



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB3305

Introduced 2/19/2021, by Rep. Jim Durkin

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employee, State Universities, Downstate Teacher, and Chicago Teacher Articles of the Illinois Pension Code. Requires active Tier 1 employees to elect either to (i) have automatic annual increases in retirement and survivor's annuities delayed and reduced or (ii) maintain their current benefit package with additional limitations on pensionable salary. Provides that a Tier 1 employee who elects item (i) is entitled to have future increases in income treated as pensionable income, have contributions reduced to a specified rate, and receive a consideration payment of 10% of contributions made prior to the election. Provides that a Tier 1 employee who elects item (ii) is not eligible to have future increases in income treated as pensionable income. Makes funding changes. Amends the State Pension Funds Continuing Appropriation Act to provide a continuing appropriation for the amounts of the consideration payments. Amends various Acts to make conforming changes. Amends the Illinois Educational Labor Relations Act and the Illinois Public Labor Relations Act to prohibit bargaining and interest arbitration regarding certain changes made by the amendatory Act and to provide that no action of the employer taken to implement that prohibition shall give rise to an unfair labor practice under those Acts; exempts certain existing agreements. Amends the State Mandates Act to require implementation without reimbursement. Makes other changes. Effective immediately.

LRB102 10868 RPS 16198 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Public Labor Relations Act is  
5 amended by changing Sections 10 and 15 and by adding Section  
6 7.6 as follows:

7 (5 ILCS 315/7.6 new)

8 Sec. 7.6. No collective bargaining or interest arbitration  
9 regarding certain changes to the Illinois Pension Code.

10 (a) Notwithstanding any other provision of this Act,  
11 employers shall not be required to bargain over matters  
12 affected by the changes, the impact of the changes, and the  
13 implementation of the changes to Article 14, 15, 16, or 17 of  
14 the Illinois Pension Code made by the addition of Section  
15 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
16 Pension Code, which are deemed to be prohibited subjects of  
17 bargaining. Notwithstanding any provision of this Act, the  
18 changes, impact of the changes, or implementation of the  
19 changes to Article 14, 15, 16, or 17 of the Illinois Pension  
20 Code made by the addition of Section 14-106.5, 15-132.9,  
21 16-122.9, or 17-115.5 of the Illinois Pension Code shall not  
22 be subject to interest arbitration or any award issued  
23 pursuant to interest arbitration. The provisions of this

1 Section shall not apply to an employment contract or  
2 collective bargaining agreement that is in effect on the  
3 effective date of this amendatory Act of the 102nd General  
4 Assembly. However, any such contract or agreement that is  
5 modified, amended, renewed, or superseded after the effective  
6 date of this amendatory Act of the 102nd General Assembly  
7 shall be subject to the provisions of this Section. Each  
8 employer with active employees participating in a retirement  
9 system or pension fund established under Article 14, 15, 16,  
10 or 17 of the Illinois Pension Code shall comply with and be  
11 subject to the provisions of this amendatory Act of the 102nd  
12 General Assembly. The provisions of this Section shall not  
13 apply to the ability of any employer and employee  
14 representative to bargain collectively with regard to the pick  
15 up of employee contributions pursuant to Section 14-133.1,  
16 15-157.1, 16-152.1, 17-130.1, or 17-130.2 of the Illinois  
17 Pension Code.

18 (b) Subject to and except for the matters set forth in  
19 subsection (a) of this Section that are deemed prohibited  
20 subjects of bargaining, nothing in this Section shall be  
21 construed as otherwise limiting any of the obligations and  
22 requirements applicable to employers under any of the  
23 provisions of this Act, including, but not limited to, the  
24 requirement to bargain collectively with regard to policy  
25 matters directly affecting wages, hours, and terms and  
26 conditions of employment as well as the impact thereon upon

1 request by employee representatives. Subject to and except for  
2 the matters set forth in subsection (a) of this Section that  
3 are deemed prohibited subjects of bargaining, nothing in this  
4 Section shall be construed as otherwise limiting any of the  
5 rights of employees or employee representatives under the  
6 provisions of this Act.

7 (c) In case of any conflict between this Section and any  
8 other provisions of this Act or any other law, the provisions  
9 of this Section shall control.

10 (5 ILCS 315/10) (from Ch. 48, par. 1610)

11 Sec. 10. Unfair labor practices.

12 (a) It shall be an unfair labor practice for an employer or  
13 its agents:

14 (1) to interfere with, restrain or coerce public  
15 employees in the exercise of the rights guaranteed in this  
16 Act or to dominate or interfere with the formation,  
17 existence or administration of any labor organization or  
18 contribute financial or other support to it; provided, an  
19 employer shall not be prohibited from permitting employees  
20 to confer with him during working hours without loss of  
21 time or pay;

22 (2) to discriminate in regard to hire or tenure of  
23 employment or any term or condition of employment in order  
24 to encourage or discourage membership in or other support  
25 for any labor organization. Nothing in this Act or any

1 other law precludes a public employer from making an  
2 agreement with a labor organization to require as a  
3 condition of employment the payment of a fair share under  
4 paragraph (e) of Section 6;

5 (3) to discharge or otherwise discriminate against a  
6 public employee because he has signed or filed an  
7 affidavit, petition or charge or provided any information  
8 or testimony under this Act;

9 (4) subject to and except as provided in Section 7.6,  
10 to refuse to bargain collectively in good faith with a  
11 labor organization which is the exclusive representative  
12 of public employees in an appropriate unit, including, but  
13 not limited to, the discussing of grievances with the  
14 exclusive representative; however, no actions of the  
15 employer taken to implement or otherwise comply with the  
16 provisions of subsection (a) of Section 7.6 shall  
17 constitute or give rise to an unfair labor practice under  
18 this Act;

19 (5) to violate any of the rules and regulations  
20 established by the Board with jurisdiction over them  
21 relating to the conduct of representation elections or the  
22 conduct affecting the representation elections;

23 (6) to expend or cause the expenditure of public funds  
24 to any external agent, individual, firm, agency,  
25 partnership or association in any attempt to influence the  
26 outcome of representational elections held pursuant to

1 Section 9 of this Act; provided, that nothing in this  
2 subsection shall be construed to limit an employer's right  
3 to internally communicate with its employees as provided  
4 in subsection (c) of this Section, to be represented on  
5 any matter pertaining to unit determinations, unfair labor  
6 practice charges or pre-election conferences in any formal  
7 or informal proceeding before the Board, or to seek or  
8 obtain advice from legal counsel. Nothing in this  
9 paragraph shall be construed to prohibit an employer from  
10 expending or causing the expenditure of public funds on,  
11 or seeking or obtaining services or advice from, any  
12 organization, group, or association established by and  
13 including public or educational employers, whether covered  
14 by this Act, the Illinois Educational Labor Relations Act  
15 or the public employment labor relations law of any other  
16 state or the federal government, provided that such  
17 services or advice are generally available to the  
18 membership of the organization, group or association, and  
19 are not offered solely in an attempt to influence the  
20 outcome of a particular representational election;

21 (7) to refuse to reduce a collective bargaining  
22 agreement to writing or to refuse to sign such agreement;

23 (8) to interfere with, restrain, coerce, deter, or  
24 discourage public employees or applicants to be public  
25 employees from: (i) becoming or remaining members of a  
26 labor organization; (ii) authorizing representation by a

1 labor organization; or (iii) authorizing dues or fee  
2 deductions to a labor organization, nor shall the employer  
3 intentionally permit outside third parties to use its  
4 email or other communication systems to engage in that  
5 conduct. An employer's good faith implementation of a  
6 policy to block the use of its email or other  
7 communication systems for such purposes shall be a defense  
8 to an unfair labor practice; or

9 (9) to disclose to any person or entity information  
10 set forth in subsection (c-5) of Section 6 of this Act that  
11 the employer knows or should know will be used to  
12 interfere with, restrain, coerce, deter, or discourage any  
13 public employee from: (i) becoming or remaining members of  
14 a labor organization, (ii) authorizing representation by a  
15 labor organization, or (iii) authorizing dues or fee  
16 deductions to a labor organization.

