of the benefits
15 under this Section (except for the defined contribution plan
16 under subsection (k) of this Section), then on or before
17 December 1 of that year, the board of trustees shall certify
18 the amount of the normal cost of the benefits under this
19 Section (except for the defined contribution plan under
20 subsection (k) of this Section), expressed as a percentage of
21 payroll, to the State Actuary and the Commission on Government
22 Forecasting and Accountability, and the employee contribution
23 under this subsection shall be reduced to that amount
24 beginning July 1 of that year. Thereafter, if the normal cost
25 of the benefits under this Section (except for the defined
26 contribution plan under subsection (k) of this Section),

1 expressed as a percentage of payroll and certified on or
2 before January 1 of each year by the board of trustees of the
3 retirement system, exceeds 6.2% of salary, then on or before
4 January 15 of that year, the board of trustees shall certify
5 the normal cost to the State Actuary and the Commission on
6 Government Forecasting and Accountability, and the employee
7 contributions shall revert back to 6.2% of salary beginning
8 January 1 of the following year.

9 (k) In accordance with each retirement system's
10 implementation date, each retirement system under Article 14,
11 15, or 16 shall prepare and implement a defined contribution
12 plan for members or participants who are subject to this
13 Section. The defined contribution plan developed under this
14 subsection 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 subsection
18 and any other applicable laws.

19 (1) Each member or participant shall contribute a
20 minimum of 4% of his or her salary to the defined
21 contribution plan.

22 (2) For each participant in the defined contribution
23 plan who has been employed with the same employer for at
24 least one year, employer contributions shall be paid into
25 that participant's accounts at a rate expressed as a
26 percentage of salary. This rate may be set for individual

1 employees, but shall be no higher than 6% of salary and
2 shall be no lower than 2% of salary.

3 (3) Employer contributions shall vest when those
4 contributions are paid into a member's or participant's
5 account.

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

10 (5) The defined contribution plan shall provide a
11 variety of options for payouts to retirees and their
12 survivors.

13 (6) To the extent authorized under federal law and as
14 authorized by the retirement system, the defined
15 contribution plan shall allow former participants in the
16 plan to transfer or roll over employee and employer
17 contributions, and the earnings thereon, into other
18 qualified retirement plans.

19 (7) Each retirement system shall reduce the employee
20 contributions credited to the member's defined
21 contribution plan account by an amount determined by that
22 retirement system to cover the cost of offering the
23 benefits under this subsection and any applicable
24 administrative fees.

25 (8) No person shall begin participating in the defined
26 contribution plan until it has attained qualified plan

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

3 (1) In the case of a conflict between the provisions of
4 this Section and any other provision of this Code, the
5 provisions of this Section shall control.

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

7 (40 ILCS 5/2-105.3 new)

8 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier
9 3 participant.

10 "Tier 1 participant": A participant who first became a
11 participant before January 1, 2011.

12 In the case of a Tier 1 participant who elects to
13 participate in the Tier 3 plan under Section 2-165.5 of this
14 Code, that participant shall be deemed a Tier 1 participant
15 only with respect to service performed or established before
16 the effective date of that election.

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

19 In the case of a Tier 2 participant who elects to
20 participate in the Tier 3 plan under Section 2-165.5 of this
21 Code, that Tier 2 member shall be deemed a Tier 2 member only
22 with respect to service performed or established before the
23 effective date of that election.

24 "Tier 3 participant": A participant who first becomes a
25 participant on or after July 1, 2022 or a Tier 1 or Tier 2

1 participant who elects to participate in the Tier 3 plan under
2 Section 2-165.5 of this Code, but only with respect to service
3 performed on or after the effective date of that election.

4 (40 ILCS 5/2-162)

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

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

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after the effective date of this
14 amendatory Act of the 94th General Assembly. "New benefit
15 increase", however, does not include any benefit increase
16 resulting from the changes made to this Article by this
17 amendatory Act of the 102nd General Assembly.

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

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

1 increase in cost to the System as it accrues.

