



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2973

Introduced 2/19/2021, by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to prepare and implement a Tier 3 plan by July 1, 2022 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the Tier 3 plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the Tier 3 plan. Makes related changes in the State Employees Group Insurance Act of 1971. In the Downstate Teachers, State Employees, and State Universities Articles, authorizes a person to elect not to participate or to terminate participation in those Systems. In the General Assembly and Judges Articles, authorizes a participant to terminate his or her participation in the System. In the Illinois Municipal Retirement Fund (IMRF), State Employees, State Universities, and Downstate Teachers Articles, for participants who first become participants on or after the effective date, prohibits (i) payments for unused sick or vacation time from being used to calculate pensionable salary and (ii) unused sick or vacation time from being used to establish service credit. In the Downstate Teachers Article, prohibits an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing an employee to make pre-tax contributions. Amends the Illinois Educational Labor Relations Act to prohibit collective bargaining over that prohibition. Effective immediately.

LRB102 14889 RPS 20242 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, 2-117, 2-162, 7-114, 7-116,
10 7-139, 14-103.05, 14-103.10, 14-103.41, 14-104.3, 14-106,
11 14-152.1, 15-108.1, 15-108.2, 15-112, 15-113.4, 15-134,
12 15-198, 16-106.41, 16-123, 16-127, 16-152.1, 16-203, 18-120,
13 18-124, 18-125, 18-125.1, 18-127, 18-128.01, 18-133, 18-169,
14 20-121, 20-123, 20-124, and 20-125 and by adding Sections
15 2-105.3, 2-165.5, 14-155.5, 15-108.3, 15-200.5, 16-205.5,
16 18-110.1, and 18-121.5 as follows:

17 (40 ILCS 5/1-160)

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

19 (a) The provisions of this Section apply to a person who,
20 on or after January 1, 2011, first becomes a member or a
21 participant under any reciprocal retirement system or pension
22 fund established under this Code, other than a retirement
23 system or pension fund established under Article 2, 3, 4, 5, 6,
24 15 or 18 of this Code, notwithstanding any other provision of

1 this Code to the contrary, but do not apply to any self-managed
2 plan established under this Code, to any person with respect
3 to service as a sheriff's law enforcement employee under
4 Article 7, or to any participant of the retirement plan
5 established under Section 22-101. Notwithstanding anything to
6 the contrary in this Section, for purposes of this Section, a
7 person who participated in a retirement system under Article
8 15 prior to January 1, 2011 shall be deemed a person who first
9 became a member or participant prior to January 1, 2011 under
10 any retirement system or pension fund subject to this Section.
11 The changes made to this Section by Public Act 98-596 are a
12 clarification of existing law and are intended to be
13 retroactive to January 1, 2011 (the effective date of Public
14 Act 96-889), notwithstanding the provisions of Section 1-103.1
15 of this Code.

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

23 This Section does not apply to a person who first becomes a
24 member or participant under Article 16 on or after the
25 implementation date of the plan created under Section 1-161
26 for that Article, unless that person elects under subsection

1 (b) of Section 1-161 to instead receive the benefits provided
2 under this Section and the applicable provisions of that
3 Article.

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

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

14 This Section does not apply to a person who participates
15 in a Tier 3 plan established under Article 14, 15, or 16 of
16 this Code.

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

1 applies on or after January 1, 2011, in this Code, "final
2 average salary" shall be substituted for the following:

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

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

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

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

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

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

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

25 For the purposes of this Section, "consumer price index-u"
26 means the index published by the Bureau of Labor Statistics of

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

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

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

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

1 application if he or she has attained age 65 and has at least
2 10 years of service credit and is otherwise eligible under the
3 requirements of Article 8 or Article 11 of this Code,
4 whichever is applicable.

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

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

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

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

1 contributions for age and service annuities provided in
2 subsection (a-5) of Section 8-174 of this Code (for
3 service under Article 8) or subsection (a-5) of Section
4 11-170 of this Code (for service under Article 11); or

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

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

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

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

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

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

1 or participant on or after January 1, 2011, eligibility for a
2 survivor's or widow's annuity shall be determined by the
3 applicable Article of this Code. The initial benefit shall be
4 $66 \frac{2}{3}\%$ of the earned annuity without a reduction due to age. A
5 child's annuity of an otherwise eligible child shall be in the
6 amount prescribed under each Article if applicable. Any
7 survivor's or widow's annuity shall be increased (1) on each
8 January 1 occurring on or after the commencement of the
9 annuity if the deceased member died while receiving a
10 retirement annuity or (2) in other cases, on each January 1
11 occurring after the first anniversary of the commencement of
12 the annuity. Each annual increase shall be calculated at 3% or
13 one-half the annual unadjusted percentage increase (but not
14 less than zero) in the consumer price index-u for the 12 months
15 ending with the September preceding each November 1, whichever
16 is less, of the originally granted survivor's annuity. If the
17 annual unadjusted percentage change in the consumer price
18 index-u for the 12 months ending with the September preceding
19 each November 1 is zero or there is a decrease, then the
20 annuity shall not be increased.

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

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

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

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

20 (i) (Blank).

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

24 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;
25 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.
26 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 or a Tier 3 plan established under Article 14, 15, or 16,
14 nor to a covered employee under Article 14.

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

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

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

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

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

23 "Tier 3 participant": A Tier 1 or Tier 2 participant who
24 elects to participate in the Tier 3 plan under Section 2-165.5
25 of this Code, but only with respect to service performed on or

1 after the effective date of that election.

2 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

3 Sec. 2-117. Participants - Election not to participate.

4 (a) Except as provided in subsection (c), every ~~Every~~
5 person who was a member on November 1, 1947, or in military
6 service on such date, is subject to the provisions of this
7 system beginning upon such date, unless prior to such date he
8 or she filed with the board a written notice of election not to
9 participate.

10 Every person who becomes a member after November 1, 1947,
11 and who is then not a participant becomes a participant
12 beginning upon the date of becoming a member unless, within 24
13 months from that date, he or she has filed with the board a
14 written notice of election not to participate.

15 (b) A member who has filed notice of an election not to
16 participate (and a former member who has not yet begun to
17 receive a retirement annuity under this Article) may become a
18 participant with respect to the period for which the member
19 elected not to participate upon filing with the board, before
20 April 1, 1993, a written rescission of the election not to
21 participate. Upon contributing an amount equal to the
22 contributions he or she would have made as a participant from
23 November 1, 1947, or the date of becoming a member, whichever
24 is later, to the date of becoming a participant, with interest
25 at the rate of 4% per annum until the contributions are paid,

1 the participant shall receive credit for service as a member
2 prior to the date of the rescission, both before and after
3 November 1, 1947. The required contributions shall be made
4 before commencement of the retirement annuity; otherwise no
5 credit for service prior to the date of participation shall be
6 granted.

7 (c) Notwithstanding any other provision of this Article,
8 an active participant may terminate his or her participation
9 in this System (including active participation in the Tier 3
10 plan, if applicable) by notifying the System in writing. An
11 active participant terminating participation in this System
12 under this subsection shall be entitled to a refund of his or
13 her contributions (other than contributions to the Tier 3 plan
14 under Section 2-165.5) minus the benefits received prior to
15 the termination of participation.

16 (Source: P.A. 86-273; 87-1265.)

17 (40 ILCS 5/2-162)

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

20 Sec. 2-162. Application and expiration of new benefit
21 increases.

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after the effective date of this
2 amendatory Act of the 94th General Assembly. "New benefit
3 increase", however, does not include any benefit increase
4 resulting from the changes made to this Article by this
5 amendatory Act of the 102nd General Assembly.

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

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

15 Every new benefit increase is contingent upon the General
16 Assembly providing the additional funding required under this
17 subsection. The Commission on Government Forecasting and
18 Accountability shall analyze whether adequate additional
19 funding has been provided for the new benefit increase and
20 shall report its analysis to the Public Pension Division of
21 the Department of Financial and Professional Regulation. A new
22 benefit increase created by a Public Act that does not include
23 the additional funding required under this subsection is null
24 and void. If the Public Pension Division determines that the
25 additional funding provided for a new benefit increase under
26 this subsection is or has become inadequate, it may so certify

1 to the Governor and the State Comptroller and, in the absence
2 of corrective action by the General Assembly, the new benefit
3 increase shall expire at the end of the fiscal year in which
4 the certification is made.

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

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

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

22 (40 ILCS 5/2-165.5 new)

23 Sec. 2-165.5. Tier 3 plan.

24 (a) By July 1, 2022, the System shall prepare and
25 implement a Tier 3 plan. The Tier 3 plan developed under this

1 Section shall be a plan that aggregates State and employee
2 contributions in individual participant accounts that, after
3 meeting any other requirements, are used for payouts after
4 retirement in accordance with this Section and any other
5 applicable laws.

6 As used in this Section, "defined benefit plan" means the
7 retirement plan available under this Article to Tier 1 or Tier
8 2 participants who have not made the election authorized under
9 this Section.

10 (1) A participant in the Tier 3 plan shall pay
11 employee contributions at a rate determined by the
12 participant, but not less than 3% of salary and not more
13 than a percentage of salary determined by the Board in
14 accordance with the requirements of State and federal law.

15 (2) State contributions shall be paid into the
16 accounts of all participants in the Tier 3 plan at a
17 uniform rate, expressed as a percentage of salary and
18 determined for each year. This rate shall be no higher
19 than 7.6% of salary and shall be no lower than 3% of
20 salary. The State shall adjust this rate annually.

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

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

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

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

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

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

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

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

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

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

26 (b-5) A Tier 1 or Tier 2 participant who elects to

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

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

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

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

1 participants about the plan, to the Governor and the General
2 Assembly on or before January 15, 2022.

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

6 (g) The intent of this amendatory Act of the 102nd General
7 Assembly is to ensure that the State's normal cost of
8 participation in the Tier 3 plan is similar, and if possible
9 equal, to the State's normal cost of participation in the
10 defined benefit plan, unless a lower State's normal cost is
11 necessary to ensure cost neutrality.

12 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

13 Sec. 7-114. Earnings. "Earnings":

14 (a) An amount to be determined by the board, equal to the
15 sum of:

16 1. The total amount of money paid to an employee for
17 personal services or official duties as an employee
18 (except those employed as independent contractors) paid
19 out of the general fund, or out of any special funds
20 controlled by the municipality, or by any instrumentality
21 thereof, or participating instrumentality, including
22 compensation, fees, allowances (but not including amounts
23 associated with a vehicle allowance payable to an employee
24 who first becomes a participating employee on or after the
25 effective date of this amendatory Act of the 100th General

1 Assembly), or other emolument paid for official duties
2 (but not including automobile maintenance, travel expense,
3 or reimbursements for expenditures incurred in the
4 performance of duties or, in the case of a person who first
5 becomes a participant on or after the effective date of
6 this amendatory Act of the 102nd General Assembly,
7 payments for unused sick or vacation time) and, for fee
8 offices, the fees or earnings of the offices to the extent
9 such fees are paid out of funds controlled by the
10 municipality, or instrumentality or participating
11 instrumentality; and

12 2. The money value, as determined by rules prescribed
13 by the governing body of the municipality, or
14 instrumentality thereof, of any board, lodging, fuel,
15 laundry, and other allowances provided an employee in lieu
16 of money.

17 (b) For purposes of determining benefits payable under
18 this fund payments to a person who is engaged in an
19 independently established trade, occupation, profession or
20 business and who is paid for his service on a basis other than
21 a monthly or other regular salary, are not earnings.

22 (c) If a disabled participating employee is eligible to
23 receive Workers' Compensation for an accidental injury and the
24 participating municipality or instrumentality which employed
25 the participating employee when injured continues to pay the
26 participating employee regular salary or other compensation or

1 pays the employee an amount in excess of the Workers'
2 Compensation amount, then earnings shall be deemed to be the
3 total payments, including an amount equal to the Workers'
4 Compensation payments. These payments shall be subject to
5 employee contributions and allocated as if paid to the
6 participating employee when the regular payroll amounts would
7 have been paid if the participating employee had continued
8 working, and creditable service shall be awarded for this
9 period.

10 (d) If an elected official who is a participating employee
11 becomes disabled but does not resign and is not removed from
12 office, then earnings shall include all salary payments made
13 for the remainder of that term of office and the official shall
14 be awarded creditable service for the term of office.

15 (e) If a participating employee is paid pursuant to "An
16 Act to provide for the continuation of compensation for law
17 enforcement officers, correctional officers and firemen who
18 suffer disabling injury in the line of duty", approved
19 September 6, 1973, as amended, the payments shall be deemed
20 earnings, and the participating employee shall be awarded
21 creditable service for this period.

22 (f) Additional compensation received by a person while
23 serving as a supervisor of assessments, assessor, deputy
24 assessor or member of a board of review from the State of
25 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax
26 Code shall not be earnings for purposes of this Article and

1 shall not be included in the contribution formula or
2 calculation of benefits for such person pursuant to this
3 Article.

4 (Source: P.A. 100-411, eff. 8-25-17.)

5 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

8 Sec. 7-116. "Final rate of earnings":

9 (a) For retirement and survivor annuities, the monthly
10 earnings obtained by dividing the total earnings received by
11 the employee during the period of either (1) the 48
12 consecutive months of service within the last 120 months of
13 service in which his total earnings were the highest or (2) the
14 employee's total period of service, by the number of months of
15 service in such period.

16 (b) For death benefits, the higher of the rate determined
17 under paragraph (a) of this Section or total earnings received
18 in the last 12 months of service divided by twelve. If the
19 deceased employee has less than 12 months of service, the
20 monthly final rate shall be the monthly rate of pay the
21 employee was receiving when he began service.