17 (b) It shall be an unfair labor practice for a labor  
18 organization or its agents:

19 (1) to restrain or coerce public employees in the  
20 exercise of the rights guaranteed in this Act, provided,  
21 (i) that this paragraph shall not impair the right of a  
22 labor organization to prescribe its own rules with respect  
23 to the acquisition or retention of membership therein or  
24 the determination of fair share payments and (ii) that a  
25 labor organization or its agents shall commit an unfair  
26 labor practice under this paragraph in duty of fair

1 representation cases only by intentional misconduct in  
2 representing employees under this Act;

3 (2) to restrain or coerce a public employer in the  
4 selection of his representatives for the purposes of  
5 collective bargaining or the settlement of grievances; or

6 (3) to cause, or attempt to cause, an employer to  
7 discriminate against an employee in violation of  
8 subsection (a)(2);

9 (4) to refuse to bargain collectively in good faith  
10 with a public employer, if it has been designated in  
11 accordance with the provisions of this Act as the  
12 exclusive representative of public employees in an  
13 appropriate unit;

14 (5) to violate any of the rules and regulations  
15 established by the boards with jurisdiction over them  
16 relating to the conduct of representation elections or the  
17 conduct affecting the representation elections;

18 (6) to discriminate against any employee because he  
19 has signed or filed an affidavit, petition or charge or  
20 provided any information or testimony under this Act;

21 (7) to picket or cause to be picketed, or threaten to  
22 picket or cause to be picketed, any public employer where  
23 an object thereof is forcing or requiring an employer to  
24 recognize or bargain with a labor organization of the  
25 representative of its employees, or forcing or requiring  
26 the employees of an employer to accept or select such



1 labor organization as their collective bargaining  
2 representative, unless such labor organization is  
3 currently certified as the representative of such  
4 employees:

5 (A) where the employer has lawfully recognized in  
6 accordance with this Act any labor organization and a  
7 question concerning representation may not  
8 appropriately be raised under Section 9 of this Act;

9 (B) where within the preceding 12 months a valid  
10 election under Section 9 of this Act has been  
11 conducted; or

12 (C) where such picketing has been conducted  
13 without a petition under Section 9 being filed within  
14 a reasonable period of time not to exceed 30 days from  
15 the commencement of such picketing; provided that when  
16 such a petition has been filed the Board shall  
17 forthwith, without regard to the provisions of  
18 subsection (a) of Section 9 or the absence of a showing  
19 of a substantial interest on the part of the labor  
20 organization, direct an election in such unit as the  
21 Board finds to be appropriate and shall certify the  
22 results thereof; provided further, that nothing in  
23 this subparagraph shall be construed to prohibit any  
24 picketing or other publicity for the purpose of  
25 truthfully advising the public that an employer does  
26 not employ members of, or have a contract with, a labor

1 organization unless an effect of such picketing is to  
2 induce any individual employed by any other person in  
3 the course of his employment, not to pick up, deliver,  
4 or transport any goods or not to perform any services;  
5 or

6 (8) to refuse to reduce a collective bargaining  
7 agreement to writing or to refuse to sign such agreement.

8 (c) The expressing of any views, argument, or opinion or  
9 the dissemination thereof, whether in written, printed,  
10 graphic, or visual form, shall not constitute or be evidence  
11 of an unfair labor practice under any of the provisions of this  
12 Act, if such expression contains no threat of reprisal or  
13 force or promise of benefit.

14 (d) The employer shall not discourage public employees or  
15 applicants to be public employees from becoming or remaining  
16 union members or authorizing dues deductions, and shall not  
17 otherwise interfere with the relationship between employees  
18 and their exclusive bargaining representative. The employer  
19 shall refer all inquiries about union membership to the  
20 exclusive bargaining representative, except that the employer  
21 may communicate with employees regarding payroll processes and  
22 procedures. The employer will establish email policies in an  
23 effort to prohibit the use of its email system by outside  
24 sources.

25 (Source: P.A. 101-620, eff. 12-20-19.)

1 (5 ILCS 315/15) (from Ch. 48, par. 1615)

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

4 Sec. 15. Act Takes Precedence.

5 (a) In case of any conflict between the provisions of this  
6 Act and any other law (other than Section 5 of the State  
7 Employees Group Insurance Act of 1971 and other than the  
8 changes made to the Illinois Pension Code by this amendatory  
9 Act of the 96th General Assembly), executive order or  
10 administrative regulation relating to wages, hours and  
11 conditions of employment and employment relations, the  
12 provisions of this Act or any collective bargaining agreement  
13 negotiated thereunder shall prevail and control. Nothing in  
14 this Act shall be construed to replace or diminish the rights  
15 of employees established by Sections 28 and 28a of the  
16 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
17 of the Regional Transportation Authority Act. The provisions  
18 of this Act are subject to Section 5 of the State Employees  
19 Group Insurance Act of 1971. Nothing in this Act shall be  
20 construed to replace the necessity of complaints against a  
21 sworn peace officer, as defined in Section 2(a) of the Uniform  
22 Peace Officer Disciplinary Act, from having a complaint  
23 supported by a sworn affidavit.

24 (b) Except as provided in subsection (a) above, any  
25 collective bargaining contract between a public employer and a  
26 labor organization executed pursuant to this Act shall

1 supersede any contrary statutes, charters, ordinances, rules  
2 or regulations relating to wages, hours and conditions of  
3 employment and employment relations adopted by the public  
4 employer or its agents. Any collective bargaining agreement  
5 entered into prior to the effective date of this Act shall  
6 remain in full force during its duration.

7 (c) It is the public policy of this State, pursuant to  
8 paragraphs (h) and (i) of Section 6 of Article VII of the  
9 Illinois Constitution, that the provisions of this Act are the  
10 exclusive exercise by the State of powers and functions which  
11 might otherwise be exercised by home rule units. Such powers  
12 and functions may not be exercised concurrently, either  
13 directly or indirectly, by any unit of local government,  
14 including any home rule unit, except as otherwise authorized  
15 by this Act.

16 (d) Notwithstanding any other provision of law, no  
17 collective bargaining agreement entered into, renewed, or  
18 extended after the effective date of this amendatory Act of  
19 the 102nd General Assembly or any arbitration award issued  
20 under such collective bargaining agreement may violate or  
21 conflict with the changes made by this amendatory Act of the  
22 102nd General Assembly.

23 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

24 Section 10. The Attorney General Act is amended by adding  
25 Section 5 as follows:

1 (15 ILCS 205/5 new)

2 Sec. 5. Future increases in income. The Office of the  
3 Attorney General must not pay, offer, or agree to pay any  
4 future increase in income, as that term is defined in Section  
5 14-103.44 of the Illinois Pension Code, to any person in a  
6 manner that violates Section 14-106.5 of the Illinois Pension  
7 Code.