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

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

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

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

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

9 (40 ILCS 5/2-165.5 new)

10 Sec. 2-165.5. Tier 3 plan.

11 (a) By July 1, 2022, the System shall prepare and
12 implement a Tier 3 plan. The Tier 3 plan developed under this
13 Section shall be a plan that aggregates State and employee
14 contributions in individual participant accounts that, after
15 meeting any other requirements, are used for payouts after
16 retirement in accordance with this Section and any other
17 applicable laws. In developing, preparing, and implementing
18 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
19 the System shall utilize the framework of the self-managed
20 plan offered under Article 15 and shall endeavor to adapt the
21 benefits and structure of the self-managed plan. The System
22 shall consult with the State Universities Retirement System in
23 developing the Tier 3 plan.

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

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

3 (1) All persons who begin to participate in this
4 System on or after July 1, 2022 shall participate in the
5 Tier 3 plan rather than the defined benefit plan.

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

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

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

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

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

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

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

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

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

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

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

26 (3) Upon request for further information describing

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

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

1 the amount credited to the participant's individual account.

2 (c) In no event shall the System, its staff, its
3 authorized representatives, or the Board be liable for any
4 information given to an employee under this Section. The
5 System may coordinate with the Illinois Department of Central
6 Management Services and other retirement systems administering
7 a Tier 3 plan in accordance with this amendatory Act of the
8 102nd General Assembly to provide information concerning the
9 impact of the Tier 3 plan set forth in this Section.

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

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

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

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

25 (4) the ability of the company to provide benefits
26 under the contract and the financial stability of the

1 company; and

2 (5) the efficacy of the contract in the recruitment
3 and retention of employees.

4 The System shall periodically review each approved
5 company. A company may continue to provide administrative
6 services and funding vehicles for the Tier 3 plan only so long
7 as it continues to be an approved company under contract with
8 the Board.

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

13 (e) The System shall report on its progress under this
14 Section, including the available details of the Tier 3 plan
15 and the System's plans for informing eligible Tier 1 and Tier 2
16 participants about the plan, to the Governor and the General
17 Assembly on or before January 15, 2022.

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

21 (40 ILCS 5/14-103.41)

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

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

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

8 (Source: P.A. 100-587, eff. 6-4-18.)

9 (40 ILCS 5/14-103.44 new)

10 Sec. 14-103.44. Tier 2 member. "Tier 2 member": A member
11 of this System who first becomes a member under this Article on
12 or after January 1, 2011 and who is not a Tier 1 member.

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

18 (40 ILCS 5/14-103.45 new)

19 Sec. 14-103.45. Tier 3 member. "Tier 3 member": A member
20 of this System who first becomes a member on or after July 1,
21 2022 or a Tier 1 or Tier 2 member who elects to participate in
22 the Tier 3 plan under Section 14-155.5 of this Code, but only
23 with respect to service performed on or after the effective
24 date of that election.

1 (40 ILCS 5/14-152.1)

2 Sec. 14-152.1. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after June 1, 2005 (the
9 effective date of Public Act 94-4). "New benefit increase",
10 however, does not include any benefit increase resulting from
11 the changes made to Article 1 or this Article by Public Act
12 96-37, Public Act 100-23, Public Act 100-587, Public Act
13 100-611, Public Act 101-10, Public Act 101-610, or this
14 amendatory Act of the 102nd General Assembly ~~or this~~
15 ~~amendatory Act of the 101st General Assembly.~~

16 (b) Notwithstanding any other provision of this Code or
17 any subsequent amendment to this Code, every new benefit
18 increase is subject to this Section and shall be deemed to be
19 granted only in conformance with and contingent upon
20 compliance with 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
6 the Department of Insurance. A new benefit increase created by
7 a Public Act that does not include the additional funding
8 required under this subsection is null and void. If the Public
9 Pension Division determines that the additional funding
10 provided for a new benefit increase under this subsection is
11 or has become inadequate, it may so certify to the Governor and
12 the State Comptroller and, in the absence of corrective action
13 by the General Assembly, the new benefit increase shall expire
14 at the end of the fiscal year in which the certification is
15 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. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
7 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.
8 7-12-19; 101-610, eff. 1-1-20.)