22 (c) For disability benefits, the total earnings of a
23 participating employee in the last 12 calendar months of
24 service prior to the date he becomes disabled divided by 12.

25 (d) In computing the final rate of earnings: (1) the

1 earnings rate for all periods of prior service shall be
2 considered equal to the average earnings rate for the last 3
3 calendar years of prior service for which creditable service
4 is received under Section 7-139 or, if there is less than 3
5 years of creditable prior service, the average for the total
6 prior service period for which creditable service is received
7 under Section 7-139; (2) for out of state service and
8 authorized leave, the earnings rate shall be the rate upon
9 which service credits are granted; (3) periods of military
10 leave shall not be considered; (4) the earnings rate for all
11 periods of disability shall be considered equal to the rate of
12 earnings upon which the employee's disability benefits are
13 computed for such periods; (5) the earnings to be considered
14 for each of the final three months of the final earnings period
15 for persons who first became participants before January 1,
16 2012 and the earnings to be considered for each of the final 24
17 months for participants who first become participants on or
18 after January 1, 2012 shall not exceed 125% of the highest
19 earnings of any other month in the final earnings period; ~~and~~
20 (6) the annual amount of final rate of earnings shall be the
21 monthly amount multiplied by the number of months of service
22 normally required by the position in a year; and (7) in the
23 case of a person who first becomes a participant on or after
24 the effective date of this amendatory Act of the 102nd General
25 Assembly, payments for unused sick or vacation time shall not
26 be considered.

1 (Source: P.A. 97-609, eff. 1-1-12.)

2 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

3 Sec. 7-139. Credits and creditable service to employees.

4 (a) Each participating employee shall be granted credits
5 and creditable service, for purposes of determining the amount
6 of any annuity or benefit to which he or a beneficiary is
7 entitled, as follows:

8 1. For prior service: Each participating employee who
9 is an employee of a participating municipality or
10 participating instrumentality on the effective date shall
11 be granted creditable service, but no credits under
12 paragraph 2 of this subsection (a), for periods of prior
13 service for which credit has not been received under any
14 other pension fund or retirement system established under
15 this Code, as follows:

16 If the effective date of participation for the
17 participating municipality or participating
18 instrumentality is on or before January 1, 1998,
19 creditable service shall be granted for the entire period
20 of prior service with that employer without any employee
21 contribution.

22 If the effective date of participation for the
23 participating municipality or participating
24 instrumentality is after January 1, 1998, creditable
25 service shall be granted for the last 20% of the period of

1 prior service with that employer, but no more than 5
2 years, without any employee contribution. A participating
3 employee may establish creditable service for the
4 remainder of the period of prior service with that
5 employer by making an application in writing, accompanied
6 by payment of an employee contribution in an amount
7 determined by the Fund, based on the employee contribution
8 rates in effect at the time of application for the
9 creditable service and the employee's salary rate on the
10 effective date of participation for that employer, plus
11 interest at the effective rate from the date of the prior
12 service to the date of payment. Application for this
13 creditable service may be made at any time while the
14 employee is still in service.

15 A municipality that (i) has at least 35 employees;
16 (ii) is located in a county with at least 2,000,000
17 inhabitants; and (iii) maintains an independent defined
18 benefit pension plan for the benefit of its eligible
19 employees may restrict creditable service in whole or in
20 part for periods of prior service with the employer if the
21 governing body of the municipality adopts an irrevocable
22 resolution to restrict that creditable service and files
23 the resolution with the board before the municipality's
24 effective date of participation.

25 Any person who has withdrawn from the service of a
26 participating municipality or participating

1 instrumentality prior to the effective date, who reenters
2 the service of the same municipality or participating
3 instrumentality after the effective date and becomes a
4 participating employee is entitled to creditable service
5 for prior service as otherwise provided in this
6 subdivision (a)(1) only if he or she renders 2 years of
7 service as a participating employee after the effective
8 date. Application for such service must be made while in a
9 participating status. The salary rate to be used in the
10 calculation of the required employee contribution, if any,
11 shall be the employee's salary rate at the time of first
12 reentering service with the employer after the employer's
13 effective date of participation.

14 2. For current service, each participating employee
15 shall be credited with:

16 a. Additional credits of amounts equal to each
17 payment of additional contributions received from him
18 under Section 7-173, as of the date the corresponding
19 payment of earnings is payable to him.

20 b. Normal credits of amounts equal to each payment
21 of normal contributions received from him, as of the
22 date the corresponding payment of earnings is payable
23 to him, and normal contributions made for the purpose
24 of establishing out-of-state service credits as
25 permitted under the conditions set forth in paragraph
26 6 of this subsection (a).

1 c. Municipality credits in an amount equal to 1.4
2 times the normal credits, except those established by
3 out-of-state service credits, as of the date of
4 computation of any benefit if these credits would
5 increase the benefit.

6 d. Survivor credits equal to each payment of
7 survivor contributions received from the participating
8 employee as of the date the corresponding payment of
9 earnings is payable, and survivor contributions made
10 for the purpose of establishing out-of-state service
11 credits.

12 3. For periods of temporary and total and permanent
13 disability benefits, each employee receiving disability
14 benefits shall be granted creditable service for the
15 period during which disability benefits are payable.
16 Normal and survivor credits, based upon the rate of
17 earnings applied for disability benefits, shall also be
18 granted if such credits would result in a higher benefit
19 to any such employee or his beneficiary.

20 4. For authorized leave of absence without pay: A
21 participating employee shall be granted credits and
22 creditable service for periods of authorized leave of
23 absence without pay under the following conditions:

24 a. An application for credits and creditable
25 service is submitted to the board while the employee
26 is in a status of active employment.

1 b. Not more than 12 complete months of creditable
2 service for authorized leave of absence without pay
3 shall be counted for purposes of determining any
4 benefits payable under this Article.

5 c. Credits and creditable service shall be granted
6 for leave of absence only if such leave is approved by
7 the governing body of the municipality, including
8 approval of the estimated cost thereof to the
9 municipality as determined by the fund, and employee
10 contributions, plus interest at the effective rate
11 applicable for each year from the end of the period of
12 leave to date of payment, have been paid to the fund in
13 accordance with Section 7-173. The contributions shall
14 be computed upon the assumption earnings continued
15 during the period of leave at the rate in effect when
16 the leave began.

17 d. Benefits under the provisions of Sections
18 7-141, 7-146, 7-150 and 7-163 shall become payable to
19 employees on authorized leave of absence, or their
20 designated beneficiary, only if such leave of absence
21 is creditable hereunder, and if the employee has at
22 least one year of creditable service other than the
23 service granted for leave of absence. Any employee
24 contributions due may be deducted from any benefits
25 payable.

26 e. No credits or creditable service shall be

1 allowed for leave of absence without pay during any
2 period of prior service.

3 5. For military service: The governing body of a
4 municipality or participating instrumentality may elect to
5 allow creditable service to participating employees who
6 leave their employment to serve in the armed forces of the
7 United States for all periods of such service, provided
8 that the person returns to active employment within 90
9 days after completion of full time active duty, but no
10 creditable service shall be allowed such person for any
11 period that can be used in the computation of a pension or
12 any other pay or benefit, other than pay for active duty,
13 for service in any branch of the armed forces of the United
14 States. If necessary to the computation of any benefit,
15 the board shall establish municipality credits for
16 participating employees under this paragraph on the
17 assumption that the employee received earnings at the rate
18 received at the time he left the employment to enter the
19 armed forces. A participating employee in the armed forces
20 shall not be considered an employee during such period of
21 service and no additional death and no disability benefits
22 are payable for death or disability during such period.

23 Any participating employee who left his employment
24 with a municipality or participating instrumentality to
25 serve in the armed forces of the United States and who
26 again became a participating employee within 90 days after

1 completion of full time active duty by entering the
2 service of a different municipality or participating
3 instrumentality, which has elected to allow creditable
4 service for periods of military service under the
5 preceding paragraph, shall also be allowed creditable
6 service for his period of military service on the same
7 terms that would apply if he had been employed, before
8 entering military service, by the municipality or
9 instrumentality which employed him after he left the
10 military service and the employer costs arising in
11 relation to such grant of creditable service shall be
12 charged to and paid by that municipality or
13 instrumentality.

14 Notwithstanding the foregoing, any participating
15 employee shall be entitled to creditable service as
16 required by any federal law relating to re-employment
17 rights of persons who served in the United States Armed
18 Services. Such creditable service shall be granted upon
19 payment by the member of an amount equal to the employee
20 contributions which would have been required had the
21 employee continued in service at the same rate of earnings
22 during the military leave period, plus interest at the
23 effective rate.

24 5.1. In addition to any creditable service established
25 under paragraph 5 of this subsection (a), creditable
26 service may be granted for up to 48 months of service in

1 the armed forces of the United States.

2 In order to receive creditable service for military
3 service under this paragraph 5.1, a participating employee
4 must (1) apply to the Fund in writing and provide evidence
5 of the military service that is satisfactory to the Board;
6 (2) obtain the written approval of the current employer;
7 and (3) make contributions to the Fund equal to (i) the
8 employee contributions that would have been required had
9 the service been rendered as a member, plus (ii) an amount
10 determined by the board to be equal to the employer's
11 normal cost of the benefits accrued for that military
12 service, plus (iii) interest on items (i) and (ii) from
13 the date of first membership in the Fund to the date of
14 payment. The required interest shall be calculated at the
15 regular interest rate.

16 The changes made to this paragraph 5.1 by Public Acts
17 95-483 and 95-486 apply only to participating employees in
18 service on or after August 28, 2007 (the effective date of
19 those Public Acts).

20 6. For out-of-state service: Creditable service shall
21 be granted for service rendered to an out-of-state local
22 governmental body under the following conditions: The
23 employee had participated and has irrevocably forfeited
24 all rights to benefits in the out-of-state public
25 employees pension system; the governing body of his
26 participating municipality or instrumentality authorizes

1 the employee to establish such service; the employee has 2
2 years current service with this municipality or
3 participating instrumentality; the employee makes a
4 payment of contributions, which shall be computed at 8%
5 (normal) plus 2% (survivor) times length of service
6 purchased times the average rate of earnings for the first
7 2 years of service with the municipality or participating
8 instrumentality whose governing body authorizes the
9 service established plus interest at the effective rate on
10 the date such credits are established, payable from the
11 date the employee completes the required 2 years of
12 current service to date of payment. In no case shall more
13 than 120 months of creditable service be granted under
14 this provision.

15 7. For retroactive service: Any employee who could
16 have but did not elect to become a participating employee,
17 or who should have been a participant in the Municipal
18 Public Utilities Annuity and Benefit Fund before that fund
19 was superseded, may receive creditable service for the
20 period of service not to exceed 50 months; however, a
21 current or former elected or appointed official of a
22 participating municipality may establish credit under this
23 paragraph 7 for more than 50 months of service as an
24 official of that municipality, if the excess over 50
25 months is approved by resolution of the governing body of
26 the affected municipality filed with the Fund before

1 January 1, 2002.

2 Any employee who is a participating employee on or
3 after September 24, 1981 and who was excluded from
4 participation by the age restrictions removed by Public
5 Act 82-596 may receive creditable service for the period,
6 on or after January 1, 1979, excluded by the age
7 restriction and, in addition, if the governing body of the
8 participating municipality or participating
9 instrumentality elects to allow creditable service for all
10 employees excluded by the age restriction prior to January
11 1, 1979, for service during the period prior to that date
12 excluded by the age restriction. Any employee who was
13 excluded from participation by the age restriction removed
14 by Public Act 82-596 and who is not a participating
15 employee on or after September 24, 1981 may receive
16 creditable service for service after January 1, 1979.
17 Creditable service under this paragraph shall be granted
18 upon payment of the employee contributions which would
19 have been required had he participated, with interest at
20 the effective rate for each year from the end of the period
21 of service established to date of payment.

22 8. For accumulated unused sick leave: A participating
23 employee who first becomes a participating employee before
24 the effective date of this amendatory Act of the 102nd
25 General Assembly and who is applying for a retirement
26 annuity shall be entitled to creditable service for that

1 portion of the employee's accumulated unused sick leave
2 for which payment is not received, as follows:

3 a. Sick leave days shall be limited to those
4 accumulated under a sick leave plan established by a
5 participating municipality or participating
6 instrumentality which is available to all employees or
7 a class of employees.

8 b. Except as provided in item b-1, only sick leave
9 days accumulated with a participating municipality or
10 participating instrumentality with which the employee
11 was in service within 60 days of the effective date of
12 his retirement annuity shall be credited; If the
13 employee was in service with more than one employer
14 during this period only the sick leave days with the
15 employer with which the employee has the greatest
16 number of unpaid sick leave days shall be considered.

17 b-1. If the employee was in the service of more
18 than one employer as defined in item (2) of paragraph
19 (a) of subsection (A) of Section 7-132, then the sick
20 leave days from all such employers shall be credited,
21 as long as the creditable service attributed to those
22 sick leave days does not exceed the limitation in item
23 d of this paragraph 8. If the employee was in the
24 service of more than one employer described in
25 paragraph (c) of subsection (B) of Section 7-132 on or
26 after the effective date of this amendatory Act of the

1 101st General Assembly, then the sick leave days from
2 all such employers, except for employers from which
3 the employee terminated service before the effective
4 date of this amendatory Act of the 101st General
5 Assembly, shall be credited, as long as the creditable
6 service attributed to those sick leave days does not
7 exceed the limitation in item d of this paragraph 8. In
8 calculating the creditable service under this item
9 b-1, the sick leave days from the last employer shall
10 be considered first, then the remaining sick leave
11 days shall be considered until there are no more days
12 or the maximum creditable sick leave threshold under
13 item d of this paragraph 8 has been reached.