8 Section 15. The Secretary of State Merit Employment Code  
9 is amended by adding Section 13a as follows:

10 (15 ILCS 310/13a new)

11 Sec. 13a. Future increases in income. The Office of the  
12 Secretary of State must not pay, offer, or agree to pay any  
13 future increase in income, as that term is defined in Section  
14 14-103.44 of the Illinois Pension Code, to any person in a  
15 manner that violates Section 14-106.5 of the Illinois Pension  
16 Code.

17 Section 20. The Comptroller Merit Employment Code is  
18 amended by adding Section 13a as follows:

19 (15 ILCS 410/13a new)

20 Sec. 13a. Future increases in income. The Office of the  
21 Comptroller must not pay, offer, or agree to pay any future

1 increase in income, as that term is defined in Section  
2 14-103.44 of the Illinois Pension Code, to any person in a  
3 manner that violates Section 14-106.5 of the Illinois Pension  
4 Code.

5 Section 25. The State Treasurer Employment Code is amended  
6 by adding Section 12a as follows:

7 (15 ILCS 510/12a new)

8 Sec. 12a. Future increases in income. The Office of the  
9 State Treasurer must not pay, offer, or agree to pay any future  
10 increase in income, as that term is defined in Section  
11 14-103.44 of the Illinois Pension Code, to any person in a  
12 manner that violates Section 14-106.5 of the Illinois Pension  
13 Code.

14 Section 30. The Civil Administrative Code of Illinois is  
15 amended by adding Section 5-647 as follows:

16 (20 ILCS 5/5-647 new)

17 Sec. 5-647. Future increases in income. A Department must  
18 not pay, offer, or agree to pay any future increase in income,  
19 as that term is defined in Section 14-103.44, 15-112.1, or  
20 16-121.1 of the Illinois Pension Code, to any person in a  
21 manner that violates Section 14-106.5, 15-132.9, or 16-122.9  
22 of the Illinois Pension Code.

1 Section 35. The Illinois Pension Code is amended by  
2 changing Sections 2-108, 2-119.1, 2-124, 2-126, 2-134, 2-162,  
3 14-103.10, 14-114, 14-131, 14-133, 14-135.08, 14-152.1,  
4 15-108.1, 15-111, 15-136, 15-155, 15-157, 15-165, 15-198,  
5 16-121, 16-133.1, 16-136.1, 16-152, 16-158, 16-203, 17-116,  
6 17-129, and 17-130 and by adding 2-105.3, 2-107.9, 2-107.10,  
7 2-110.3, 14-103.43 14-103.44, 14-103.45, 14-106.5, 15-112.1,  
8 15-112.2, 15-132.9, 16-107.1, 16-121.1, 16-121.2, 16-122.9,  
9 17-106.05, 17-113.4, 17-113.5, 17-113.6, 17-115.5, and  
10 17-119.2 as follows:

11 (40 ILCS 5/2-105.3 new)

12 Sec. 2-105.3. Tier 1 employee. "Tier 1 employee": A  
13 participant who first became a participant before January 1,  
14 2011.

15 (40 ILCS 5/2-107.9 new)

16 Sec. 2-107.9. Future increase in income. "Future increase  
17 in income" means an increase to a Tier 1 employee's base pay  
18 that is offered to the Tier 1 employee for service under this  
19 Article after June 30, 2022 that qualifies as "salary", as  
20 defined in Section 2-108, or would qualify as "salary" but for  
21 the fact that it was offered to and accepted by the Tier 1  
22 employee under the condition set forth in subsection (c) of  
23 Section 2-110.3.

1 (40 ILCS 5/2-107.10 new)

2 Sec. 2-107.10. Base pay. As used in Section 2-107.9 of  
3 this Code, "base pay" means the Tier 1 employee's annualized  
4 rate of salary as of June 30, 2022. For a person returning to  
5 active service as a Tier 1 employee after June 30, 2022,  
6 however, "base pay" means the employee's annualized rate of  
7 salary as of the employee's last date of service prior to July  
8 1, 2022. The System shall calculate the base pay of each Tier 1  
9 employee pursuant to this Section.

10 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

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

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

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

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

24 (3) For members of the System who are participants under



1 Section 2-117.1, or who are serving as Clerk or Assistant  
2 Clerk of the House of Representatives or Secretary or  
3 Assistant Secretary of the Senate, the total compensation paid  
4 to the member for one year of service, but not to exceed the  
5 salary of the highest salaried officer of the General  
6 Assembly.

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

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

19 Notwithstanding any other provision of this Section,  
20 "salary" does not include any consideration payment made to a  
21 Tier 1 employee.

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

23 (40 ILCS 5/2-110.3 new)

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

25 (a) Each active Tier 1 employee shall make an irrevocable

1 election either:

2 (1) to agree to delay his or her eligibility for  
3 automatic annual increases in retirement annuity as  
4 provided in subsection (a-1) of Section 2-119.1 and to  
5 have the amount of the automatic annual increases in his  
6 or her retirement annuity and survivor's annuity that are  
7 otherwise provided for in this Article calculated,  
8 instead, as provided in subsection (a-1) of Section  
9 2-119.1; or

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

11 The election required under this subsection (a) shall be  
12 made by each active Tier 1 employee no earlier than January 1,  
13 2022 and no later than March 31, 2022, except that a person who  
14 returns to active service as a Tier 1 employee under this  
15 Article on or after January 1, 2022 and has not yet made an  
16 election under this Section must make the election under this  
17 subsection (a) within 60 days after returning to active  
18 service as a Tier 1 employee.

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

23 (a-5) If this Section is enjoined or stayed by an Illinois  
24 court or a court of competent jurisdiction pending the entry  
25 of a final and unappealable decision, and this Section is  
26 determined to be constitutional or otherwise valid by a final

1 unappealable decision of an Illinois court or a court of  
2 competent jurisdiction, then the election procedure set forth  
3 in subsection (a) of this Section shall commence on the 180th  
4 calendar day after the date of the issuance of the final  
5 unappealable decision and shall conclude at the end of the  
6 270th calendar day after that date.

7 (a-10) All elections under subsection (a) that are made or  
8 deemed to be made before July 1, 2022 shall take effect on July  
9 1, 2022. Elections that are made or deemed to be made on or  
10 after July 1, 2022 shall take effect on the first day of the  
11 month following the month in which the election is made or  
12 deemed to be made.

13 (b) As adequate and legal consideration provided under  
14 this amendatory Act of the 102nd General Assembly for making  
15 an election under paragraph (1) of subsection (a) of this  
16 Section, the State of Illinois shall be expressly and  
17 irrevocably prohibited from offering any future increases in  
18 income to a Tier 1 employee who has made an election under  
19 paragraph (1) of subsection (a) of this Section on the  
20 condition of not constituting salary under Section 2-108.

21 As adequate and legal consideration provided under this  
22 amendatory Act of the 102nd General Assembly for making an  
23 election under paragraph (1) of subsection (a) of this  
24 Section, each Tier 1 employee who has made an election under  
25 paragraph (1) of subsection (a) of this Section shall receive  
26 a consideration payment equal to 10% of the contributions made

1 by or on behalf of the employee under Section 2-126 before the  
2 effective date of that election. The State Comptroller shall  
3 pay the consideration payment to the Tier 1 employee out of  
4 funds appropriated for that purpose under Section 1.10 of the  
5 State Pension Funds Continuing Appropriation Act. The System  
6 shall calculate the amount of each consideration payment and,  
7 by July 1, 2022, shall certify to the State Comptroller the  
8 amount of the consideration payment, together with the name,  
9 address, and any other available payment information of the  
10 Tier 1 employee as found in the records of the System. The  
11 System shall make additional calculations and certifications  
12 of consideration payments to the State Comptroller as the  
13 System deems necessary.