9 (40 ILCS 5/14-155.5 new)

10 Sec. 14-155.5. Tier 3 plan.

11 (a) By July 1, 2022, the System shall prepare and
12 implement a Tier 3 plan. The Tier 3 plan developed under this
13 Section shall be a plan that aggregates State and employee
14 contributions in individual participant accounts that, after
15 meeting any other requirements, are used for payouts after
16 retirement in accordance with this Section and any other
17 applicable laws. In developing, preparing, and implementing
18 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
19 the System shall utilize the framework of the self-managed
20 plan offered under Article 15 and shall endeavor to adapt the
21 benefits and structure of the self-managed plan. The System
22 shall consult with the State Universities Retirement System in
23 developing the Tier 3 plan.

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

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

3 (1) All persons who begin to participate in this
4 System on or after July 1, 2022 shall participate in the
5 Tier 3 plan rather than the defined benefit plan.

6 (2) A non-covered employee who participates in the
7 Tier 3 plan shall pay employee contributions at a rate of
8 8% of compensation. A covered employee who participates in
9 the Tier 3 plan shall pay employee contributions at a rate
10 of 3% of compensation.

11 (3) State contributions shall be paid into the
12 accounts of non-covered employees who participate in the
13 Tier 3 plan at a rate of 7.6% of compensation, less the
14 amount determined annually by the Board to cover the cost
15 of offering the defined disability benefits available to
16 other participants under this Article if the Tier 3 plan
17 offers such benefits. State contributions shall be paid
18 into the accounts of covered employees who participate in
19 the Tier 3 plan at a rate of 3% of compensation.

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

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

1 benefits available to other participants under this
2 Article. If it does, for non-covered employees, the System
3 shall reduce the State contributions credited to the
4 member's Tier 3 plan account by an amount, not to exceed 1%
5 of compensation, determined annually by the Board to cover
6 the cost of offering such benefits. For covered employees,
7 the State shall contribute an amount, not to exceed 1% of
8 compensation, determined annually by the Board to cover
9 the cost of offering such benefits, which is in addition
10 to the 3% State contribution credited to the member's Tier
11 3 plan account.

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

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

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

25 (9) The System shall reduce the employee contributions
26 credited to the member's Tier 3 plan account by an amount

1 determined by the System to cover the cost of offering
2 these benefits and any applicable administrative fees.

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

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

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

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

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

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

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

1 a Tier 3 plan in accordance with this amendatory Act of the
2 102nd General Assembly to provide information concerning the
3 impact of the Tier 3 plan set forth in this Section.

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

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

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

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

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

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

24 The System shall periodically review each approved
25 company. A company may continue to provide administrative
26 services and funding vehicles for the Tier 3 plan only so long

1 as it continues to be an approved company under contract with
2 the Board.

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

7 (e) The System shall report on its progress under this
8 Section, including the available details of the Tier 3 plan
9 and the System's plans for informing eligible Tier 1 and Tier 2
10 members about the plan, to the Governor and the General
11 Assembly on or before January 15, 2022.

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

15 (40 ILCS 5/15-108.1)

16 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
17 participant or an annuitant of a retirement annuity under this
18 Article, other than a participant in the self-managed plan
19 under Section 15-158.2, who first became a participant or
20 member before January 1, 2011 under any reciprocal retirement
21 system or pension fund established under this Code, other than
22 a retirement system or pension fund established under Articles
23 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
24 person who first became a participant under this System before
25 January 1, 2011 and who accepts a refund and is subsequently

1 reemployed by an employer on or after January 1, 2011.

2 In the case of a Tier 1 member who elects to participate in
3 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
4 1 member shall be deemed a Tier 1 member only with respect to
5 service performed or established before the effective date of
6 that election.

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

8 (40 ILCS 5/15-108.2)

9 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person
10 who first becomes a participant under this Article on or after
11 January 1, 2011 and before the implementation date, as defined
12 under subsection (a) of Section 1-161, determined by the
13 Board, other than a person in the self-managed plan
14 established under Section 15-158.2 or a person who makes the
15 election under subsection (c) of Section 1-161, unless the
16 person is otherwise a Tier 1 member. The changes made to this
17 Section by this amendatory Act of the 98th General Assembly
18 are a correction of existing law and are intended to be
19 retroactive to the effective date of Public Act 96-889,
20 notwithstanding the provisions of Section 1-103.1 of this
21 Code.