14 c. The creditable service granted shall be
15 considered solely for the purpose of computing the
16 amount of the retirement annuity and shall not be used
17 to establish any minimum service period required by
18 any provision of the Illinois Pension Code, the
19 effective date of the retirement annuity, or the final
20 rate of earnings.

21 d. The creditable service shall be at the rate of
22 1/20 of a month for each full sick day, provided that
23 no more than 12 months may be credited under this
24 subdivision 8.

25 e. Employee contributions shall not be required
26 for creditable service under this subdivision 8.

1 f. Each participating municipality and
2 participating instrumentality with which an employee
3 has service within 60 days of the effective date of his
4 retirement annuity shall certify to the board the
5 number of accumulated unpaid sick leave days credited
6 to the employee at the time of termination of service.

7 9. For service transferred from another system:
8 Credits and creditable service shall be granted for
9 service under Article 4, 5, 8, 14, or 16 of this Act, to
10 any active member of this Fund, and to any inactive member
11 who has been a county sheriff, upon transfer of such
12 credits pursuant to Section 4-108.3, 5-235, 8-226.7,
13 14-105.6, or 16-131.4, and payment by the member of the
14 amount by which (1) the employer and employee
15 contributions that would have been required if he had
16 participated in this Fund as a sheriff's law enforcement
17 employee during the period for which credit is being
18 transferred, plus interest thereon at the effective rate
19 for each year, compounded annually, from the date of
20 termination of the service for which credit is being
21 transferred to the date of payment, exceeds (2) the amount
22 actually transferred to the Fund. Such transferred service
23 shall be deemed to be service as a sheriff's law
24 enforcement employee for the purposes of Section 7-142.1.

25 10. (Blank).

26 11. For service transferred from an Article 3 system

1 under Section 3-110.3: Credits and creditable service
2 shall be granted for service under Article 3 of this Act as
3 provided in Section 3-110.3, to any active member of this
4 Fund, upon transfer of such credits pursuant to Section
5 3-110.3. If the board determines that the amount
6 transferred is less than the true cost to the Fund of
7 allowing that creditable service to be established, then
8 in order to establish that creditable service, the member
9 must pay to the Fund an additional contribution equal to
10 the difference, as determined by the board in accordance
11 with the rules and procedures adopted under this
12 paragraph. If the member does not make the full additional
13 payment as required by this paragraph prior to termination
14 of his participation with that employer, then his or her
15 creditable service shall be reduced by an amount equal to
16 the difference between the amount transferred under
17 Section 3-110.3, including any payments made by the member
18 under this paragraph prior to termination, and the true
19 cost to the Fund of allowing that creditable service to be
20 established, as determined by the board in accordance with
21 the rules and procedures adopted under this paragraph.

22 The board shall establish by rule the manner of making
23 the calculation required under this paragraph 11, taking
24 into account the appropriate actuarial assumptions; the
25 member's service, age, and salary history, and any other
26 factors that the board determines to be relevant.

1 12. For omitted service: Any employee who was employed
2 by a participating employer in a position that required
3 participation, but who was not enrolled in the Fund, may
4 establish such credits under the following conditions:

5 a. Application for such credits is received by the
6 Board while the employee is an active participant of
7 the Fund or a reciprocal retirement system.

8 b. Eligibility for participation and earnings are
9 verified by the Authorized Agent of the participating
10 employer for which the service was rendered.

11 Creditable service under this paragraph shall be
12 granted upon payment of the employee contributions that
13 would have been required had he participated, which shall
14 be calculated by the Fund using the member contribution
15 rate in effect during the period that the service was
16 rendered.

17 (b) Creditable service - amount:

18 1. One month of creditable service shall be allowed
19 for each month for which a participating employee made
20 contributions as required under Section 7-173, or for
21 which creditable service is otherwise granted hereunder.
22 Not more than 1 month of service shall be credited and
23 counted for 1 calendar month, and not more than 1 year of
24 service shall be credited and counted for any calendar
25 year. A calendar month means a nominal month beginning on
26 the first day thereof, and a calendar year means a year

1 beginning January 1 and ending December 31.

2 2. A seasonal employee shall be given 12 months of
3 creditable service if he renders the number of months of
4 service normally required by the position in a 12-month
5 period and he remains in service for the entire 12-month
6 period. Otherwise a fractional year of service in the
7 number of months of service rendered shall be credited.

8 3. An intermittent employee shall be given creditable
9 service for only those months in which a contribution is
10 made under Section 7-173.

11 (c) No application for correction of credits or creditable
12 service shall be considered unless the board receives an
13 application for correction while (1) the applicant is a
14 participating employee and in active employment with a
15 participating municipality or instrumentality, or (2) while
16 the applicant is actively participating in a pension fund or
17 retirement system which is a participating system under the
18 Retirement Systems Reciprocal Act. A participating employee or
19 other applicant shall not be entitled to credits or creditable
20 service unless the required employee contributions are made in
21 a lump sum or in installments made in accordance with board
22 rule. Payments made to establish service credit under
23 paragraph 1, 4, 5, 5.1, 6, 7, or 12 of subsection (a) of this
24 Section must be received by the Board while the applicant is an
25 active participant in the Fund or a reciprocal retirement
26 system, except that an applicant may make one payment after

1 termination of active participation in the Fund or a
2 reciprocal retirement system.

3 (d) Upon the granting of a retirement, surviving spouse or
4 child annuity, a death benefit or a separation benefit, on
5 account of any employee, all individual accumulated credits
6 shall thereupon terminate. Upon the withdrawal of additional
7 contributions, the credits applicable thereto shall thereupon
8 terminate. Terminated credits shall not be applied to increase
9 the benefits any remaining employee would otherwise receive
10 under this Article.

11 (Source: P.A. 100-148, eff. 8-18-17; 101-492, eff. 8-23-19.)

12 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)
13 Sec. 14-103.05. Employee.

14 (a) Except as provided in subsection (d), any ~~Any~~ person
15 employed by a Department who receives salary for personal
16 services rendered to the Department on a warrant issued
17 pursuant to a payroll voucher certified by a Department and
18 drawn by the State Comptroller upon the State Treasurer,
19 including an elected official described in subparagraph (d) of
20 Section 14-104, shall become an employee for purpose of
21 membership in the Retirement System on the first day of such
22 employment.

23 A person entering service on or after January 1, 1972 and
24 prior to January 1, 1984 shall become a member as a condition
25 of employment and shall begin making contributions as of the

1 first day of employment.

2 A person entering service on or after January 1, 1984
3 shall, upon completion of 6 months of continuous service which
4 is not interrupted by a break of more than 2 months, become a
5 member as a condition of employment. Contributions shall begin
6 the first of the month after completion of the qualifying
7 period.

8 A person employed by the Chicago Metropolitan Agency for
9 Planning on the effective date of this amendatory Act of the
10 95th General Assembly who was a member of this System as an
11 employee of the Chicago Area Transportation Study and makes an
12 election under Section 14-104.13 to participate in this System
13 for his or her employment with the Chicago Metropolitan Agency
14 for Planning.

15 The qualifying period of 6 months of service is not
16 applicable to: (1) a person who has been granted credit for
17 service in a position covered by the State Universities
18 Retirement System, the Teachers' Retirement System of the
19 State of Illinois, the General Assembly Retirement System, or
20 the Judges Retirement System of Illinois unless that service
21 has been forfeited under the laws of those systems; (2) a
22 person entering service on or after July 1, 1991 in a
23 noncovered position; (3) a person to whom Section 14-108.2a or
24 14-108.2b applies; or (4) a person to whom subsection (a-5) of
25 this Section applies.

26 (a-5) Except as provided in subsection (d), a ~~A~~ person

1 entering service on or after December 1, 2010 and before the
2 effective date of this amendatory Act of the 102nd General
3 Assembly shall become a member as a condition of employment
4 and shall begin making contributions as of the first day of
5 employment. A person serving in the qualifying period on
6 December 1, 2010 will become a member on December 1, 2010 and
7 shall begin making contributions as of December 1, 2010.

8 (b) The term "employee" does not include the following:

9 (1) members of the State Legislature, and persons
10 electing to become members of the General Assembly
11 Retirement System pursuant to Section 2-105;

12 (2) incumbents of offices normally filled by vote of
13 the people;

14 (3) except as otherwise provided in this Section, any
15 person appointed by the Governor with the advice and
16 consent of the Senate unless that person elects to
17 participate in this system;

18 (3.1) any person serving as a commissioner of an
19 ethics commission created under the State Officials and
20 Employees Ethics Act unless that person elects to
21 participate in this system with respect to that service as
22 a commissioner;

23 (3.2) any person serving as a part-time employee in
24 any of the following positions: Legislative Inspector
25 General, Special Legislative Inspector General, employee
26 of the Office of the Legislative Inspector General,

1 Executive Director of the Legislative Ethics Commission,
2 or staff of the Legislative Ethics Commission, regardless
3 of whether he or she is in active service on or after July
4 8, 2004 (the effective date of Public Act 93-685), unless
5 that person elects to participate in this System with
6 respect to that service; in this item (3.2), a "part-time
7 employee" is a person who is not required to work at least
8 35 hours per week;

9 (3.3) any person who has made an election under
10 Section 1-123 and who is serving either as legal counsel
11 in the Office of the Governor or as Chief Deputy Attorney
12 General;

13 (4) except as provided in Section 14-108.2 or
14 14-108.2c, any person who is covered or eligible to be
15 covered by the Teachers' Retirement System of the State of
16 Illinois, the State Universities Retirement System, or the
17 Judges Retirement System of Illinois;

18 (5) an employee of a municipality or any other
19 political subdivision of the State;

20 (6) any person who becomes an employee after June 30,
21 1979 as a public service employment program participant
22 under the Federal Comprehensive Employment and Training
23 Act and whose wages or fringe benefits are paid in whole or
24 in part by funds provided under such Act;

25 (7) enrollees of the Illinois Young Adult Conservation
26 Corps program, administered by the Department of Natural

1 Resources, authorized grantee pursuant to Title VIII of
2 the "Comprehensive Employment and Training Act of 1973",
3 29 USC 993, as now or hereafter amended;

4 (8) enrollees and temporary staff of programs
5 administered by the Department of Natural Resources under
6 the Youth Conservation Corps Act of 1970;

7 (9) any person who is a member of any professional
8 licensing or disciplinary board created under an Act
9 administered by the Department of Professional Regulation
10 or a successor agency or created or re-created after the
11 effective date of this amendatory Act of 1997, and who
12 receives per diem compensation rather than a salary,
13 notwithstanding that such per diem compensation is paid by
14 warrant issued pursuant to a payroll voucher; such persons
15 have never been included in the membership of this System,
16 and this amendatory Act of 1987 (P.A. 84-1472) is not
17 intended to effect any change in the status of such
18 persons;

19 (10) any person who is a member of the Illinois Health
20 Care Cost Containment Council, and receives per diem
21 compensation rather than a salary, notwithstanding that
22 such per diem compensation is paid by warrant issued
23 pursuant to a payroll voucher; such persons have never
24 been included in the membership of this System, and this
25 amendatory Act of 1987 is not intended to effect any
26 change in the status of such persons;

1 (11) any person who is a member of the Oil and Gas
2 Board created by Section 1.2 of the Illinois Oil and Gas
3 Act, and receives per diem compensation rather than a
4 salary, notwithstanding that such per diem compensation is
5 paid by warrant issued pursuant to a payroll voucher;

6 (12) a person employed by the State Board of Higher
7 Education in a position with the Illinois Century Network
8 as of June 30, 2004, who remains continuously employed
9 after that date by the Department of Central Management
10 Services in a position with the Illinois Century Network
11 and participates in the Article 15 system with respect to
12 that employment;

13 (13) any person who first becomes a member of the
14 Civil Service Commission on or after January 1, 2012;

15 (14) any person, other than the Director of Employment
16 Security, who first becomes a member of the Board of
17 Review of the Department of Employment Security on or
18 after January 1, 2012;

19 (15) any person who first becomes a member of the
20 Civil Service Commission on or after January 1, 2012;

21 (16) any person who first becomes a member of the
22 Illinois Liquor Control Commission on or after January 1,
23 2012;

24 (17) any person who first becomes a member of the
25 Secretary of State Merit Commission on or after January 1,
26 2012;

1 (18) any person who first becomes a member of the
2 Human Rights Commission on or after January 1, 2012 unless
3 he or she is eligible to participate in accordance with
4 subsection (d) of this Section;

5 (19) any person who first becomes a member of the
6 State Mining Board on or after January 1, 2012;

7 (20) any person who first becomes a member of the
8 Property Tax Appeal Board on or after January 1, 2012;

9 (21) any person who first becomes a member of the
10 Illinois Racing Board on or after January 1, 2012;

11 (22) any person who first becomes a member of the
12 Department of State Police Merit Board on or after January
13 1, 2012;

14 (23) any person who first becomes a member of the
15 Illinois State Toll Highway Authority on or after January
16 1, 2012; or

17 (24) any person who first becomes a member of the
18 Illinois State Board of Elections on or after January 1,
19 2012.

20 (c) An individual who represents or is employed as an
21 officer or employee of a statewide labor organization that
22 represents members of this System may participate in the
23 System and shall be deemed an employee, provided that (1) the
24 individual has previously earned creditable service under this
25 Article, (2) the individual files with the System an
26 irrevocable election to become a participant within 6 months

1 after the effective date of this amendatory Act of the 94th
2 General Assembly, and (3) the individual does not receive
3 credit for that employment under any other provisions of this
4 Code. An employee under this subsection (c) is responsible for
5 paying to the System both (i) employee contributions based on
6 the actual compensation received for service with the labor
7 organization and (ii) employer contributions based on the
8 percentage of payroll certified by the board; all or any part
9 of these contributions may be paid on the employee's behalf or
10 picked up for tax purposes (if authorized under federal law)
11 by the labor organization.