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

25 (d) The System shall make a good faith effort to contact  
26 each Tier 1 employee subject to this Section. The System shall

1 mail information describing the required election to each Tier  
2 1 employee by United States Postal Service mail to his or her  
3 last known address on file with the System. If the Tier 1  
4 employee is not responsive to other means of contact, it is  
5 sufficient for the System to publish the details of any  
6 required elections on its website or to publish those details  
7 in a regularly published newsletter or other existing public  
8 forum.

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

23 The System shall inform Tier 1 employees in the election  
24 packet required under this subsection that the Tier 1 employee  
25 may also wish to obtain information and counsel relating to  
26 the election required under this Section from any other

1 available source, including, but not limited to, labor  
2 organizations and private counsel.

3 In no event shall the System, its staff, or the Board be  
4 held liable for any information given to a member regarding  
5 the elections under this Section. The System shall coordinate  
6 with the Illinois Department of Central Management Services  
7 and each other retirement system administering an election in  
8 accordance with this amendatory Act of the 102nd General  
9 Assembly to provide information concerning the impact of the  
10 election set forth in this Section.

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

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

24 (f) A member's election under this Section is not a  
25 prohibited election under subdivision (j)(1) of Section 1-119  
26 of this Code.

1       (g) No provision of this Section shall be interpreted in a  
2 way that would cause the System to cease to be a qualified plan  
3 under Section 401(a) of the Internal Revenue Code of 1986. The  
4 provisions of this Section shall be subject to and implemented  
5 in a manner that complies with Section 11 of Article IV of the  
6 Illinois Constitution.

7       (h) If an election created by this amendatory Act of the  
8 102nd General Assembly in any other Article of this Code or any  
9 change deriving from that election is determined to be  
10 unconstitutional or otherwise invalid by a final unappealable  
11 decision of an Illinois court or a court of competent  
12 jurisdiction, the invalidity of that provision shall not in  
13 any way affect the validity of this Section or the changes  
14 deriving from the election required under this Section.

15       (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

19       (a) Except as provided in subsection (a-1), a A  
20 participant who retires after June 30, 1967, and who has not  
21 received an initial increase under this Section before the  
22 effective date of this amendatory Act of 1991, shall, in  
23 January or July next following the first anniversary of  
24 retirement, whichever occurs first, and in the same month of  
25 each year thereafter, but in no event prior to age 60, have the

1 amount of the originally granted retirement annuity increased  
2 as follows: for each year through 1971, 1 1/2%; for each year  
3 from 1972 through 1979, 2%; and for 1980 and each year  
4 thereafter, 3%. Annuitants who have received an initial  
5 increase under this subsection prior to the effective date of  
6 this amendatory Act of 1991 shall continue to receive their  
7 annual increases in the same month as the initial increase.

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

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

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



1       is zero or there is a decrease, then the annuity shall not  
2       be increased.

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

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

26       This subsection (b) does not apply to any person who first

1 becomes a member of the System after August 8, 2003 (the  
2 effective date of Public Act 93-494) ~~this amendatory Act of~~  
3 ~~the 93rd General Assembly.~~

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

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

25 (d) A participant who terminated service prior to July 1,  
26 1967, with at least 14 years of service is entitled to an

1 increase in retirement annuity beginning January, 1976, and to  
2 additional increases in January of each year thereafter.

3 The initial increase shall be 1 1/2% of the originally  
4 granted retirement annuity multiplied by the number of full  
5 years that the annuitant was in receipt of such annuity prior  
6 to January 1, 1972, plus 2% of the originally granted  
7 retirement annuity for each year after that date. The  
8 subsequent annual increases shall be at the rate of 2% of the  
9 originally granted retirement annuity for each year through  
10 1979 and at the rate of 3% for 1980 and thereafter.

11 (e) Beginning January 1, 1990, and except as provided in  
12 subsection (a-1), all automatic annual increases payable under  
13 this Section shall be calculated as a percentage of the total  
14 annuity payable at the time of the increase, including  
15 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 5/2-124) (from Ch. 108 1/2, par. 2-124)

18 Sec. 2-124. Contributions by State.

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

25 (b) The Board shall determine the amount of State

1 contributions required for each fiscal year on the basis of  
2 the actuarial tables and other assumptions adopted by the  
3 Board and the prescribed rate of interest, using the formula  
4 in subsection (c).

5 (c) For State fiscal years 2012 through 2045 (except as  
6 otherwise provided for fiscal year 2023), the minimum  
7 contribution to the System to be made by the State for each  
8 fiscal year shall be an amount determined by the System to be  
9 sufficient to bring the total assets of the System up to 90% of  
10 the total actuarial liabilities of the System by the end of  
11 State fiscal year 2045. In making these determinations, the  
12 required State contribution shall be calculated each year as a  
13 level percentage of payroll over the years remaining to and  
14 including fiscal year 2045 and shall be determined under the  
15 projected unit credit actuarial cost method.

16 For State fiscal year 2023:

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

19 (2) For purposes of the recertification due on or  
20 before May 1, 2022, the recalculation of the required  
21 State contribution for fiscal year 2023 shall take into  
22 account the effect on the System's liabilities of the  
23 elections made under Section 2-110.3.

24 (3) For purposes of the recertification due on or  
25 before October 1, 2022, the total required State  
26 contribution for fiscal year 2023 shall be reduced by the

1 amount of the consideration payments made to Tier 1  
2 employees who made the election under paragraph (1) of  
3 subsection (a) of Section 2-110.3.

4 If Section 2-110.3 is determined to be unconstitutional or  
5 otherwise invalid by a final unappealable decision of an  
6 Illinois court or a court of competent jurisdiction, then the  
7 changes made to this Section by this amendatory Act of the  
8 102nd General Assembly shall not take effect and are repealed  
9 by operation of law.

10 A change in an actuarial or investment assumption that  
11 increases or decreases the required State contribution and  
12 first applies in State fiscal year 2018 or thereafter shall be  
13 implemented in equal annual amounts over a 5-year period  
14 beginning in the State fiscal year in which the actuarial  
15 change first applies to the required State contribution.

16 A change in an actuarial or investment assumption that  
17 increases or decreases the required State contribution and  
18 first applied to the State contribution in fiscal year 2014,  
19 2015, 2016, or 2017 shall be implemented:

20 (i) as already applied in State fiscal years before  
21 2018; and

22 (ii) in the portion of the 5-year period beginning in  
23 the State fiscal year in which the actuarial change first  
24 applied that occurs in State fiscal year 2018 or  
25 thereafter, by calculating the change in equal annual  
26 amounts over that 5-year period and then implementing it

1 at the resulting annual rate in each of the remaining  
2 fiscal years in that 5-year period.

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

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

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

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

21 Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2010  
23 is \$10,454,000 and shall be made from the proceeds of bonds  
24 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
25 Obligation Bond Act, less (i) the pro rata share of bond sale  
26 expenses determined by the System's share of total bond

1 proceeds, (ii) any amounts received from the General Revenue  
2 Fund in fiscal year 2010, and (iii) any reduction in bond  
3 proceeds due to the issuance of discounted bonds, if  
4 applicable.