22 In the case of a Tier 2 member who elects to participate in
23 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
24 2 member shall be deemed a Tier 2 member only with respect to
25 service performed or established before the effective date of

1 that election.

2 (Source: P.A. 100-23, eff. 7-6-17; 100-563, eff. 12-8-17.)

3 (40 ILCS 5/15-108.3 new)

4 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A person
5 who first becomes a participant under this Article on or after
6 July 1, 2022 or a Tier 1 or Tier 2 member who elects to
7 participate in the Tier 3 plan under Section 15-200.5 of this
8 Code, but only with respect to service performed on or after
9 the effective date of that election.

10 (40 ILCS 5/15-198)

11 Sec. 15-198. Application and expiration of new benefit
12 increases.

13 (a) As used in this Section, "new benefit increase" means
14 an increase in the amount of any benefit provided under this
15 Article, or an expansion of the conditions of eligibility for
16 any benefit under this Article, that results from an amendment
17 to this Code that takes effect after June 1, 2005 (the
18 effective date of Public Act 94-4). "New benefit increase",
19 however, does not include any benefit increase resulting from
20 the changes made to Article 1 or this Article by Public Act
21 100-23, Public Act 100-587, Public Act 100-769, Public Act
22 101-10, Public Act 101-610, or this amendatory Act of the
23 102nd General Assembly ~~or this amendatory Act of the 101st~~
24 ~~General Assembly.~~

1 (b) Notwithstanding any other provision of this Code or
2 any subsequent amendment to this Code, every new benefit
3 increase is subject to this Section and shall be deemed to be
4 granted only in conformance with and contingent upon
5 compliance with the provisions of this Section.

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

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

26 (d) Every new benefit increase shall expire 5 years after

1 its effective date or on such earlier date as may be specified
2 in the language enacting the new benefit increase or provided
3 under subsection (c). This does not prevent the General
4 Assembly from extending or re-creating a new benefit increase
5 by law.

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

16 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
17 100-769, eff. 8-10-18; 101-10, eff. 6-5-19; 101-81, eff.
18 7-12-19; 101-610, eff. 1-1-20.)

19 (40 ILCS 5/15-200.5 new)

20 Sec. 15-200.5. Tier 3 plan.

21 (a) By July 1, 2022, the System shall prepare and
22 implement a Tier 3 plan. The Tier 3 plan developed under this
23 Section shall be a plan that aggregates State and employee
24 contributions in individual participant accounts that, after
25 meeting any other requirements, are used for payouts after

1 retirement in accordance with this Section and any other
2 applicable laws. In developing, preparing, and implementing
3 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
4 the System shall utilize the framework of the self-managed
5 plan and shall endeavor to adapt the benefits and structure of
6 the self-managed plan.

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

13 (1) All persons who begin to participate in this
14 System on or after July 1, 2022 shall participate in the
15 Tier 3 plan rather than the defined benefit plan or the
16 self-managed plan under Section 15-158.2.

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

19 (3) State contributions shall be paid into the
20 accounts of all participants in the Tier 3 plan at a rate
21 of 7.6% of earnings, less the amount determined annually
22 by the Board to cover the cost of offering the defined
23 disability benefits available to other participants under
24 this Article if the Tier 3 plan offers such benefits.

25 (4) The Tier 3 plan shall require 5 years of
26 participation in the Tier 3 plan before vesting in State

1 contributions. If the participant fails to vest in them,
2 the State contributions, and the earnings thereon, shall
3 be forfeited.

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

12 (6) The Tier 3 plan shall provide a variety of options
13 for investments. These options shall include investments
14 handled by the System as well as private sector investment
15 options.

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

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

25 (9) The System shall reduce the employee contributions
26 credited to the member's Tier 3 plan account by an amount

1 determined by the System to cover the cost of offering
2 these benefits and any applicable administrative fees.