12 A person who is an employee as defined in this subsection
13 (c) may establish service credit for similar employment prior
14 to becoming an employee under this subsection by paying to the
15 System for that employment the contributions specified in this
16 subsection, plus interest at the effective rate from the date
17 of service to the date of payment. However, credit shall not be
18 granted under this subsection (c) for any such prior
19 employment for which the applicant received credit under any
20 other provision of this Code or during which the applicant was
21 on a leave of absence.

22 (d) A person appointed as a member of the Human Rights
23 Commission on or after June 1, 2019 may elect to participate in
24 the System and shall be deemed an employee. Service and
25 contributions shall begin on the first payroll period
26 immediately following the employee's election to participate

1 in the System.

2 A person who is an employee as described in this
3 subsection (d) may establish service credit for employment as
4 a Human Rights Commissioner that occurred on or after June 1,
5 2019 and before establishing service under this subsection by
6 paying to the System for that employment the contributions
7 specified in paragraph (1) of subsection (a) of Section
8 14-133, plus regular interest from the date of service to the
9 date of payment.

10 (e) Notwithstanding any other provision of this Article,
11 beginning on the effective date of this amendatory Act of the
12 102nd General Assembly, a person is not required, as a
13 condition of employment or otherwise, to participate in this
14 System. An active employee may terminate his or her
15 participation in this System (including active participation
16 in the Tier 3 plan, if applicable) by notifying the System in
17 writing. An active employee terminating participation in this
18 System under this subsection shall be entitled to a refund of
19 his or her contributions (other than contributions to the Tier
20 3 plan under Section 14-155.5) minus the benefits received
21 prior to the termination of participation.

22 (Source: P.A. 101-10, eff. 6-5-19.)

23 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

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

1 Sec. 14-103.10. Compensation.

2 (a) For periods of service prior to January 1, 1978, the
3 full rate of salary or wages payable to an employee for
4 personal services performed if he worked the full normal
5 working period for his position, subject to the following
6 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
7 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
8 inclusive, \$625 per month or \$7,500 per year; (3) beginning
9 July 1, 1957, no limitation.

10 In the case of service of an employee in a position
11 involving part-time employment, compensation shall be
12 determined according to the employees' earnings record.

13 (b) For periods of service on and after January 1, 1978,
14 all remuneration for personal services performed defined as
15 "wages" under the Social Security Enabling Act, including that
16 part of such remuneration which is in excess of any maximum
17 limitation provided in such Act, and including any benefits
18 received by an employee under a sick pay plan in effect before
19 January 1, 1981, but excluding lump sum salary payments:

- 20 (1) for vacation,
21 (2) for accumulated unused sick leave,
22 (3) upon discharge or dismissal,
23 (4) for approved holidays.

24 (c) For periods of service on or after December 16, 1978,
25 compensation also includes any benefits, other than lump sum
26 salary payments made at termination of employment, which an

1 employee receives or is eligible to receive under a sick pay
2 plan authorized by law.

3 (d) For periods of service after September 30, 1985,
4 compensation also includes any remuneration for personal
5 services not included as "wages" under the Social Security
6 Enabling Act, which is deducted for purposes of participation
7 in a program established pursuant to Section 125 of the
8 Internal Revenue Code or its successor laws.

9 (e) For members for which Section 1-160 applies for
10 periods of service on and after January 1, 2011, all
11 remuneration for personal services performed defined as
12 "wages" under the Social Security Enabling Act, excluding
13 remuneration that is in excess of the annual earnings, salary,
14 or wages of a member or participant, as provided in subsection
15 (b-5) of Section 1-160, but including any benefits received by
16 an employee under a sick pay plan in effect before January 1,
17 1981. Compensation shall exclude lump sum salary payments:

- 18 (1) for vacation;
19 (2) for accumulated unused sick leave;
20 (3) upon discharge or dismissal; and
21 (4) for approved holidays.

22 (f) Notwithstanding the other provisions of this Section,
23 for service on or after July 1, 2013, "compensation" does not
24 include any stipend payable to an employee for service on a
25 board or commission.

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

1 for an employee who first becomes a participant on or after the
2 effective date of this amendatory Act of the 102nd General
3 Assembly, "compensation" does not include any payments or
4 reimbursements for travel vouchers submitted more than 30 days
5 after the last day of travel for which the voucher is
6 submitted.

7 (Source: P.A. 98-449, eff. 8-16-13.)

8 (40 ILCS 5/14-103.41)

9 Sec. 14-103.41. Tier 1 member; Tier 2 member; Tier 3
10 member. "Tier 1 member": A member of this System who first
11 became a member or participant before January 1, 2011 under
12 any reciprocal retirement system or pension fund established
13 under this Code other than a retirement system or pension fund
14 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

15 In the case of a Tier 1 member who elects to participate in
16 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
17 1 member shall be deemed a Tier 1 member only with respect to
18 service performed or established before the effective date of
19 that election.

20 "Tier 2 member": A member of this System who first becomes
21 a member under this Article on or after January 1, 2011 and who
22 is not a Tier 1 member.

23 In the case of a Tier 2 member who elects to participate in
24 the Tier 3 plan under Section 14-155.5 of this Code, that Tier
25 2 member shall be deemed a Tier 2 member only with respect to

1 service performed or established before the effective date of
2 that election.

3 "Tier 3 member": A Tier 1 or Tier 2 member who elects to
4 participate in the Tier 3 plan under Section 14-155.5 of this
5 Code, but only with respect to service performed on or after
6 the effective date of that election.

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

8 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

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

11 Sec. 14-104.3. Notwithstanding provisions contained in
12 Section 14-103.10, any person who first becomes a member
13 before the effective date of this amendatory Act of the 102nd
14 General Assembly and who at the time of retirement and after
15 December 6, 1983 receives compensation in a lump sum for
16 accumulated vacation, sickness, or personal business may
17 receive service credit for such periods by making
18 contributions within 90 days of withdrawal, based on the rate
19 of compensation in effect immediately prior to retirement and
20 the contribution rate then in effect. Any person who first
21 becomes a member on or after the effective date of this
22 amendatory Act of the 102nd General Assembly and who receives
23 compensation in a lump sum for accumulated vacation, sickness,
24 or personal business may not receive service credit for such
25 periods. Exercising the option provided in this Section shall

1 not change a member's date of withdrawal or final average
2 compensation for purposes of computing the amount or effective
3 date of a retirement annuity. Any annuitant who establishes
4 service credit as herein provided shall have his retirement
5 annuity adjusted retroactively to the date of retirement.

6 (Source: P.A. 83-1362.)

7 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

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

10 Sec. 14-106. Membership service credit.

11 (a) After January 1, 1944, all service of a member since he
12 last became a member with respect to which contributions are
13 made shall count as membership service; provided, that for
14 service on and after July 1, 1950, 12 months of service shall
15 constitute a year of membership service, the completion of 15
16 days or more of service during any month shall constitute 1
17 month of membership service, 8 to 15 days shall constitute 1/2
18 month of membership service and less than 8 days shall
19 constitute 1/4 month of membership service. The payroll record
20 of each department shall constitute conclusive evidence of the
21 record of service rendered by a member.

22 (b) For a member who is employed and paid on an
23 academic-year basis rather than on a 12-month annual basis,
24 employment for a full academic year shall constitute a full
25 year of membership service, except that the member shall not

1 receive more than one year of membership service credit (plus
2 any additional service credit granted for unused sick leave)
3 for service during any 12-month period. This subsection (b)
4 applies to all such service for which the member has not begun
5 to receive a retirement annuity before January 1, 2001.

6 (c) A person who first becomes a member before the
7 effective date of this amendatory Act of the 102nd General
8 Assembly shall be entitled to additional service credit, under
9 rules prescribed by the Board, for accumulated unused sick
10 leave credited to his account in the last Department on the
11 date of withdrawal from service or for any period for which he
12 would have been eligible to receive benefits under a sick pay
13 plan authorized by law, if he had suffered a sickness or
14 accident on the date of withdrawal from service. It shall be
15 the responsibility of the last Department to certify to the
16 Board the length of time salary or benefits would have been
17 paid to the member based upon the accumulated unused sick
18 leave or the applicable sick pay plan if he had become entitled
19 thereto because of sickness on the date that his status as an
20 employee terminated. This period of service credit granted
21 under this paragraph shall not be considered in determining
22 the date the retirement annuity is to begin, or final average
23 compensation.

24 (d) A person who first becomes a member on or after the
25 effective date of this amendatory Act of the 102nd General
26 Assembly shall not be entitled to additional service credit

1 for accumulated unused sick leave.

2 (Source: P.A. 92-14, eff. 6-28-01.)

3 (40 ILCS 5/14-152.1)

4 Sec. 14-152.1. Application and expiration of new benefit
5 increases.

6 (a) As used in this Section, "new benefit increase" means
7 an increase in the amount of any benefit provided under this
8 Article, or an expansion of the conditions of eligibility for
9 any benefit under this Article, that results from an amendment
10 to this Code that takes effect after June 1, 2005 (the
11 effective date of Public Act 94-4). "New benefit increase",
12 however, does not include any benefit increase resulting from
13 the changes made to Article 1 or this Article by Public Act
14 96-37, Public Act 100-23, Public Act 100-587, Public Act
15 100-611, Public Act 101-10, Public Act 101-610, or this
16 amendatory Act of the 102nd General Assembly ~~or this~~
17 ~~amendatory Act of the 101st 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 Insurance. A new benefit increase created by
9 a Public Act that does not include the additional funding
10 required under this subsection is null and void. If the Public
11 Pension Division determines that the additional funding
12 provided for a new benefit increase under this subsection is
13 or has become inadequate, it may so certify to the Governor and
14 the State Comptroller and, in the absence of corrective action
15 by the General Assembly, the new benefit increase shall expire
16 at the end of the fiscal year in which the certification is
17 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. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
9 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.
10 7-12-19; 101-610, eff. 1-1-20.)

11 (40 ILCS 5/14-155.5 new)

12 Sec. 14-155.5. Tier 3 plan.

13 (a) By July 1, 2022, the System shall prepare and
14 implement a Tier 3 plan. The Tier 3 plan developed under this
15 Section shall be a plan that aggregates State and employee
16 contributions in individual participant accounts that, after
17 meeting any other requirements, are used for payouts after
18 retirement in accordance with this Section and any other
19 applicable laws.

20 As used in this Section, "defined benefit plan" means the
21 retirement plan available under this Article to Tier 1 or Tier
22 2 members who have not made the election authorized under this
23 Section.

24 (1) A participant in the Tier 3 plan shall pay
25 employee contributions at a rate determined by the

1 participant, but not less than 3% of compensation and not
2 more than a percentage of compensation determined by the
3 board in accordance with the requirements of State and
4 federal law.

5 (2) State contributions shall be paid into the
6 accounts of all participants in the Tier 3 plan at a
7 uniform rate, expressed as a percentage of compensation
8 and determined for each year. This rate shall be no higher
9 than 7.6% of compensation and shall be no lower than 3% of
10 compensation. The State shall adjust this rate annually.

11 (3) 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 (4) The Tier 3 plan may provide for participants in
17 the plan to be eligible for the defined disability
18 benefits available to other participants under this
19 Article. If it does, the System shall reduce the employee
20 contributions credited to the member's Tier 3 plan account
21 by an amount determined by the System to cover the cost of
22 offering such benefits.

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

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

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

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

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

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

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

1 known address on file with the System. If the employee is
2 not responsive to other means of contact, it is sufficient
3 for the System to publish the details of the option on its
4 website.

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

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

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

7 (c) In no event shall the System, its staff, its
8 authorized representatives, or the Board be liable for any
9 information given to an employee under this Section. The
10 System may coordinate with the Illinois Department of Central
11 Management Services and other retirement systems administering
12 a Tier 3 plan in accordance with this amendatory Act of the
13 102nd General Assembly to provide information concerning the
14 impact of the Tier 3 plan set forth in this Section.

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

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

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

1 (g) The intent of this amendatory Act of the 102nd General
2 Assembly is to ensure that the State's normal cost of
3 participation in the Tier 3 plan is similar, and if possible
4 equal, to the State's normal cost of participation in the
5 defined benefit plan, unless a lower State's normal cost is
6 necessary to ensure cost neutrality.

7 (40 ILCS 5/15-108.1)

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

19 In the case of a Tier 1 member who elects to participate in
20 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
21 1 member shall be deemed a Tier 1 member only with respect to
22 service performed or established before the effective date of
23 that election.

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

1 (40 ILCS 5/15-108.2)

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

15 In the case of a Tier 2 member who elects to participate in
16 the Tier 3 plan under Section 15-200.5 of this Code, that Tier
17 2 member shall be deemed a Tier 2 member only with respect to
18 service performed or established before the effective date of
19 that election.

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

21 (40 ILCS 5/15-108.3 new)

22 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or
23 Tier 2 member who elects to participate in the Tier 3 plan
24 under Section 15-200.5 of this Code, but only with respect to
25 service performed on or after the effective date of that

1 election.

2 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

3 Sec. 15-112. Final rate of earnings. "Final rate of
4 earnings":

5 (a) This subsection (a) applies only to a Tier 1 member.