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

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

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

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

6 Notwithstanding any other provision of this Section, the  
7 required State contribution for State fiscal year 2005 and for  
8 fiscal year 2008 and each fiscal year thereafter, as  
9 calculated under this Section and certified under Section  
10 2-134, shall not exceed an amount equal to (i) the amount of  
11 the required State contribution that would have been  
12 calculated under this Section for that fiscal year if the  
13 System had not received any payments under subsection (d) of  
14 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
15 portion of the State's total debt service payments for that  
16 fiscal year on the bonds issued in fiscal year 2003 for the  
17 purposes of that Section 7.2, as determined and certified by  
18 the Comptroller, that is the same as the System's portion of  
19 the total moneys distributed under subsection (d) of Section  
20 7.2 of the General Obligation Bond Act. In determining this  
21 maximum for State fiscal years 2008 through 2010, however, the  
22 amount referred to in item (i) shall be increased, as a  
23 percentage of the applicable employee payroll, in equal  
24 increments calculated from the sum of the required State  
25 contribution for State fiscal year 2007 plus the applicable  
26 portion of the State's total debt service payments for fiscal



1 year 2007 on the bonds issued in fiscal year 2003 for the  
2 purposes of Section 7.2 of the General Obligation Bond Act, so  
3 that, by State fiscal year 2011, the State is contributing at  
4 the rate otherwise required under this Section.

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

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

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

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

22 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

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

25 Sec. 2-126. Contributions by participants.

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

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

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

22           (c) Beginning July 1, 1967, each participant shall  
23 contribute 1% of salary towards the cost of automatic increase  
24 in annuity provided in Section 2-119.1. These contributions  
25 shall be made concurrently with contributions for retirement  
26 annuity purposes.

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

18           (e) Notwithstanding any other provision of this Article,  
19 the required contribution of a participant who first becomes a  
20 participant on or after January 1, 2011 shall not exceed the  
21 contribution that would be due under this Article if that  
22 participant's highest salary for annuity purposes were  
23 \$106,800, plus any increases in that amount under Section  
24 2-108.1.

25           (f) Beginning July 1, 2022 or the effective date of the  
26 Tier 1 employee's election under paragraph (1) of subsection

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

8 (g) Notwithstanding subsection (f) of this Section,  
9 beginning July 1, 2022 or the effective date of the Tier 1  
10 employee's election under paragraph (1) of subsection (a) of  
11 Section 2-110.3, whichever is later, in lieu of the  
12 contributions otherwise required under this Section, each Tier  
13 1 employee who made the election under paragraph (1) of  
14 subsection (a) of Section 2-110.3 and has elected to cease  
15 making contributions for survivor's annuity under subsection  
16 (b) of this Section, shall contribute 8.55% of each payment of  
17 salary toward the cost of his or her retirement annuity.

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

19 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

20 Sec. 2-134. To certify required State contributions and  
21 submit vouchers.

22 (a) The Board shall certify to the Governor on or before  
23 December 15 of each year until December 15, 2011 the amount of  
24 the required State contribution to the System for the next  
25 fiscal year and shall specifically identify the System's

1 projected State normal cost for that fiscal year. The  
2 certification shall include a copy of the actuarial  
3 recommendations upon which it is based and shall specifically  
4 identify the System's projected State normal cost for that  
5 fiscal year.

6 On or before November 1 of each year, beginning November  
7 1, 2012, the Board shall submit to the State Actuary, the  
8 Governor, and the General Assembly a proposed certification of  
9 the amount of the required State contribution to the System  
10 for the next fiscal year, along with all of the actuarial  
11 assumptions, calculations, and data upon which that proposed  
12 certification is based. On or before January 1 of each year  
13 beginning January 1, 2013, the State Actuary shall issue a  
14 preliminary report concerning the proposed certification and  
15 identifying, if necessary, recommended changes in actuarial  
16 assumptions that the Board must consider before finalizing its  
17 certification of the required State contributions. On or  
18 before January 15, 2013 and every January 15 thereafter, the  
19 Board shall certify to the Governor and the General Assembly  
20 the amount of the required State contribution for the next  
21 fiscal year. The Board's certification must note any  
22 deviations from the State Actuary's recommended changes, the  
23 reason or reasons for not following the State Actuary's  
24 recommended changes, and the fiscal impact of not following  
25 the State Actuary's recommended changes on the required State  
26 contribution.

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

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

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

18          By November 1, 2017, the Board shall recalculate and  
19          recertify to the State Actuary, the Governor, and the General  
20          Assembly the amount of the State contribution to the System  
21          for State fiscal year 2018, taking into account the changes in  
22          required State contributions made by this amendatory Act of  
23          the 100th General Assembly. The State Actuary shall review the  
24          assumptions and valuations underlying the Board's revised  
25          certification and issue a preliminary report concerning the  
26          proposed recertification and identifying, if necessary,

1 recommended changes in actuarial assumptions that the Board  
2 must consider before finalizing its certification of the  
3 required State contributions. The Board's final certification  
4 must note any deviations from the State Actuary's recommended  
5 changes, the reason or reasons for not following the State  
6 Actuary's recommended changes, and the fiscal impact of not  
7 following the State Actuary's recommended changes on the  
8 required State contribution.

9 On or before May 1, 2022, the Board shall recalculate and  
10 recertify to the Governor and the General Assembly the amount  
11 of the required State contribution to the System for State  
12 fiscal year 2023, taking into account the effect on the  
13 System's liabilities of the elections made under Section  
14 2-110.3.

15 On or before October 1, 2022, the Board shall recalculate  
16 and recertify to the Governor and the General Assembly the  
17 amount of the required State contribution to the System for  
18 State fiscal year 2023, taking into account the reduction  
19 specified under item (3) of subsection (c) of Section 2-124.

20 (b) Beginning in State fiscal year 1996, on or as soon as  
21 possible after the 15th day of each month the Board shall  
22 submit vouchers for payment of State contributions to the  
23 System, in a total monthly amount of one-twelfth of the  
24 required annual State contribution certified under subsection  
25 (a). From the effective date of this amendatory Act of the 93rd  
26 General Assembly through June 30, 2004, the Board shall not

1 submit vouchers for the remainder of fiscal year 2004 in  
2 excess of the fiscal year 2004 certified contribution amount  
3 determined under this Section after taking into consideration  
4 the transfer to the System under subsection (d) of Section  
5 6z-61 of the State Finance Act. These vouchers shall be paid by  
6 the State Comptroller and Treasurer by warrants drawn on the  
7 funds appropriated to the System for that fiscal year. If in  
8 any month the amount remaining unexpended from all other  
9 appropriations to the System for the applicable fiscal year  
10 (including the appropriations to the System under Section 8.12  
11 of the State Finance Act and Section 1 of the State Pension  
12 Funds Continuing Appropriation Act) is less than the amount  
13 lawfully vouchered under this Section, the difference shall be  
14 paid from the General Revenue Fund under the continuing  
15 appropriation authority provided in Section 1.1 of the State  
16 Pension Funds Continuing Appropriation Act.

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

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



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

3 Sec. 2-162. 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 to this Article by this  
13 amendatory Act of the 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  
26 Accountability shall analyze whether adequate additional

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

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

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

1 apply and qualify for the affected benefit while the new  
2 benefit increase was in effect.

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

4 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

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

7 Sec. 14-103.10. Compensation.

8 (a) For periods of service prior to January 1, 1978, the  
9 full rate of salary or wages payable to an employee for  
10 personal services performed if he worked the full normal  
11 working period for his position, subject to the following  
12 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
13 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
14 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
15 July 1, 1957, no limitation.