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

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

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

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

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

1 guidelines, for purposes of funding the amount credited to the
2 member's individual account.

3 (c) In no event shall the System, its staff, its
4 authorized representatives, or the Board be liable for any
5 information given to an employee under this Section. The
6 System may coordinate with the Illinois Department of Central
7 Management Services and other retirement systems administering
8 a Tier 3 plan in accordance with this amendatory Act of the
9 102nd General Assembly to provide information concerning the
10 impact of the Tier 3 plan set forth in this Section.

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

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

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

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

26 (4) the ability of the company to provide benefits

1 under the contract and the financial stability of the
2 company; and

3 (5) the efficacy of the contract in the recruitment
4 and retention of employees.

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

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

14 (e) The System shall report on its progress under this
15 Section, including the available details of the Tier 3 plan
16 and the System's plans for informing eligible Tier 1 and Tier 2
17 members about the plan, to the Governor and the General
18 Assembly on or before January 15, 2022.

19 (40 ILCS 5/16-106.41)

20 Sec. 16-106.41. Tier 1 member. "Tier 1 member": A member
21 under this Article who first became a member or participant
22 before January 1, 2011 under any reciprocal retirement system
23 or pension fund established under this Code other than a
24 retirement system or pension fund established under Article 2,
25 3, 4, 5, 6, or 18 of this Code.

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

6 (Source: P.A. 100-587, eff. 6-4-18.)

7 (40 ILCS 5/16-106.42 new)

8 Sec. 16-106.42. Tier 2 member. "Tier 2 member": A member
9 of the System who first becomes a member under this Article on
10 or after January 1, 2011 and who is not a Tier 1 member.

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

16 (40 ILCS 5/16-106.43 new)

17 Sec. 16-106.43. Tier 3 member. "Tier 3 member": A member
18 of the System who first becomes a member under this Article on
19 or after July 1, 2022 or a Tier 1 or Tier 2 member who elects
20 to participate in the Tier 3 plan under Section 16-205.5 of
21 this Code, but only with respect to service performed on or
22 after the effective date of that election.

23 (40 ILCS 5/16-203)

1 Sec. 16-203. Application and expiration of new benefit
2 increases.

3 (a) As used in this Section, "new benefit increase" means
4 an increase in the amount of any benefit provided under this
5 Article, or an expansion of the conditions of eligibility for
6 any benefit under this Article, that results from an amendment
7 to this Code that takes effect after June 1, 2005 (the
8 effective date of Public Act 94-4). "New benefit increase",
9 however, does not include any benefit increase resulting from
10 the changes made to Article 1 or this Article by Public Act
11 95-910, Public Act 100-23, Public Act 100-587, Public Act
12 100-743, ~~or~~ Public Act 100-769, Public Act 101-10, Public Act
13 101-49, or this amendatory Act of the 102nd General Assembly
14 ~~or this amendatory Act of the 101st General Assembly.~~

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

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

24 Every new benefit increase is contingent upon the General
25 Assembly providing the additional funding required under this
26 subsection. The Commission on Government Forecasting and

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

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

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

1 continues in service after the expiration date and did not
2 apply and qualify for the affected benefit while the new
3 benefit increase was in effect.

4 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
5 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; 101-10, eff.
6 6-5-19; 101-49, eff. 7-12-19; 101-81, eff. 7-12-19; revised
7 8-13-19.)

8 (40 ILCS 5/16-205.5 new)

9 Sec. 16-205.5. Tier 3 plan.

10 (a) By July 1, 2022, the System shall prepare and
11 implement a Tier 3 plan. The Tier 3 plan developed under this
12 Section shall be a plan that aggregates State and employee
13 contributions in individual participant accounts that, after
14 meeting any other requirements, are used for payouts after
15 retirement in accordance with this Section and any other
16 applicable laws. In developing, preparing, and implementing
17 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
18 the System shall utilize the framework of the self-managed
19 plan offered under Article 15 and shall endeavor to adapt the
20 benefits and structure of the self-managed plan. The System
21 shall consult with the State Universities Retirement System in
22 developing the Tier 3 plan.