6 For an employee who is paid on an hourly basis or who
7 receives an annual salary in installments during 12 months of
8 each academic year, the average annual earnings during the 48
9 consecutive calendar month period ending with the last day of
10 final termination of employment or the 4 consecutive academic
11 years of service in which the employee's earnings were the
12 highest, whichever is greater. For any other employee, the
13 average annual earnings during the 4 consecutive academic
14 years of service in which his or her earnings were the highest.
15 For an employee with less than 48 months or 4 consecutive
16 academic years of service, the average earnings during his or
17 her entire period of service. The earnings of an employee with
18 more than 36 months of service under item (a) of Section
19 15-113.1 prior to the date of becoming a participant are, for
20 such period, considered equal to the average earnings during
21 the last 36 months of such service.

22 (b) This subsection (b) applies to a Tier 2 member.

23 For an employee who is paid on an hourly basis or who
24 receives an annual salary in installments during 12 months of
25 each academic year, the average annual earnings obtained by

1 dividing by 8 the total earnings of the employee during the 96
2 consecutive months in which the total earnings were the
3 highest within the last 120 months prior to termination.

4 For any other employee, the average annual earnings during
5 the 8 consecutive academic years within the 10 years prior to
6 termination in which the employee's earnings were the highest.
7 For an employee with less than 96 consecutive months or 8
8 consecutive academic years of service, whichever is necessary,
9 the average earnings during his or her entire period of
10 service.

11 (c) For an employee on leave of absence with pay, or on
12 leave of absence without pay who makes contributions during
13 such leave, earnings are assumed to be equal to the basic
14 compensation on the date the leave began.

15 (d) For an employee on disability leave, earnings are
16 assumed to be equal to the basic compensation on the date
17 disability occurs or the average earnings during the 24 months
18 immediately preceding the month in which disability occurs,
19 whichever is greater.

20 (e) For a Tier 1 member who retires on or after the
21 effective date of this amendatory Act of 1997 with at least 20
22 years of service as a firefighter or police officer under this
23 Article, the final rate of earnings shall be the annual rate of
24 earnings received by the participant on his or her last day as
25 a firefighter or police officer under this Article, if that is
26 greater than the final rate of earnings as calculated under

1 the other provisions of this Section.

2 (f) If a Tier 1 member is an employee for at least 6 months
3 during the academic year in which his or her employment is
4 terminated, the annual final rate of earnings shall be 25% of
5 the sum of (1) the annual basic compensation for that year, and
6 (2) the amount earned during the 36 months immediately
7 preceding that year, if this is greater than the final rate of
8 earnings as calculated under the other provisions of this
9 Section.

10 (g) In the determination of the final rate of earnings for
11 an employee, that part of an employee's earnings for any
12 academic year beginning after June 30, 1997, which exceeds the
13 employee's earnings with that employer for the preceding year
14 by more than 20 percent shall be excluded; in the event that an
15 employee has more than one employer this limitation shall be
16 calculated separately for the earnings with each employer. In
17 making such calculation, only the basic compensation of
18 employees shall be considered, without regard to vacation or
19 overtime or to contracts for summer employment.

20 (h) The following are not considered as earnings in
21 determining final rate of earnings: (1) severance or
22 separation pay, (2) retirement pay, (3) payment for unused
23 sick leave, and (4) payments from an employer for the period
24 used in determining final rate of earnings for any purpose
25 other than (i) services rendered, (ii) leave of absence or
26 vacation granted during that period, and (iii) vacation of up

1 to 56 work days allowed upon termination of employment; except
2 that, if the benefit has been collectively bargained between
3 the employer and the recognized collective bargaining agent
4 pursuant to the Illinois Educational Labor Relations Act,
5 payment received during a period of up to 2 academic years for
6 unused sick leave may be considered as earnings in accordance
7 with the applicable collective bargaining agreement, subject
8 to the 20% increase limitation of this Section, and if the
9 person first becomes a participant on or after the effective
10 date of this amendatory Act of the 102nd General Assembly,
11 payments for unused sick or vacation time shall not be
12 considered as earnings. Any unused sick leave considered as
13 earnings under this Section shall not be taken into account in
14 calculating service credit under Section 15-113.4.

15 (i) Intermittent periods of service shall be considered as
16 consecutive in determining final rate of earnings.

17 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

18 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

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

21 Sec. 15-113.4. Service for unused sick leave. "Service for
22 unused sick leave": A person who first becomes a participant
23 before the effective date of this amendatory Act of the 102nd
24 General Assembly and who is an employee under this System or
25 one of the other systems subject to Article 20 of this Code

1 within 60 days immediately preceding the date on which his or
2 her retirement annuity begins, is entitled to credit for
3 service for that portion of unused sick leave earned in the
4 course of employment with an employer and credited on the date
5 of termination of employment by an employer for which payment
6 is not received, in accordance with the following schedule: 30
7 through 90 full calendar days and 20 through 59 full work days
8 of unused sick leave, 1/4 of a year of service; 91 through 180
9 full calendar days and 60 through 119 full work days, 1/2 of a
10 year of service; 181 through 270 full calendar days and 120
11 through 179 full work days, 3/4 of a year of service; 271
12 through 360 full calendar days and 180 through 240 full work
13 days, one year of service. Only uncompensated, unused sick
14 leave earned in accordance with an employer's sick leave
15 accrual policy generally applicable to employees or a class of
16 employees shall be taken into account in calculating service
17 credit under this Section. Any uncompensated, unused sick
18 leave granted by an employer to facilitate the hiring,
19 retirement, termination, or other special circumstances of an
20 employee shall not be taken into account in calculating
21 service credit under this Section. If a participant transfers
22 from one employer to another, the unused sick leave credited
23 by the previous employer shall be considered in determining
24 service to be credited under this Section, even if the
25 participant terminated service prior to the effective date of
26 P.A. 86-272 (August 23, 1989); if necessary, the retirement

1 annuity shall be recalculated to reflect such sick leave
2 credit. Each employer shall certify to the board the number of
3 days of unused sick leave accrued to the participant's credit
4 on the date that the participant's status as an employee
5 terminated. This period of unused sick leave shall not be
6 considered in determining the date the retirement annuity
7 begins. A person who first becomes a participant on or after
8 the effective date of this amendatory Act of the 102nd General
9 Assembly shall not receive service credit for unused sick
10 leave.

11 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

12 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

13 Sec. 15-134. Participant.

14 (a) Except as provided in subsection (a-5), each ~~Each~~
15 person shall, as a condition of employment, become a
16 participant and be subject to this Article on the date that he
17 or she becomes an employee, makes an election to participate
18 in, or otherwise becomes a participant in one of the
19 retirement programs offered under this Article, whichever date
20 is later.

21 An employee who becomes a participant shall continue to be
22 a participant until he or she becomes an annuitant, dies or
23 accepts a refund of contributions.

24 (a-5) Notwithstanding any other provision of this Article,
25 beginning on the effective date of this amendatory Act of the

1 102nd General Assembly, a person is not required, as a
2 condition of employment or otherwise, to participate in this
3 System. An active employee may terminate his or her
4 participation in this System (including active participation
5 in the Tier 3 plan, if applicable) by notifying the System in
6 writing. An active employee terminating participation in this
7 System under this subsection shall be entitled to a refund of
8 his or her contributions (other than contributions to the
9 self-managed plan under Section 15-158.2 or the Tier 3 plan
10 under Section 15-200.5) minus the benefits received prior to
11 the termination of participation.

12 (b) A person employed concurrently by 2 or more employers
13 is eligible to participate in the system on compensation
14 received from all employers.

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

16 (40 ILCS 5/15-198)

17 Sec. 15-198. Application and expiration of new benefit
18 increases.

19 (a) As used in this Section, "new benefit increase" means
20 an increase in the amount of any benefit provided under this
21 Article, or an expansion of the conditions of eligibility for
22 any benefit under this Article, that results from an amendment
23 to this Code that takes effect after June 1, 2005 (the
24 effective date of Public Act 94-4). "New benefit increase",
25 however, does not include any benefit increase resulting from

1 the changes made to Article 1 or this Article by Public Act
2 100-23, Public Act 100-587, Public Act 100-769, Public Act
3 101-10, Public Act 101-610, or this amendatory Act of the
4 102nd General Assembly ~~or this amendatory Act of the 101st~~
5 ~~General Assembly.~~

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

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

15 Every new benefit increase is contingent upon the General
16 Assembly providing the additional funding required under this
17 subsection. The Commission on Government Forecasting and
18 Accountability shall analyze whether adequate additional
19 funding has been provided for the new benefit increase and
20 shall report its analysis to the Public Pension Division of
21 the Department of Insurance. A new benefit increase created by
22 a Public Act that does not include the additional funding
23 required under this subsection is null and void. If the Public
24 Pension Division determines that the additional funding
25 provided for a new benefit increase under this subsection is
26 or has become inadequate, it may so certify to the Governor and

1 the State Comptroller and, in the absence of corrective action
2 by the General Assembly, the new benefit increase shall expire
3 at the end of the fiscal year in which the certification is
4 made.

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

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

21 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
22 100-769, eff. 8-10-18; 101-10, eff. 6-5-19; 101-81, eff.
23 7-12-19; 101-610, eff. 1-1-20.)

24 (40 ILCS 5/15-200.5 new)

25 Sec. 15-200.5. Tier 3 plan.

1 (a) By July 1, 2022, the System shall prepare and
2 implement a Tier 3 plan. The Tier 3 plan developed under this
3 Section shall be a plan that aggregates State and employee
4 contributions in individual participant accounts that, after
5 meeting any other requirements, are used for payouts after
6 retirement in accordance with this Section and any other
7 applicable laws.

8 As used in this Section, "defined benefit plan" means the
9 traditional benefit package or the portable benefit package
10 available under this Article to Tier 1 or Tier 2 members who
11 have not made the election authorized under this Section and
12 do not participate in the self-managed plan under Section
13 15-158.2.

14 (1) A participant in the Tier 3 plan shall pay
15 employee contributions at a rate determined by the
16 participant, but not less than 3% of earnings and not more
17 than a percentage of earnings determined by the Board in
18 accordance with the requirements of State and federal law.

19 (2) State contributions shall be paid into the
20 accounts of all participants in the Tier 3 plan at a
21 uniform rate, expressed as a percentage of earnings and
22 determined for each year. This rate shall be no higher
23 than 7.6% of earnings and shall be no lower than 3% of
24 earnings. The State shall adjust this rate annually.

25 (3) 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 (4) 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 determined by the System to cover the cost of
10 offering such benefits.

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

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

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

24 (8) The System shall reduce the employee contributions
25 credited to the member's Tier 3 plan account by an amount
26 determined by the System to cover the cost of offering

1 these benefits and any applicable administrative fees.

2 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
3 member of this System may elect, in writing, to cease accruing
4 benefits in the defined benefit plan and begin accruing
5 benefits for future service in the Tier 3 plan. An active Tier
6 1 or Tier 2 member who elects to cease accruing benefits in his
7 or her defined benefit plan shall be prohibited from
8 purchasing service credit on or after the date of his or her
9 election. A Tier 1 or Tier 2 member who elects to participate
10 in the Tier 3 plan shall not receive interest accruals to his
11 or her Rule 2 benefit on or after the date of his or her
12 election. The election to participate in the Tier 3 plan is
13 voluntary and 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 members 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 member's defined benefits
6 at retirement or earlier termination of service and the
7 value of the member's account at retirement or earlier
8 termination of service. The System shall not provide
9 advice or counseling with respect to whether the employee
10 should exercise the option. The System shall inform Tier 1
11 and Tier 2 members who are eligible to participate in the
12 Tier 3 plan that they may also wish to obtain information
13 and counsel relating to their option from any other
14 available source, including but not limited to labor
15 organizations, private counsel, and financial advisors.

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

1 member'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 (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 (f) The intent of this amendatory Act of the 102nd General
20 Assembly is to ensure that the State's normal cost of
21 participation in the Tier 3 plan is similar, and if possible
22 equal, to the State's normal cost of participation in the
23 defined benefit plan, unless a lower State's normal cost is
24 necessary to ensure cost neutrality.

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

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

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

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

20 "Tier 3 member": A Tier 1 or Tier 2 member who elects to
21 participate in the Tier 3 plan under Section 16-205.5 of this
22 Code, but only with respect to service performed on or after
23 the effective date of that election.

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

1 Sec. 16-123. Membership of System.

2 (a) Except as provided in subsection (c), the ~~The~~
3 membership of this System shall be composed of all teachers
4 employed after June 30, 1939 who become members as a condition
5 of employment on the date they become teachers. Membership
6 shall continue until the date a member becomes an annuitant,
7 dies, accepts a single-sum retirement benefit, accepts a
8 refund, or forfeits the rights to a refund.

9 (b) This Article does not apply to any person first
10 employed after June 30, 1979 as a public service employment
11 program participant under the Federal Comprehensive Employment
12 and Training Act and whose wages or fringe benefits are paid in
13 whole or in part by funds provided under such Act.

14 (c) Notwithstanding any other provision of this Article,
15 beginning on the effective date of this amendatory Act of the
16 102nd General Assembly, a person is not required, as a
17 condition of employment or otherwise, to participate in this
18 System. An active teacher may terminate his or her membership
19 in this System (including active participation in the Tier 3
20 plan, if applicable) by notifying the System in writing. An
21 active teacher terminating his or her membership in this
22 System under this subsection shall be entitled to a refund of
23 his or her contributions (other than contributions to the Tier
24 3 plan under Section 16-205.5) minus the benefits received
25 prior to the termination of membership.

26 (Source: P.A. 87-11.)

1 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

2 Sec. 16-127. Computation of creditable service.

3 (a) Each member shall receive regular credit for all
4 service as a teacher from the date membership begins, for
5 which satisfactory evidence is supplied and all contributions
6 have been paid.

7 (b) The following periods of service shall earn optional
8 credit and each member shall receive credit for all such
9 service for which satisfactory evidence is supplied and all
10 contributions have been paid as of the date specified:

11 (1) Prior service as a teacher.