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

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

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

5 (c) For periods of service on or after December 16, 1978,  
6 compensation also includes any benefits, other than lump sum  
7 salary payments made at termination of employment, which an  
8 employee receives or is eligible to receive under a sick pay  
9 plan authorized by law.

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

16 (e) For members for which Section 1-160 applies for  
17 periods of service on and after January 1, 2011, all  
18 remuneration for personal services performed defined as  
19 "wages" under the Social Security Enabling Act, excluding  
20 remuneration that is in excess of the annual earnings, salary,  
21 or wages of a member or participant, as provided in subsection  
22 (b-5) of Section 1-160, but including any benefits received by  
23 an employee under a sick pay plan in effect before January 1,  
24 1981. Compensation shall exclude lump sum salary payments:

- 25 (1) for vacation;
- 26 (2) for accumulated unused sick leave;

1 (3) upon discharge or dismissal; and

2 (4) for approved holidays.

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

7 (g) Notwithstanding any other provision of this Section,  
8 "compensation" does not include any future increase in income  
9 that is offered for service by a department to a Tier 1  
10 employee under this Article pursuant to the condition set  
11 forth in subsection (c) of Section 14-106.5 and accepted under  
12 that condition by a Tier 1 employee who has made the election  
13 under paragraph (2) of subsection (a) of Section 14-106.5.

14 (h) Notwithstanding any other provision of this Section,  
15 "compensation" does not include any consideration payment made  
16 to a Tier 1 employee.

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

18 (40 ILCS 5/14-103.43 new)

19 Sec. 14-103.43. Tier 1 employee. "Tier 1 employee": An  
20 employee under this Article who first became a member or  
21 participant before January 1, 2011 under any reciprocal  
22 retirement system or pension fund established under this Code  
23 other than a retirement system or pension fund established  
24 under Article 2, 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/14-103.44 new)

2 Sec. 14-103.44. Future increase in income. "Future  
3 increase in income" means an increase to a Tier 1 employee's  
4 base pay that is offered by a department to the Tier 1 employee  
5 for service under this Article after June 30, 2023 that  
6 qualifies as "compensation", as defined in Section 14-103.10,  
7 or would qualify as "compensation" but for the fact that it was  
8 offered to and accepted by the Tier 1 employee under the  
9 condition set forth in subsection (c) of Section 14-106.5. The  
10 term "future increase in income" includes an increase to a  
11 Tier 1 employee's base pay that is paid to the Tier 1 employee  
12 pursuant to an extension, amendment, or renewal of any  
13 employment contract or collective bargaining agreement after  
14 the effective date of this Section.

15 (40 ILCS 5/14-103.45 new)

16 Sec. 14-103.45. Base pay. As used in Section 14-103.44 of  
17 this Code, "base pay" means the greater of either (i) the Tier  
18 1 employee's annualized rate of compensation as of June 30,  
19 2023, or (ii) the Tier 1 employee's annualized rate of  
20 compensation immediately preceding the expiration, renewal, or  
21 amendment of an employment contract or collective bargaining  
22 agreement in effect on the effective date of this Section. For  
23 a person returning to active service as a Tier 1 employee after  
24 June 30, 2023, however, "base pay" means the employee's  
25 annualized rate of compensation as of the employee's last date

1 of service prior to July 1, 2023. The System shall calculate  
2 the base pay of each Tier 1 employee pursuant to this Section.

3 (40 ILCS 5/14-106.5 new)

4 Sec. 14-106.5. Election by Tier 1 employees.

5 (a) Each active Tier 1 employee shall make an irrevocable  
6 election either:

7 (1) to agree to delay his or her eligibility for  
8 automatic annual increases in retirement annuity as  
9 provided in subsection (a-1) of Section 14-114 and to have  
10 the amount of the automatic annual increases in his or her  
11 retirement annuity and survivors or widow's annuity that  
12 are otherwise provided for in this Article calculated,  
13 instead, as provided in subsection (a-1) of Section  
14 14-114; or

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

16 The election required under this subsection (a) shall be  
17 made by each active Tier 1 employee no earlier than January 1,  
18 2023 and no later than March 31, 2023, except that:

19 (i) a person who becomes a Tier 1 employee under this  
20 Article on or after January 1, 2023 must make the election  
21 under this subsection (a) within 60 days after becoming a  
22 Tier 1 employee; and

23 (ii) a person who returns to active service as a Tier 1  
24 employee under this Article on or after January 1, 2023  
25 and has not yet made an election under this Section must

1 make the election under this subsection (a) within 60 days  
2 after returning to active service as a Tier 1 employee.

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

7 (a-5) If this Section is enjoined or stayed by an Illinois  
8 court or a court of competent jurisdiction pending the entry  
9 of a final and unappealable decision, and this Section is  
10 determined to be constitutional or otherwise valid by a final  
11 unappealable decision of an Illinois court or a court of  
12 competent jurisdiction, then the election procedure set forth  
13 in subsection (a) of this Section shall commence on the 180th  
14 calendar day after the date of the issuance of the final  
15 unappealable decision and shall conclude at the end of the  
16 270th calendar day after that date.

17 (a-10) All elections under subsection (a) that are made or  
18 deemed to be made before July 1, 2023 shall take effect on July  
19 1, 2023. Elections that are made or deemed to be made on or  
20 after July 1, 2023 shall take effect on the first day of the  
21 month following the month in which the election is made or  
22 deemed to be made.

23 (b) As adequate and legal consideration provided under  
24 this amendatory Act of the 102nd General Assembly for making  
25 an election under paragraph (1) of subsection (a) of this  
26 Section, the department shall be expressly and irrevocably



1 prohibited from offering any future increases in income to a  
2 Tier 1 employee who has made an election under paragraph (1) of  
3 subsection (a) of this Section on the condition of not  
4 constituting compensation under Section 14-103.10.

5 As adequate and legal consideration provided under this  
6 amendatory Act of the 102nd General Assembly for making an  
7 election under paragraph (1) of subsection (a) of this  
8 Section, each Tier 1 employee who has made an election under  
9 paragraph (1) of subsection (a) of this Section shall receive  
10 a consideration payment equal to 10% of the contributions made  
11 by or on behalf of the employee before the effective date of  
12 that election. The State Comptroller shall pay the  
13 consideration payment to the Tier 1 employee out of funds  
14 appropriated for that purpose under Section 1.10 of the State  
15 Pension Funds Continuing Appropriation Act. The System shall  
16 calculate the amount of each consideration payment and, by  
17 July 1, 2023, shall certify to the State Comptroller the  
18 amount of the consideration payment, together with the name,  
19 address, and any other available payment information of the  
20 Tier 1 employee as found in the records of the System. The  
21 System shall make additional calculations and certifications  
22 of consideration payments to the State Comptroller as it deems  
23 necessary.

24 (c) A Tier 1 employee who makes the election under  
25 paragraph (2) of subsection (a) of this Section shall not be  
26 subject to paragraph (1) of subsection (a) of this Section.

1 However, each future increase in income offered by a  
2 department under this Article to a Tier 1 employee who has made  
3 the election under paragraph (2) of subsection (a) of this  
4 Section shall be offered by the department expressly and  
5 irrevocably on the condition of not constituting compensation  
6 under Section 14-103.10 and that the Tier 1 employee's  
7 acceptance of the offered future increase in income shall  
8 constitute his or her agreement to that condition.