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

1 Section.

2 (1) All persons who begin to participate in this
3 System on or after July 1, 2022 shall participate in the
4 Tier 3 plan rather than the defined benefit plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (c) In no event shall the System, its staff, its
20 authorized representatives, or the Board be liable for any
21 information given to an employee under this Section. The
22 System may coordinate with the Illinois Department of Central
23 Management Services and other retirement systems administering
24 a Tier 3 plan in accordance with this amendatory Act of the
25 102nd General Assembly to provide information concerning the
26 impact of the Tier 3 plan set forth in this Section.

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

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

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

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

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

19 (5) the efficacy of the contract in the recruitment
20 and retention of employees.

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

26 (d) Notwithstanding any other provision of this Section,

1 no person shall begin participating in the Tier 3 plan until it
2 has attained qualified plan status and received all necessary
3 approvals from the U.S. Internal Revenue Service.

4 (e) The System shall report on its progress under this
5 Section, including the available details of the Tier 3 plan
6 and the System's plans for informing eligible Tier 1 and Tier 2
7 members about the plan, to the Governor and the General
8 Assembly on or before January 15, 2022.

9 (40 ILCS 5/18-110.1 new)

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

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

18 (40 ILCS 5/18-110.2 new)

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

22 In the case of a Tier 2 participant who elects to
23 participate in the Tier 3 plan under Section 18-121.5 of this
24 Code, that Tier 2 participant shall be deemed a Tier 2

1 participant only with respect to service performed or
2 established before the effective date of that election.

3 (40 ILCS 5/18-110.3 new)

4 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A
5 participant who first becomes a participant of this System on
6 or after July 1, 2022 or a Tier 1 or Tier 2 participant who
7 elects to participate in the Tier 3 plan under Section
8 18-121.5 of this Code, but only with respect to service
9 performed on or after the effective date of that election.

10 (40 ILCS 5/18-121.5 new)

11 Sec. 18-121.5. Tier 3 plan.

12 (a) By July 1, 2022, the System shall prepare and
13 implement a Tier 3 plan. The Tier 3 plan developed under this
14 Section shall be a plan that aggregates State and employee
15 contributions in individual participant accounts that, after
16 meeting any other requirements, are used for payouts after
17 retirement in accordance with this Section and any other
18 applicable laws. In developing, preparing, and implementing
19 the Tier 3 plan and adopting rules concerning the Tier 3 plan,
20 the System shall utilize the framework of the self-managed
21 plan offered under Article 15 and shall endeavor to adapt the
22 benefits and structure of the self-managed plan. The System
23 shall consult with the State Universities Retirement System in
24 developing the Tier 3 plan.

1 As used in this Section, "defined benefit plan" means the
2 retirement plan available under this Article to Tier 1 or Tier
3 2 participants who have not made the election authorized under
4 this Section.

5 (1) All persons who begin to participate in this
6 System on or after July 1, 2022 shall participate in the
7 Tier 3 plan rather than the defined benefit plan.

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

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

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

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

1 annually by the Board to cover the cost of offering such
2 benefits.

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

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

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

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

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

26 (1) Service credit under the Tier 3 plan may be used

1 for determining retirement eligibility under the defined
2 benefit plan.

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

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

1 to private counsel and financial advisors.

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

15 (c) In no event shall the System, its staff, its
16 authorized representatives, or the Board be liable for any
17 information given to an employee under this Section. The
18 System may coordinate with the Illinois Department of Central
19 Management Services and other retirement systems administering
20 a Tier 3 plan in accordance with this amendatory Act of the
21 102nd General Assembly to provide information concerning the
22 impact of the Tier 3 plan set forth in this Section.

23 (c-5) The System shall solicit proposals to provide
24 administrative services and funding vehicles for the Tier 3
25 plan from insurance and annuity companies and mutual fund
26 companies, banks, trust companies, or other financial

1 institutions authorized to do business in this State. In
2 reviewing the proposals received and approving and contracting
3 with no fewer than 2 and no more than 7 companies, the Board of
4 Trustees of the System shall consider, among other things, the
5 following criteria:

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

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

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

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

15 (5) the efficacy of the contract in the recruitment
16 and retention of employees.