12 (2) Service in a capacity essentially similar or
13 equivalent to that of a teacher, in the public common
14 schools in school districts in this State not included
15 within the provisions of this System, or of any other
16 State, territory, dependency or possession of the United
17 States, or in schools operated by or under the auspices of
18 the United States, or under the auspices of any agency or
19 department of any other State, and service during any
20 period of professional speech correction or special
21 education experience for a public agency within this State
22 or any other State, territory, dependency or possession of
23 the United States, and service prior to February 1, 1951
24 as a recreation worker for the Illinois Department of
25 Public Safety, for a period not exceeding the lesser of

1 2/5 of the total creditable service of the member or 10
2 years. The maximum service of 10 years which is allowable
3 under this paragraph shall be reduced by the service
4 credit which is validated by other retirement systems
5 under paragraph (i) of Section 15-113 and paragraph 1 of
6 Section 17-133. Credit granted under this paragraph may
7 not be used in determination of a retirement annuity or
8 disability benefits unless the member has at least 5 years
9 of creditable service earned subsequent to this employment
10 with one or more of the following systems: Teachers'
11 Retirement System of the State of Illinois, State
12 Universities Retirement System, and the Public School
13 Teachers' Pension and Retirement Fund of Chicago. Whenever
14 such service credit exceeds the maximum allowed for all
15 purposes of this Article, the first service rendered in
16 point of time shall be considered. The changes to this
17 subdivision (b) (2) made by Public Act 86-272 shall apply
18 not only to persons who on or after its effective date
19 (August 23, 1989) are in service as a teacher under the
20 System, but also to persons whose status as such a teacher
21 terminated prior to such effective date, whether or not
22 such person is an annuitant on that date.

23 (3) Any periods immediately following teaching
24 service, under this System or under Article 17, (or
25 immediately following service prior to February 1, 1951 as
26 a recreation worker for the Illinois Department of Public

1 Safety) spent in active service with the military forces
2 of the United States; periods spent in educational
3 programs that prepare for return to teaching sponsored by
4 the federal government following such active military
5 service; if a teacher returns to teaching service within
6 one calendar year after discharge or after the completion
7 of the educational program, a further period, not
8 exceeding one calendar year, between time spent in
9 military service or in such educational programs and the
10 return to employment as a teacher under this System; and a
11 period of up to 2 years of active military service not
12 immediately following employment as a teacher.

13 The changes to this Section and Section 16-128
14 relating to military service made by P.A. 87-794 shall
15 apply not only to persons who on or after its effective
16 date are in service as a teacher under the System, but also
17 to persons whose status as a teacher terminated prior to
18 that date, whether or not the person is an annuitant on
19 that date. In the case of an annuitant who applies for
20 credit allowable under this Section for a period of
21 military service that did not immediately follow
22 employment, and who has made the required contributions
23 for such credit, the annuity shall be recalculated to
24 include the additional service credit, with the increase
25 taking effect on the date the System received written
26 notification of the annuitant's intent to purchase the

1 credit, if payment of all the required contributions is
2 made within 60 days of such notice, or else on the first
3 annuity payment date following the date of payment of the
4 required contributions. In calculating the automatic
5 annual increase for an annuity that has been recalculated
6 under this Section, the increase attributable to the
7 additional service allowable under P.A. 87-794 shall be
8 included in the calculation of automatic annual increases
9 accruing after the effective date of the recalculation.

10 Credit for military service shall be determined as
11 follows: if entry occurs during the months of July,
12 August, or September and the member was a teacher at the
13 end of the immediately preceding school term, credit shall
14 be granted from July 1 of the year in which he or she
15 entered service; if entry occurs during the school term
16 and the teacher was in teaching service at the beginning
17 of the school term, credit shall be granted from July 1 of
18 such year. In all other cases where credit for military
19 service is allowed, credit shall be granted from the date
20 of entry into the service.

21 The total period of military service for which credit
22 is granted shall not exceed 5 years for any member unless
23 the service: (A) is validated before July 1, 1964, and (B)
24 does not extend beyond July 1, 1963. Credit for military
25 service shall be granted under this Section only if not
26 more than 5 years of the military service for which credit

1 is granted under this Section is used by the member to
2 qualify for a military retirement allotment from any
3 branch of the armed forces of the United States. The
4 changes to this subdivision (b)(3) made by Public Act
5 86-272 shall apply not only to persons who on or after its
6 effective date (August 23, 1989) are in service as a
7 teacher under the System, but also to persons whose status
8 as such a teacher terminated prior to such effective date,
9 whether or not such person is an annuitant on that date.

10 (4) Any periods served as a member of the General
11 Assembly.

12 (5) (i) Any periods for which a teacher, as defined in
13 Section 16-106, is granted a leave of absence, provided he
14 or she returns to teaching service creditable under this
15 System or the State Universities Retirement System
16 following the leave; (ii) periods during which a teacher
17 is involuntarily laid off from teaching, provided he or
18 she returns to teaching following the lay-off; (iii)
19 periods prior to July 1, 1983 during which a teacher
20 ceased covered employment due to pregnancy, provided that
21 the teacher returned to teaching service creditable under
22 this System or the State Universities Retirement System
23 following the pregnancy and submits evidence satisfactory
24 to the Board documenting that the employment ceased due to
25 pregnancy; and (iv) periods prior to July 1, 1983 during
26 which a teacher ceased covered employment for the purpose

1 of adopting an infant under 3 years of age or caring for a
2 newly adopted infant under 3 years of age, provided that
3 the teacher returned to teaching service creditable under
4 this System or the State Universities Retirement System
5 following the adoption and submits evidence satisfactory
6 to the Board documenting that the employment ceased for
7 the purpose of adopting an infant under 3 years of age or
8 caring for a newly adopted infant under 3 years of age.
9 However, total credit under this paragraph (5) may not
10 exceed 3 years.

11 Any qualified member or annuitant may apply for credit
12 under item (iii) or (iv) of this paragraph (5) without
13 regard to whether service was terminated before the
14 effective date of this amendatory Act of 1997. In the case
15 of an annuitant who establishes credit under item (iii) or
16 (iv), the annuity shall be recalculated to include the
17 additional service credit. The increase in annuity shall
18 take effect on the date the System receives written
19 notification of the annuitant's intent to purchase the
20 credit, if the required evidence is submitted and the
21 required contribution paid within 60 days of that
22 notification, otherwise on the first annuity payment date
23 following the System's receipt of the required evidence
24 and contribution. The increase in an annuity recalculated
25 under this provision shall be included in the calculation
26 of automatic annual increases in the annuity accruing

1 after the effective date of the recalculation.

2 Optional credit may be purchased under this subsection
3 (b) (5) for periods during which a teacher has been granted
4 a leave of absence pursuant to Section 24-13 of the School
5 Code. A teacher whose service under this Article
6 terminated prior to the effective date of P.A. 86-1488
7 shall be eligible to purchase such optional credit. If a
8 teacher who purchases this optional credit is already
9 receiving a retirement annuity under this Article, the
10 annuity shall be recalculated as if the annuitant had
11 applied for the leave of absence credit at the time of
12 retirement. The difference between the entitled annuity
13 and the actual annuity shall be credited to the purchase
14 of the optional credit. The remainder of the purchase cost
15 of the optional credit shall be paid on or before April 1,
16 1992.

17 The change in this paragraph made by Public Act 86-273
18 shall be applicable to teachers who retire after June 1,
19 1989, as well as to teachers who are in service on that
20 date.

21 (6) For a person who first becomes a member before the
22 effective date of this amendatory Act of the 102nd General
23 Assembly, any ~~Any~~ days of unused and uncompensated
24 accumulated sick leave earned by a teacher. The service
25 credit granted under this paragraph shall be the ratio of
26 the number of unused and uncompensated accumulated sick

1 leave days to 170 days, subject to a maximum of 2 years of
2 service credit. Prior to the member's retirement, each
3 former employer shall certify to the System the number of
4 unused and uncompensated accumulated sick leave days
5 credited to the member at the time of termination of
6 service. The period of unused sick leave shall not be
7 considered in determining the effective date of
8 retirement. A member is not required to make contributions
9 in order to obtain service credit for unused sick leave.

10 Credit for sick leave shall, at retirement, be granted
11 by the System for any retiring regional or assistant
12 regional superintendent of schools who first becomes a
13 member before the effective date of this amendatory Act of
14 the 102nd General Assembly at the rate of 6 days per year
15 of creditable service or portion thereof established while
16 serving as such superintendent or assistant
17 superintendent.

18 (7) Periods prior to February 1, 1987 served as an
19 employee of the Illinois Mathematics and Science Academy
20 for which credit has not been terminated under Section
21 15-113.9 of this Code.

22 (8) Service as a substitute teacher for work performed
23 prior to July 1, 1990.

24 (9) Service as a part-time teacher for work performed
25 prior to July 1, 1990.

26 (10) Up to 2 years of employment with Southern

1 Illinois University - Carbondale from September 1, 1959 to
2 August 31, 1961, or with Governors State University from
3 September 1, 1972 to August 31, 1974, for which the
4 teacher has no credit under Article 15. To receive credit
5 under this item (10), a teacher must apply in writing to
6 the Board and pay the required contributions before May 1,
7 1993 and have at least 12 years of service credit under
8 this Article.

9 (b-1) A member may establish optional credit for up to 2
10 years of service as a teacher or administrator employed by a
11 private school recognized by the Illinois State Board of
12 Education, provided that the teacher (i) was certified under
13 the law governing the certification of teachers at the time
14 the service was rendered, (ii) applies in writing on or after
15 August 1, 2009 and on or before August 1, 2012, (iii) supplies
16 satisfactory evidence of the employment, (iv) completes at
17 least 10 years of contributing service as a teacher as defined
18 in Section 16-106, and (v) pays the contribution required in
19 subsection (d-5) of Section 16-128. The member may apply for
20 credit under this subsection and pay the required contribution
21 before completing the 10 years of contributing service
22 required under item (iv), but the credit may not be used until
23 the item (iv) contributing service requirement has been met.

24 (c) The service credits specified in this Section shall be
25 granted only if: (1) such service credits are not used for
26 credit in any other statutory tax-supported public employee

1 retirement system other than the federal Social Security
2 program; and (2) the member makes the required contributions
3 as specified in Section 16-128. Except as provided in
4 subsection (b-1) of this Section, the service credit shall be
5 effective as of the date the required contributions are
6 completed.

7 Any service credits granted under this Section shall
8 terminate upon cessation of membership for any cause.

9 Credit may not be granted under this Section covering any
10 period for which an age retirement or disability retirement
11 allowance has been paid.

12 Credit may not be granted under this Section for service
13 as an employee of an entity that provides substitute teaching
14 services under Section 2-3.173 of the School Code and is not a
15 school district.

16 (Source: P.A. 100-813, eff. 8-13-18.)

17 (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

18 Sec. 16-152.1. Pickup of contributions.

19 (a) Each employer may pick up the member contributions
20 required under Section 16-152 for all salary earned after
21 December 31, 1981. If an employer decides not to pick up the
22 member contributions, the amount that would have been picked
23 up shall continue to be deducted from salary. If contributions
24 are picked up, they shall be treated as employer contributions
25 in determining tax treatment under the United States Internal

1 Revenue Code. The employer shall pay these member
2 contributions from the same source of funds which is used in
3 paying salary to the member. The employer may pick up these
4 contributions by a reduction in the cash salary of the member
5 or by an offset against a future salary increase or by a
6 combination of a reduction in salary and offset against a
7 future salary increase. If member contributions are picked up,
8 they shall be treated for all purposes of this Article 16 in
9 the same manner as member contributions made prior to the date
10 the pick up began.

11 (b) The State Board of Education shall pick up the
12 contributions of regional superintendents required under
13 Section 16-152 for all salary earned for the 1982 calendar
14 year and thereafter.

15 (c) Effective July 1, 1983, each employer shall pick up
16 the member contributions required under Section 16-152 for all
17 salary earned after such date. Contributions so picked up
18 shall be treated as employer contributions in determining tax
19 treatment under the United States Internal Revenue Code. The
20 employer shall pay these member contributions from the same
21 source of funds which is used in paying salary to the member.
22 The employer may pick up these contributions by a reduction in
23 the cash salary of the member or by an offset against a future
24 salary increase or by a combination of a reduction in salary
25 and offset against a future salary increase. Member
26 contributions so picked up shall be treated for all purposes

1 of this Article 16 in the same manner as member contributions
2 made prior to the date the pick up began.

3 (d) Subject to the requirements of federal law and the
4 rules of the board, beginning July 1, 1998 a member who is
5 employed on a full-time basis may elect to have the employer
6 pick up optional contributions that the member has elected to
7 pay to the System, and the contributions so picked up shall be
8 treated as employer contributions for the purposes of
9 determining federal tax treatment. The election to have
10 optional contributions picked up is irrevocable. At the time
11 of making the election, the member shall execute a binding,
12 irrevocable payroll deduction authorization. Upon receiving
13 notice of the election, the employer shall pick up the
14 contributions by a reduction in the cash salary of the member
15 and shall pay the contributions from the same source of funds
16 that is used to pay earnings to the member.

17 (e) Beginning on the effective date of this amendatory Act
18 of the 102nd General Assembly, no employer shall pay employee
19 contributions on behalf of an employee, except for the sole
20 purpose of allowing the employee to make pre-tax contributions
21 as provided in this Section. The provisions of this subsection
22 (e) do not apply to an employment contract or collective
23 bargaining agreement that is in effect on the effective date
24 of this amendatory Act of the 102nd General Assembly. However,
25 any such contract or agreement that is subsequently modified,
26 amended, or renewed shall be subject to the provisions of this

1 subsection (e).