9 (d) The System shall make a good faith effort to contact  
10 each Tier 1 employee subject to this Section. The System shall  
11 mail information describing the required election to each Tier  
12 1 employee by United States Postal Service mail to his or her  
13 last known address on file with the System. If the Tier 1  
14 employee is not responsive to other means of contact, it is  
15 sufficient for the System to publish the details of any  
16 required elections on its website or to publish those details  
17 in a regularly published newsletter or other existing public  
18 forum.

19 Tier 1 employees who are subject to this Section shall be  
20 provided with an election packet containing information  
21 regarding their options, as well as the forms necessary to  
22 make the required election. Upon request, the System shall  
23 offer Tier 1 employees an opportunity to receive information  
24 from the System before making the required election. The  
25 information may consist of video materials, group  
26 presentations, individual consultation with a member or

1 authorized representative of the System in person or by  
2 telephone or other electronic means, or any combination of  
3 those methods. The System shall not provide advice or  
4 counseling with respect to which election a Tier 1 employee  
5 should make or specific to the legal or tax circumstances of or  
6 consequences to the Tier 1 employee.

7 The System shall inform Tier 1 employees in the election  
8 packet required under this subsection that the Tier 1 employee  
9 may also wish to obtain information and counsel relating to  
10 the election required under this Section from any other  
11 available source, including, but not limited to, labor  
12 organizations and private counsel.

13 In no event shall the System, its staff, or the Board be  
14 held liable for any information given to a member regarding  
15 the elections under this Section. The System shall coordinate  
16 with the Illinois Department of Central Management Services  
17 and each other retirement system administering an election in  
18 accordance with this amendatory Act of the 102nd General  
19 Assembly to provide information concerning the impact of the  
20 election set forth in this Section.

21 (e) Notwithstanding any other provision of law, a  
22 department under this Article is required to offer each future  
23 increase in income expressly and irrevocably on the condition  
24 of not constituting "compensation" under Section 14-103.10 to  
25 any Tier 1 employee who has made an election under paragraph  
26 (2) of subsection (a) of this Section. The offer shall also

1 provide that the Tier 1 employee's acceptance of the offered  
2 future increase in income shall constitute his or her  
3 agreement to the condition set forth in this subsection.

4 For purposes of legislative intent, the condition set  
5 forth in this subsection shall be construed in a manner that  
6 ensures that the condition is not violated or circumvented  
7 through any contrivance of any kind.

8 (f) A member's election under this Section is not a  
9 prohibited election under subdivision (j)(1) of Section 1-119  
10 of this Code.

11 (g) No provision of this Section shall be interpreted in a  
12 way that would cause the System to cease to be a qualified plan  
13 under Section 401(a) of the Internal Revenue Code of 1986. The  
14 provisions of this Section shall be subject to and implemented  
15 in a manner that complies with Section 21 of Article V of the  
16 Illinois Constitution.

17 (h) If an election created by this amendatory Act of the  
18 102nd General Assembly in any other Article of this Code or any  
19 change deriving from that election is determined to be  
20 unconstitutional or otherwise invalid by a final unappealable  
21 decision of an Illinois court or a court of competent  
22 jurisdiction, the invalidity of that provision shall not in  
23 any way affect the validity of this Section or the changes  
24 deriving from the election required under this Section.

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

3 Sec. 14-114. Automatic increase in retirement annuity.

4 (a) Subject to the provisions of subsections (a-1), any  
5 ~~Any~~ person receiving a retirement annuity under this Article  
6 who retires having attained age 60, or who retires before age  
7 60 having at least 35 years of creditable service, or who  
8 retires on or after January 1, 2001 at an age which, when added  
9 to the number of years of his or her creditable service, equals  
10 at least 85, shall, on January 1 next following the first full  
11 year of retirement, have the amount of the then fixed and  
12 payable monthly retirement annuity increased 3%. Any person  
13 receiving a retirement annuity under this Article who retires  
14 before attainment of age 60 and with less than (i) 35 years of  
15 creditable service if retirement is before January 1, 2001, or  
16 (ii) the number of years of creditable service which, when  
17 added to the member's age, would equal 85, if retirement is on  
18 or after January 1, 2001, shall have the amount of the fixed  
19 and payable retirement annuity increased by 3% on the January  
20 1 occurring on or next following (1) attainment of age 60, or  
21 (2) the first anniversary of retirement, whichever occurs  
22 later. However, for persons who receive the alternative  
23 retirement annuity under Section 14-110, references in this  
24 subsection (a) to attainment of age 60 shall be deemed to refer  
25 to attainment of age 55. For a person receiving early  
26 retirement incentives under Section 14-108.3 whose retirement

1 annuity began after January 1, 1992 pursuant to an extension  
2 granted under subsection (e) of that Section, the first  
3 anniversary of retirement shall be deemed to be January 1,  
4 1993. For a person who retires on or after June 28, 2001 and on  
5 or before October 1, 2001, and whose retirement annuity is  
6 calculated, in whole or in part, under Section 14-110 or  
7 subsection (g) or (h) of Section 14-108, the first anniversary  
8 of retirement shall be deemed to be January 1, 2002.

9 On each January 1 following the date of the initial  
10 increase under this subsection, the employee's monthly  
11 retirement annuity shall be increased by an additional 3%.

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

17 (a-1) Notwithstanding any other provision of this Article,  
18 for a Tier 1 employee who made the election under paragraph (1)  
19 of subsection (a) of Section 14-106.5:

20 (1) The initial increase in retirement annuity under  
21 this Section shall occur on the January 1 occurring either  
22 on or after the attainment of age 67 or the fifth  
23 anniversary of the annuity start date, whichever is  
24 earlier.

25 (2) The amount of each automatic annual increase in  
26 retirement annuity or survivors or widow's annuity

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

12 For the purposes of this Section, "consumer price index-u"  
13 means the index published by the Bureau of Labor Statistics of  
14 the United States Department of Labor that measures the  
15 average change in prices of goods and services purchased by  
16 all urban consumers, United States city average, all items,  
17 1982-84 = 100. The new amount resulting from each annual  
18 adjustment shall be determined by the Public Pension Division  
19 of the Department of Insurance and made available to the board  
20 of the retirement system by November 1 of each year.

21 (b) The provisions of subsection (a) of this Section shall  
22 be applicable to an employee only if the employee makes the  
23 additional contributions required after December 31, 1969 for  
24 the purpose of the automatic increases for not less than the  
25 equivalent of one full year. If an employee becomes an  
26 annuitant before his additional contributions equal one full

1 year's contributions based on his salary at the date of  
2 retirement, the employee may pay the necessary balance of the  
3 contributions to the system, without interest, and be eligible  
4 for the increasing annuity authorized by this Section.

5 (c) The provisions of subsection (a) of this Section shall  
6 not be applicable to any annuitant who is on retirement on  
7 December 31, 1969, and thereafter returns to State service,  
8 unless the member has established at least one year of  
9 additional creditable service following reentry into service.

10 (d) In addition to other increases which may be provided  
11 by this Section, on January 1, 1981 any annuitant who was  
12 receiving a retirement annuity on or before January 1, 1971  
13 shall have his retirement annuity then being paid increased \$1  
14 per month for each year of creditable service. On January 1,  
15 1982, any annuitant who began receiving a retirement annuity  
16 on or before January 1, 1977, shall have his retirement  
17 annuity then being paid increased \$1 per month for each year of  
18 creditable service.