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

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

26 (e) The System shall report on its progress under this

1 Section, including the available details of the Tier 3 plan
2 and the System's plans for informing eligible Tier 1 and Tier 2
3 participants about the plan, to the Governor and the General
4 Assembly on or before January 15, 2022.

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

8 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

9 Sec. 18-124. Retirement annuities - conditions for
10 eligibility.

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

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

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

24 (2) the participant is at least age 55, or has become
25 permanently disabled and as a consequence is unable to

1 perform the duties of his or her office;

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

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

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

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

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

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

21 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

22 Sec. 18-125. Retirement annuity amount.

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

1 service.

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

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

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

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

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

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

24 (5) for a participant who terminates service on or
25 after July 14, 1995 (the effective date of Public Act
26 89-136), the salary on the last day of employment as a

1 judge, or the highest salary received by the participant
2 for employment as a judge in a position held by the
3 participant for at least 4 consecutive years, whichever is
4 greater.

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

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

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

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

1 The maximum retirement annuity payable shall be 60% of the
2 participant's final average salary.

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

25 (c) The retirement annuity for a participant who retires
26 prior to age 60 with less than 28 years of service in the

1 System shall be reduced 1/2 of 1% for each month that the
2 participant's age is under 60 years at the time the annuity
3 commences. However, for a participant who retires on or after
4 December 10, 1999 (the effective date of Public Act 91-653),
5 the percentage reduction in retirement annuity imposed under
6 this subsection shall be reduced by 5/12 of 1% for every month
7 of service in this System in excess of 20 years, and therefore
8 a participant with at least 26 years of service in this System
9 may retire at age 55 without any reduction in annuity.

10 The reduction in retirement annuity imposed by this
11 subsection shall not apply in the case of retirement on
12 account of disability.

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

20 (Source: P.A. 100-201, eff. 8-18-17.)

21 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

22 Sec. 18-125.1. Automatic increase in retirement annuity. A
23 participant who retires from service after June 30, 1969,
24 shall, in January of the year next following the year in which
25 the first anniversary of retirement occurs, and in January of

1 each year thereafter, have the amount of his or her originally
2 granted retirement annuity increased as follows: for each year
3 up to and including 1971, 1 1/2%; for each year from 1972
4 through 1979 inclusive, 2%; and for 1980 and each year
5 thereafter, 3%.

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

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

25 This Section is applicable to all participants (other than
26 Tier 3 participants who do not have any service credit as a

1 Tier 1 or Tier 2 participant) in service after June 30, 1969
2 unless a participant has elected, prior to September 1, 1969,
3 in a written direction filed with the board not to be subject
4 to the provisions of this Section. Any participant in service
5 on or after July 1, 1992 shall have the option of electing
6 prior to April 1, 1993, in a written direction filed with the
7 board, to be covered by the provisions of the 1969 amendatory
8 Act. Such participant shall be required to make the aforesaid
9 additional contributions with compound interest at 4% per
10 annum.

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

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

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

24 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

25 Sec. 18-127. Retirement annuity - suspension on

1 reemployment.

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

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

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

1 his duties under the temporary employment agreement.

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

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

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

1 amendatory Act of the 93rd General Assembly. In this
2 subsection, a "part-time employee" is a person who is not
3 required to work at least 35 hours per week.

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

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

1 if appropriate, be recalculated under the applicable
2 provisions of this Article.

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

4 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

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

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

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

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

22 (d) Upon the death of an annuitant, active participant, or
23 participant who had terminated service with at least 10 years
24 of service, each surviving child under the age of 18 or
25 disabled as defined in Section 18-128 shall be entitled to a

1 child's annuity in an amount equal to 5% of the decedent's
2 final salary, not to exceed in total for all such children the
3 greater of 20% of the decedent's last salary or 66 2/3% of the
4 annuity received or earned by the decedent as provided under
5 subsections (a) and (b) of this Section. This child's annuity
6 shall be paid whether or not a survivor's annuity was elected
7 under Section 18-123.