2 (Source: P.A. 90-448, eff. 8-16-97.)

3 (40 ILCS 5/16-203)

4 Sec. 16-203. Application and expiration of new benefit
5 increases.

6 (a) As used in this Section, "new benefit increase" means
7 an increase in the amount of any benefit provided under this
8 Article, or an expansion of the conditions of eligibility for
9 any benefit under this Article, that results from an amendment
10 to this Code that takes effect after June 1, 2005 (the
11 effective date of Public Act 94-4). "New benefit increase",
12 however, does not include any benefit increase resulting from
13 the changes made to Article 1 or this Article by Public Act
14 95-910, Public Act 100-23, Public Act 100-587, Public Act
15 100-743, ~~or~~ Public Act 100-769, Public Act 101-10, Public Act
16 101-49, or this amendatory Act of the 102nd General Assembly
17 ~~or this amendatory Act of the 101st 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 Insurance. A new benefit increase created by
9 a Public Act that does not include the additional funding
10 required under this subsection is null and void. If the Public
11 Pension Division determines that the additional funding
12 provided for a new benefit increase under this subsection is
13 or has become inadequate, it may so certify to the Governor and
14 the State Comptroller and, in the absence of corrective action
15 by the General Assembly, the new benefit increase shall expire
16 at the end of the fiscal year in which the certification is
17 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. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
9 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; 101-10, eff.
10 6-5-19; 101-49, eff. 7-12-19; 101-81, eff. 7-12-19; revised
11 8-13-19.)

12 (40 ILCS 5/16-205.5 new)

13 Sec. 16-205.5. Tier 3 plan.

14 (a) By July 1, 2022, the System shall prepare and
15 implement a Tier 3 plan. The Tier 3 plan developed under this
16 Section shall be a plan that aggregates State and employee
17 contributions in individual participant accounts that, after
18 meeting any other requirements, are used for payouts after
19 retirement in accordance with this Section and any other
20 applicable laws.

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

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

1 employee contributions at a rate determined by the
2 participant, but not less than 3% of salary and not more
3 than a percentage of salary determined by the Board in
4 accordance with the requirements of State and federal law.

5 (2) State contributions shall be paid into the
6 accounts of all participants in the Tier 3 plan at a
7 uniform rate, expressed as a percentage of salary and
8 determined for each year. This rate shall be no higher
9 than 7.6% of salary and shall be no lower than 3% of
10 salary. The State shall adjust this rate annually.

11 (3) 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 (4) The Tier 3 plan may provide for participants in
17 the plan to be eligible for the defined disability
18 benefits available to other participants under this
19 Article. If it does, the System shall reduce the employee
20 contributions credited to the member's Tier 3 plan account
21 by an amount determined by the System to cover the cost of
22 offering such benefits.

23 (5) The Tier 3 plan shall provide a variety of options
24 for investments. These options shall include investments
25 in a fund created by the System and managed in accordance
26 with legal and fiduciary standards, as well as investment

1 options otherwise available.

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

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

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

15 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2
16 member of this System may elect, in writing, to cease accruing
17 benefits in the defined benefit plan and begin accruing
18 benefits for future service in the Tier 3 plan. An active Tier
19 1 or Tier 2 member who elects to cease accruing benefits in his
20 or her defined benefit plan shall be prohibited from
21 purchasing service credit on or after the date of his or her
22 election. A Tier 1 or Tier 2 member making the irrevocable
23 election provided under this subsection shall not receive
24 interest accruals to his or her benefit under paragraph (A) of
25 subsection (a) of Section 16-133 of this Code on or after the
26 date of his or her election. The election to participate in the

1 Tier 3 plan is voluntary and irrevocable.

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

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

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

1 and counsel relating to their option from any other
2 available source, including but not limited to labor
3 organizations, private counsel, and financial advisors.

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

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

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

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

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

7 (f) The intent of this amendatory Act of the 102nd General
8 Assembly is to ensure that the State's normal cost of
9 participation in the Tier 3 plan is similar, and if possible
10 equal, to the State's normal cost of participation in the
11 defined benefit plan, unless a lower State's normal cost is
12 necessary to ensure cost neutrality.

13 (40 ILCS 5/18-110.1 new)

14 Sec. 18-110.1. Tier 1 participant; Tier 2 participant;
15 Tier 3 participant. "Tier 1 participant": A participant who
16 first became a participant of this System before January 1,
17 2011.

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

23 "Tier 2 participant": A participant who first becomes a
24 participant of this System on or after January 1, 2011.

25 In the case of a Tier 2 participant who elects to

1 participate in the Tier 3 plan under Section 18-121.5 of this
2 Code, that Tier 2 participant shall be deemed a Tier 2
3 participant only with respect to service performed or
4 established before the effective date of that election.

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

9 (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

10 Sec. 18-120. Employee participation.

11 (a) Except as provided in subsection (b), an ~~An~~ eligible
12 judge who is not a participant shall become a participant
13 beginning on the date he or she becomes an eligible judge,
14 unless the judge files with the board a written notice of
15 election not to participate within 30 days of the date of being
16 notified of the option.

17 A person electing not to participate shall thereafter be
18 ineligible to become a participant unless the election is
19 revoked as provided in Section 18-121.

20 (b) Notwithstanding any other provision of this Article,
21 an active participant may terminate his or her participation
22 in this System (including active participation in the Tier 3
23 plan, if applicable) by notifying the System in writing. An
24 active participant terminating participation in this System
25 under this subsection shall be entitled to a refund of his or

1 her contributions (other than contributions to the Tier 3 plan
2 under Section 18-121.5) minus the benefits received prior to
3 the termination of participation.

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

5 (40 ILCS 5/18-121.5 new)

6 Sec. 18-121.5. Tier 3 plan.

7 (a) By July 1, 2022, the System shall prepare and
8 implement a Tier 3 plan. The Tier 3 plan developed under this
9 Section shall be a plan that aggregates State and employee
10 contributions in individual participant accounts that, after
11 meeting any other requirements, are used for payouts after
12 retirement in accordance with this Section and any other
13 applicable laws.

14 As used in this Section, "defined benefit plan" means the
15 retirement plan available under this Article to Tier 1 or Tier
16 2 participants who have not made the election authorized under
17 this Section.

18 (1) A participant in the Tier 3 plan shall pay
19 employee contributions at a rate determined by the
20 participant, but not less than 3% of salary and not more
21 than a percentage of salary determined by the Board in
22 accordance with the requirements of State and federal law.

23 (2) State contributions shall be paid into the
24 accounts of all participants in the Tier 3 plan at a
25 uniform rate, expressed as a percentage of salary and

1 determined for each year. This rate shall be no higher
2 than 7.6% of salary and shall be no lower than 3% of
3 salary. The State shall adjust this rate annually.

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

9 (4) The Tier 3 plan may provide for participants in
10 the plan to be eligible for defined disability benefits.
11 If it does, the System shall reduce the employee
12 contributions credited to the participant's Tier 3 plan
13 account by an amount determined by the System to cover the
14 cost of offering such benefits.

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

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

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

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

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

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

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

24 (3) Upon request for further information describing
25 the option, the System shall provide employees with
26 information from the System before exercising the option

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

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

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

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 (g) The intent of this amendatory Act of the 102nd General
22 Assembly is to ensure that the State's normal cost of
23 participation in the Tier 3 plan is similar, and if possible
24 equal, to the State's normal cost of participation in the
25 defined benefit plan, unless a lower State's normal cost is
26 necessary to ensure cost neutrality.

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

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

7 A participant whose employment as a judge is terminated,
8 regardless of age or cause is entitled to a retirement annuity
9 beginning on the date specified in a written application
10 subject to the following:

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

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

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

25 (4) the participant is not receiving or entitled to

1 receive, at the date of retirement, any salary from an
2 employer for service currently performed.

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

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

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

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

14 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

15 Sec. 18-125. Retirement annuity amount.

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

20 (b) Except as provided in subsection (b-5), effective July
21 1, 1971, the retirement annuity for any participant in service
22 on or after such date shall be 3 1/2% of final average salary,
23 as defined in this Section, for each of the first 10 years of
24 service, and 5% of such final average salary for each year of
25 service in excess of 10.

1 For purposes of this Section, final average salary for a
2 Tier 1 participant who first serves as a judge before August
3 10, 2009 (the effective date of Public Act 96-207) shall be:

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

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

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

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

17 (5) for a participant who terminates service on or
18 after July 14, 1995 (the effective date of Public Act
19 89-136), the salary on the last day of employment as a
20 judge, or the highest salary received by the participant
21 for employment as a judge in a position held by the
22 participant for at least 4 consecutive years, whichever is
23 greater.

24 However, in the case of a participant who elects to
25 discontinue contributions as provided in subdivision (a)(2) of
26 Section 18-133, the time of such election shall be considered

1 the last day of employment in the determination of final
2 average salary under this subsection.

3 For a Tier 1 participant who first serves as a judge on or
4 after August 10, 2009 (the effective date of Public Act
5 96-207) ~~and before January 1, 2011 (the effective date of~~
6 ~~Public Act 96-889)~~, final average salary shall be the average
7 monthly salary obtained by dividing the total salary of the
8 participant during the period of: (1) the 48 consecutive
9 months of service within the last 120 months of service in
10 which the total compensation was the highest, or (2) the total
11 period of service, if less than 48 months, by the number of
12 months of service in that period.

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

15 (b-5) Notwithstanding any other provision of this Article,
16 for a Tier 2 participant ~~who first serves as a judge on or~~
17 ~~after January 1, 2011 (the effective date of Public Act~~
18 ~~96-889)~~, the annual retirement annuity is 3% of the
19 participant's final average salary for each year of service.
20 The maximum retirement annuity payable shall be 60% of the
21 participant's final average salary.

22 For a Tier 2 participant ~~who first serves as a judge on or~~
23 ~~after January 1, 2011 (the effective date of Public Act~~
24 ~~96-889)~~, final average salary shall be the average monthly
25 salary obtained by dividing the total salary of the judge
26 during the 96 consecutive months of service within the last

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

18 (c) The retirement annuity for a participant who retires
19 prior to age 60 with less than 28 years of service in the
20 System shall be reduced $1/2$ of 1% for each month that the
21 participant's age is under 60 years at the time the annuity
22 commences. However, for a participant who retires on or after
23 December 10, 1999 (the effective date of Public Act 91-653),
24 the percentage reduction in retirement annuity imposed under
25 this subsection shall be reduced by $5/12$ of 1% for every month
26 of service in this System in excess of 20 years, and therefore

1 a participant with at least 26 years of service in this System
2 may retire at age 55 without any reduction in annuity.

3 The reduction in retirement annuity imposed by this
4 subsection shall not apply in the case of retirement on
5 account of disability.

6 (d) Notwithstanding any other provision of this Article,
7 for a Tier 2 participant ~~who first serves as a judge on or~~
8 ~~after January 1, 2011 (the effective date of Public Act~~
9 ~~96-889)~~ and who is retiring after attaining age 62, the
10 retirement annuity shall be reduced by 1/2 of 1% for each month
11 that the participant's age is under age 67 at the time the
12 annuity commences.

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

14 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

15 Sec. 18-125.1. Automatic increase in retirement annuity. A
16 participant who retires from service after June 30, 1969,
17 shall, in January of the year next following the year in which
18 the first anniversary of retirement occurs, and in January of
19 each year thereafter, have the amount of his or her originally
20 granted retirement annuity increased as follows: for each year
21 up to and including 1971, 1 1/2%; for each year from 1972
22 through 1979 inclusive, 2%; and for 1980 and each year
23 thereafter, 3%.

24 Notwithstanding any other provision of this Article, a
25 retirement annuity for a Tier 2 participant ~~who first serves~~

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

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

18 This Section is applicable to all participants (other than
19 Tier 3 participants who do not have any service credit as a
20 Tier 1 or Tier 2 participant) in service after June 30, 1969
21 unless a participant has elected, prior to September 1, 1969,
22 in a written direction filed with the board not to be subject
23 to the provisions of this Section. Any participant in service
24 on or after July 1, 1992 shall have the option of electing
25 prior to April 1, 1993, in a written direction filed with the
26 board, to be covered by the provisions of the 1969 amendatory

1 Act. Such participant shall be required to make the aforesaid
2 additional contributions with compound interest at 4% per
3 annum.

4 Any participant who has become eligible to receive the
5 maximum rate of annuity and who resumes service as a judge
6 after receiving a retirement annuity under this Article shall
7 have the amount of his or her retirement annuity increased by
8 3% of the originally granted annuity amount for each year of
9 such resumed service, beginning in January of the year next
10 following the date of such resumed service, upon subsequent
11 termination of such resumed service.

12 Beginning January 1, 1990, all automatic annual increases
13 payable under this Section shall be calculated as a percentage
14 of the total annuity payable at the time of the increase,
15 including previous increases granted under this Article.

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

17 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

18 Sec. 18-127. Retirement annuity - suspension on
19 reemployment.

20 (a) A participant receiving a retirement annuity who is
21 regularly employed for compensation by an employer other than
22 a county, in any capacity, shall have his or her retirement
23 annuity payments suspended during such employment. Upon
24 termination of such employment, retirement annuity payments at
25 the previous rate shall be resumed.

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

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

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

26 (d) The changes made in this Section by this amendatory

1 Act of 1993 shall apply to judges no longer in service on its
2 effective date, as well as to judges serving on or after that
3 date.