8 (e) The changes made in the survivor's annuity provisions
9 by Public Act 82-306 shall apply to the survivors of a deceased
10 participant or annuitant whose death occurs on or after August
11 21, 1981.

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

23 (g) Notwithstanding any other provision of this Article,
24 the initial survivor's annuity for a survivor of a Tier 2
25 participant ~~who first serves as a judge after January 1, 2011~~
26 ~~(the effective date of Public Act 96-889)~~ shall be in the

1 amount of 66 2/3% of the annuity received or earned by the
2 decedent, and shall be increased (1) on each January 1
3 occurring on or after the commencement of the annuity if the
4 deceased participant died while receiving a retirement
5 annuity, or (2) in other cases, on each January 1 occurring on
6 or after the first anniversary of the commencement of the
7 annuity, but in no event prior to age 67, by an amount equal to
8 3% or the annual unadjusted percentage increase in the
9 consumer price index-u as determined by the Public Pension
10 Division of the Department of Insurance under subsection (b-5)
11 of Section 18-125, whichever is less, of the survivor's
12 annuity then being paid.

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

14 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

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

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

24 (2) A participant who continues to serve as a judge
25 after becoming eligible to receive the maximum rate of

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

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

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

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

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

1 (d) Notwithstanding any other provision of this Article,
2 the required contributions for a Tier 2 participant ~~who first~~
3 ~~becomes a participant on or after January 1, 2011~~ shall not
4 exceed the contributions that would be due under this Article
5 if that participant's highest salary for annuity purposes were
6 \$106,800, plus any increase in that amount under Section
7 18-125.

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

9 (40 ILCS 5/18-169)

10 Sec. 18-169. Application and expiration of new benefit
11 increases.

12 (a) As used in this Section, "new benefit increase" means
13 an increase in the amount of any benefit provided under this
14 Article, or an expansion of the conditions of eligibility for
15 any benefit under this Article, that results from an amendment
16 to this Code that takes effect after the effective date of this
17 amendatory Act of the 94th General Assembly. "New benefit
18 increase", however, does not include any benefit increase
19 resulting from the changes made by this amendatory Act of the
20 102nd General Assembly.

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

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

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

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

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

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

12 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

15 Sec. 20-121. Calculation of proportional retirement
16 annuities.

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

1 any retirement annuity payable under the self-managed plan
2 established under Section 15-158.2 of this Code depends solely
3 on the value of the participant's vested account balances and
4 is not subject to any proportional adjustment under this
5 Section.

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

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

24 (c) Interest on pension credit shall continue to
25 accumulate in accordance with the provisions of the law
26 governing the retirement system in which the same has been

1 established during the time an employee is in the service of
2 another employer, on the assumption such employee, for
3 interest purposes for pension credit, is continuing in the
4 service covered by such retirement system.

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

6 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

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

22 For persons who participate in the self-managed plan
23 established under Section 15-158.2 or the portable benefit
24 package established under Section 15-136.4, pension credit
25 established under Article 15 may be considered in determining

1 eligibility for or the amount of the survivor's annuity that
2 is payable by any other participating system, but pension
3 credit established in any other system shall not result in any
4 right to a survivor's annuity under the Article 15 system.

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

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

18 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

21 Sec. 20-124. Maximum benefits.

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

1 validated in that system.

2 If the combined annuities should exceed the highest
3 maximum as determined in accordance with this Section, the
4 respective annuities shall be reduced proportionately
5 according to the ratio which the amount of each proportional
6 annuity bears to the aggregate of all such annuities.

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

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

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

1 rather than the self-managed plan.

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

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

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

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

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

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

19 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

22 Sec. 20-125. Return to employment - suspension of
23 benefits. If a retired employee returns to employment which is
24 covered by a system from which he is receiving a proportional
25 annuity under this Article, his proportional annuity from all

1 participating systems shall be suspended during the period of
2 re-employment, except that this suspension does not apply to
3 any distributions payable under the self-managed plan
4 established under Section 15-158.2 of this Code or under a
5 Tier 3 plan established under Article 2, 14, 15, 16, or 18 of
6 this Code.

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

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

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.

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- 40 ILCS 5/2-105.3 new
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