4 (e) A participant receiving a retirement annuity under
5 this Article who serves as a part-time employee in any of the
6 following positions: Legislative Inspector General, Special
7 Legislative Inspector General, employee of the Office of the
8 Legislative Inspector General, Executive Director of the
9 Legislative Ethics Commission, or staff of the Legislative
10 Ethics Commission, but has not elected to participate in the
11 Article 14 System with respect to that service, shall not be
12 deemed to be regularly employed for compensation by an
13 employer other than a county, nor to have resumed service as a
14 judge, on the basis of that service, and the retirement
15 annuity payments and other benefits of that person under this
16 Code shall not be suspended, diminished, or otherwise impaired
17 solely as a consequence of that service. This subsection (e)
18 applies without regard to whether the person is in service as a
19 judge under this Article on or after the effective date of this
20 amendatory Act of the 93rd General Assembly. In this
21 subsection, a "part-time employee" is a person who is not
22 required to work at least 35 hours per week.

23 (f) A participant receiving a retirement annuity under
24 this Article who has made an election under Section 1-123 and
25 who is serving either as legal counsel in the Office of the
26 Governor or as Chief Deputy Attorney General shall not be

1 deemed to be regularly employed for compensation by an
2 employer other than a county, nor to have resumed service as a
3 judge, on the basis of that service, and the retirement
4 annuity payments and other benefits of that person under this
5 Code shall not be suspended, diminished, or otherwise impaired
6 solely as a consequence of that service. This subsection (f)
7 applies without regard to whether the person is in service as a
8 judge under this Article on or after the effective date of this
9 amendatory Act of the 93rd General Assembly.

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

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

23 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)
24 Sec. 18-128.01. Amount of survivor's annuity.

25 (a) Upon the death of an annuitant, his or her surviving

1 spouse shall be entitled to a survivor's annuity of 66 2/3% of
2 the annuity the annuitant was receiving immediately prior to
3 his or her death, inclusive of annual increases in the
4 retirement annuity to the date of death.

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

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

16 (d) Upon the death of an annuitant, active participant, or
17 participant who had terminated service with at least 10 years
18 of service, each surviving child under the age of 18 or
19 disabled as defined in Section 18-128 shall be entitled to a
20 child's annuity in an amount equal to 5% of the decedent's
21 final salary, not to exceed in total for all such children the
22 greater of 20% of the decedent's last salary or 66 2/3% of the
23 annuity received or earned by the decedent as provided under
24 subsections (a) and (b) of this Section. This child's annuity
25 shall be paid whether or not a survivor's annuity was elected
26 under Section 18-123.

1 (e) The changes made in the survivor's annuity provisions
2 by Public Act 82-306 shall apply to the survivors of a deceased
3 participant or annuitant whose death occurs on or after August
4 21, 1981.

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

16 (g) Notwithstanding any other provision of this Article,
17 the initial survivor's annuity for a survivor of a Tier 2
18 participant ~~who first serves as a judge after January 1, 2011~~
19 ~~(the effective date of Public Act 96-889)~~ shall be in the
20 amount of 66 2/3% of the annuity received or earned by the
21 decedent, and shall be increased (1) on each January 1
22 occurring on or after the commencement of the annuity if the
23 deceased participant died while receiving a retirement
24 annuity, or (2) in other cases, on each January 1 occurring on
25 or after the first anniversary of the commencement of the
26 annuity, but in no event prior to age 67, by an amount equal to

1 3% or the annual unadjusted percentage increase in the
2 consumer price index-u as determined by the Public Pension
3 Division of the Department of Insurance under subsection (b-5)
4 of Section 18-125, whichever is less, of the survivor's
5 annuity then being paid.

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

7 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

9 (a) Effective July 1, 1967, each participant is required
10 to contribute 7 1/2% of each payment of salary toward the
11 retirement annuity. Such contributions shall continue during
12 the entire time the participant is in service, with the
13 following exceptions:

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

17 (2) A participant who continues to serve as a judge
18 after becoming eligible to receive the maximum rate of
19 annuity may elect, through a written direction filed with
20 the Board, to discontinue contributing to the System. Any
21 such option elected by a judge shall be irrevocable unless
22 prior to January 1, 2000, and while continuing to serve as
23 judge, the judge (A) files with the Board a letter
24 cancelling the direction to discontinue contributing to
25 the System and requesting that such contributing resume,

1 and (B) pays into the System an amount equal to the total
2 of the discontinued contributions plus interest thereon at
3 5% per annum. Service credits earned in any other
4 "participating system" as defined in Article 20 of this
5 Code shall be considered for purposes of determining a
6 judge's eligibility to discontinue contributions under
7 this subdivision (a) (2).

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

1 month following the date of the election. An election to
2 limit contributions under this subdivision (a)(3) is
3 irrevocable. Service credits earned in any other
4 participating system as defined in Article 20 of this Code
5 shall be considered for purposes of determining a judge's
6 eligibility to make an election under this subdivision
7 (a)(3).

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

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

20 (d) Notwithstanding any other provision of this Article,
21 the required contributions for a Tier 2 participant ~~who first~~
22 ~~becomes a participant on or after January 1, 2011~~ shall not
23 exceed the contributions that would be due under this Article
24 if that participant's highest salary for annuity purposes were
25 \$106,800, plus any increase in that amount under Section
26 18-125.

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

2 (40 ILCS 5/18-169)

3 Sec. 18-169. Application and expiration of new benefit
4 increases.

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

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

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

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 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 Financial and Professional Regulation. A new
5 benefit increase created by a Public Act that does not include
6 the additional funding required under this subsection is null
7 and void. If the Public Pension Division determines that the
8 additional funding provided for a new benefit increase under
9 this subsection is or has become inadequate, it may so certify
10 to the Governor and the State Comptroller and, in the absence
11 of corrective action by the General Assembly, the new benefit
12 increase shall expire at the end of the fiscal year in which
13 the certification is 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. 94-4, eff. 6-1-05.)

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

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

8 Sec. 20-121. Calculation of proportional retirement
9 annuities.

10 (a) Upon retirement of the employee, a proportional
11 retirement annuity shall be computed by each participating
12 system in which pension credit has been established on the
13 basis of pension credits under each system. The computation
14 shall be in accordance with the formula or method prescribed
15 by each participating system which is in effect at the date of
16 the employee's latest withdrawal from service covered by any
17 of the systems in which he has pension credits which he elects
18 to have considered under this Article. However, the amount of
19 any retirement annuity payable under the self-managed plan
20 established under Section 15-158.2 of this Code depends solely
21 on the value of the participant's vested account balances and
22 is not subject to any proportional adjustment under this
23 Section.

24 (a-5) For persons who participate in a Tier 3 plan
25 established under Article 2, 14, 15, 16, or 18 of this Code to

1 whom the provisions of this Article apply, the pension credits
2 established under the Tier 3 plan may be considered in
3 determining eligibility for or the amount of the defined
4 benefit retirement annuity that is payable by any other
5 participating system.

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

17 (c) Interest on pension credit shall continue to
18 accumulate in accordance with the provisions of the law
19 governing the retirement system in which the same has been
20 established during the time an employee is in the service of
21 another employer, on the assumption such employee, for
22 interest purposes for pension credit, is continuing in the
23 service covered by such retirement system.

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

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

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

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

24 For persons who participate in a Tier 3 plan established
25 under Article 2, 14, 15, 16, or 18 of this Code to whom the
26 provisions of this Article apply, the pension credits

1 established under the Tier 3 plan may be considered in
2 determining eligibility for or the amount of the defined
3 benefit survivor's annuity that is payable by any other
4 participating system, but pension credits established in any
5 other system shall not result in any right to or increase in
6 the value of a survivor's annuity under the Tier 3 plan, which
7 depends solely on the options chosen and the value of the
8 participant's vested account balances and is not subject to
9 any proportional adjustment under this Section.

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

11 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

14 Sec. 20-124. Maximum benefits.

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

20 If the combined annuities should exceed the highest
21 maximum as determined in accordance with this Section, the
22 respective annuities shall be reduced proportionately
23 according to the ratio which the amount of each proportional
24 annuity bears to the aggregate of all such annuities.

25 (b) In the case of a participant in the self-managed plan

1 established under Section 15-158.2 of this Code to whom the
2 provisions of this Article apply:

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

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

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

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

26 (i) For purposes of calculating the combined

1 retirement annuity and the proportionate reduction, if
2 any, in a defined benefit retirement annuity, any benefit
3 payable under the Tier 3 plan shall not be considered.

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

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

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

12 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

15 Sec. 20-125. Return to employment - suspension of
16 benefits. If a retired employee returns to employment which is
17 covered by a system from which he is receiving a proportional
18 annuity under this Article, his proportional annuity from all
19 participating systems shall be suspended during the period of
20 re-employment, except that this suspension does not apply to
21 any distributions payable under the self-managed plan
22 established under Section 15-158.2 of this Code or under a
23 Tier 3 plan established under Article 2, 14, 15, 16, or 18 of
24 this Code.

25 The provisions of the Article under which such employment

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

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

10 Section 15. The Illinois Educational Labor Relations Act
11 is amended by changing Sections 4 and 17 and by adding Section
12 10.6 as follows:

13 (115 ILCS 5/4) (from Ch. 48, par. 1704)

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

16 Sec. 4. Employer rights. Employers shall not be required
17 to bargain over matters of inherent managerial policy, which
18 shall include such areas of discretion or policy as the
19 functions of the employer, standards of services, its overall
20 budget, the organizational structure and selection of new
21 employees and direction of employees. Employers, however,
22 shall be required to bargain collectively with regard to
23 policy matters directly affecting wages, hours and terms and
24 conditions of employment as well as the impact thereon upon

1 request by employee representatives, except as provided in
2 Section 10.6. To preserve the rights of employers and
3 exclusive representatives which have established collective
4 bargaining relationships or negotiated collective bargaining
5 agreements prior to the effective date of this Act, employers
6 shall be required to bargain collectively with regard to any
7 matter concerning wages, hours or conditions of employment
8 about which they have bargained for and agreed to in a
9 collective bargaining agreement prior to the effective date of
10 this Act, except as provided in Section 10.6.

11 (Source: P.A. 83-1014.)

12 (115 ILCS 5/10.6 new)

13 Sec. 10.6. Bargaining regarding pension contributions on
14 behalf of employees; prohibited.

15 (a) Notwithstanding any other provision of this Act,
16 beginning on the effective date of this amendatory Act of the
17 102nd General Assembly, employers shall not bargain over
18 matters prohibited by subsection (e) of Section 16-152.1 of
19 the Illinois Pension Code, which concerns employers paying
20 pension contributions on behalf of employees.

21 (b) In case of any conflict between this Section and any
22 other provisions of this Act or any other law, the provisions
23 of this Section shall control.

24 (115 ILCS 5/17) (from Ch. 48, par. 1717)

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

3 Sec. 17. Effect on other laws. Except as provided in
4 Section 10.6, in ~~in~~ case of any conflict between the
5 provisions of this Act and any other law, executive order or
6 administrative regulation, the provisions of this Act shall
7 prevail and control. Nothing in this Act shall be construed to
8 replace or diminish the rights of employees established by
9 Section 36d of "An Act to create the State Universities Civil
10 Service System", approved May 11, 1905, as amended or
11 modified.

12 (Source: P.A. 83-1014.)

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

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3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	40 ILCS 5/1-160	
6	40 ILCS 5/1-161	
7	40 ILCS 5/2-105.3 new	
8	40 ILCS 5/2-117	from Ch. 108 1/2, par. 2-117
9	40 ILCS 5/2-162	
10	40 ILCS 5/2-165.5 new	
11	40 ILCS 5/7-114	from Ch. 108 1/2, par. 7-114
12	40 ILCS 5/7-116	from Ch. 108 1/2, par. 7-116
13	40 ILCS 5/7-139	from Ch. 108 1/2, par. 7-139
14	40 ILCS 5/14-103.05	from Ch. 108 1/2, par. 14-103.05
15	40 ILCS 5/14-103.10	from Ch. 108 1/2, par. 14-103.10
16	40 ILCS 5/14-103.41	
17	40 ILCS 5/14-104.3	from Ch. 108 1/2, par. 14-104.3
18	40 ILCS 5/14-106	from Ch. 108 1/2, par. 14-106
19	40 ILCS 5/14-152.1	
20	40 ILCS 5/14-155.5 new	
21	40 ILCS 5/15-108.1	
22	40 ILCS 5/15-108.2	
23	40 ILCS 5/15-108.3 new	
24	40 ILCS 5/15-112	from Ch. 108 1/2, par. 15-112
25	40 ILCS 5/15-113.4	from Ch. 108 1/2, par. 15-113.4

1	40 ILCS 5/15-134	from Ch. 108 1/2, par. 15-134
2	40 ILCS 5/15-198	
3	40 ILCS 5/15-200.5 new	
4	40 ILCS 5/16-106.41	
5	40 ILCS 5/16-123	from Ch. 108 1/2, par. 16-123
6	40 ILCS 5/16-127	from Ch. 108 1/2, par. 16-127
7	40 ILCS 5/16-152.1	from Ch. 108 1/2, par. 16-152.1
8	40 ILCS 5/16-203	
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10	40 ILCS 5/18-110.1 new	
11	40 ILCS 5/18-120	from Ch. 108 1/2, par. 18-120
12	40 ILCS 5/18-121.5 new	
13	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
14	40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
15	40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1
16	40 ILCS 5/18-127	from Ch. 108 1/2, par. 18-127
17	40 ILCS 5/18-128.01	from Ch. 108 1/2, par. 18-128.01
18	40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133
19	40 ILCS 5/18-169	
20	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
21	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
22	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
23	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
24	115 ILCS 5/4	from Ch. 48, par. 1704
25	115 ILCS 5/10.6 new	
26	115 ILCS 5/17	from Ch. 48, par. 1717