19 On January 1, 1987, any annuitant who began receiving a  
20 retirement annuity on or before January 1, 1977, shall have  
21 the monthly retirement annuity increased by an amount equal to  
22 8¢ per year of creditable service times the number of years  
23 that have elapsed since the annuity began.

24 (e) Every person who receives the alternative retirement  
25 annuity under Section 14-110 and who is eligible to receive  
26 the 3% increase under subsection (a) on January 1, 1986, shall



1 also receive on that date a one-time increase in retirement  
2 annuity equal to the difference between (1) his actual  
3 retirement annuity on that date, including any increases  
4 received under subsection (a), and (2) the amount of  
5 retirement annuity he would have received on that date if the  
6 amendments to subsection (a) made by Public Act 84-162 had  
7 been in effect since the date of his retirement.

8 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
9 92-651, eff. 7-11-02.)

10 (40 ILCS 5/14-131)

11 Sec. 14-131. Contributions by State.

12 (a) The State shall make contributions to the System by  
13 appropriations of amounts which, together with other employer  
14 contributions from trust, federal, and other funds, employee  
15 contributions, investment income, and other income, will be  
16 sufficient to meet the cost of maintaining and administering  
17 the System on a 90% funded basis in accordance with actuarial  
18 recommendations.

19 For the purposes of this Section and Section 14-135.08,  
20 references to State contributions refer only to employer  
21 contributions and do not include employee contributions that  
22 are picked up or otherwise paid by the State or a department on  
23 behalf of the employee.

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

1 the actuarial tables and other assumptions adopted by the  
2 Board, using the formula in subsection (e).

3 The Board shall also determine a State contribution rate  
4 for each fiscal year, expressed as a percentage of payroll,  
5 based on the total required State contribution for that fiscal  
6 year (less the amount received by the System from  
7 appropriations under Section 8.12 of the State Finance Act and  
8 Section 1 of the State Pension Funds Continuing Appropriation  
9 Act, if any, for the fiscal year ending on the June 30  
10 immediately preceding the applicable November 15 certification  
11 deadline), the estimated payroll (including all forms of  
12 compensation) for personal services rendered by eligible  
13 employees, and the recommendations of the actuary.

14 For the purposes of this Section and Section 14.1 of the  
15 State Finance Act, the term "eligible employees" includes  
16 employees who participate in the System, persons who may elect  
17 to participate in the System but have not so elected, persons  
18 who are serving a qualifying period that is required for  
19 participation, and annuitants employed by a department as  
20 described in subdivision (a)(1) or (a)(2) of Section 14-111.

21 (c) Contributions shall be made by the several departments  
22 for each pay period by warrants drawn by the State Comptroller  
23 against their respective funds or appropriations based upon  
24 vouchers stating the amount to be so contributed. These  
25 amounts shall be based on the full rate certified by the Board  
26 under Section 14-135.08 for that fiscal year. From March 5,

1 2004 (the effective date of Public Act 93-665) through the  
2 payment of the final payroll from fiscal year 2004  
3 appropriations, the several departments shall not make  
4 contributions for the remainder of fiscal year 2004 but shall  
5 instead make payments as required under subsection (a-1) of  
6 Section 14.1 of the State Finance Act. The several departments  
7 shall resume those contributions at the commencement of fiscal  
8 year 2005.

9 (c-1) Notwithstanding subsection (c) of this Section, for  
10 fiscal years 2010, 2012, and each fiscal year thereafter,  
11 contributions by the several departments are not required to  
12 be made for General Revenue Funds payrolls processed by the  
13 Comptroller. Payrolls paid by the several departments from all  
14 other State funds must continue to be processed pursuant to  
15 subsection (c) of this Section.

16 (c-2) For State fiscal years 2010, 2012, and each fiscal  
17 year thereafter, on or as soon as possible after the 15th day  
18 of each month, the Board shall submit vouchers for payment of  
19 State contributions to the System, in a total monthly amount  
20 of one-twelfth of the fiscal year General Revenue Fund  
21 contribution as certified by the System pursuant to Section  
22 14-135.08 of the Illinois Pension Code.

23 (d) If an employee is paid from trust funds or federal  
24 funds, the department or other employer shall pay employer  
25 contributions from those funds to the System at the certified  
26 rate, unless the terms of the trust or the federal-State

1 agreement preclude the use of the funds for that purpose, in  
2 which case the required employer contributions shall be paid  
3 by the State.

4 (e) For State fiscal years 2012 through 2045 (except as  
5 otherwise provided for fiscal year 2024), the minimum  
6 contribution to the System to be made by the State for each  
7 fiscal year shall be an amount determined by the System to be  
8 sufficient to bring the total assets of the System up to 90% of  
9 the total actuarial liabilities of the System by the end of  
10 State fiscal year 2045. In making these determinations, the  
11 required State contribution shall be calculated each year as a  
12 level percentage of payroll over the years remaining to and  
13 including fiscal year 2045 and shall be determined under the  
14 projected unit credit actuarial cost method.

15 For State fiscal year 2024:

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

18 (2) For purposes of the recertification due on or  
19 before May 1, 2023, the recalculation of the required  
20 State contribution for fiscal year 2024 shall take into  
21 account the effect on the System's liabilities of the  
22 elections made under Section 14-106.5.

23 (3) For purposes of the recertification due on or  
24 before October 1, 2023, the total required State  
25 contribution for fiscal year 2024 shall be reduced by the  
26 amount of the consideration payments made to Tier 1

1 employees who made the election under paragraph (1) of  
2 subsection (a) of Section 14-106.5.

3 A change in an actuarial or investment assumption that  
4 increases or decreases the required State contribution and  
5 first applies in State fiscal year 2018 or thereafter shall be  
6 implemented in equal annual amounts over a 5-year period  
7 beginning in the State fiscal year in which the actuarial  
8 change first applies to the required State contribution.

9 A change in an actuarial or investment assumption that  
10 increases or decreases the required State contribution and  
11 first applied to the State contribution in fiscal year 2014,  
12 2015, 2016, or 2017 shall be implemented:

13 (i) as already applied in State fiscal years before  
14 2018; and

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

22 For State fiscal years 1996 through 2005, the State  
23 contribution to the System, as a percentage of the applicable  
24 employee payroll, shall be increased in equal annual  
25 increments so that by State fiscal year 2011, the State is  
26 contributing at the rate required under this Section; except

1 that (i) for State fiscal year 1998, for all purposes of this  
2 Code and any other law of this State, the certified percentage  
3 of the applicable employee payroll shall be 5.052% for  
4 employees earning eligible creditable service under Section  
5 14-110 and 6.500% for all other employees, notwithstanding any  
6 contrary certification made under Section 14-135.08 before  
7 July 7, 1997 (the effective date of Public Act 90-65), and (ii)  
8 in the following specified State fiscal years, the State  
9 contribution to the System shall not be less than the  
10 following indicated percentages of the applicable employee  
11 payroll, even if the indicated percentage will produce a State  
12 contribution in excess of the amount otherwise required under  
13 this subsection and subsection (a): 9.8% in FY 1999; 10.0% in  
14 FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003;  
15 and 10.8% in FY 2004.

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

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

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

6 Notwithstanding any other provision of this Section, the  
7 required State contribution for State fiscal year 2005 and for  
8 fiscal year 2008 and each fiscal year thereafter, as  
9 calculated under this Section and certified under Section  
10 14-135.08, shall not exceed an amount equal to (i) the amount  
11 of the required State contribution that would have been  
12 calculated under this Section for that fiscal year if the  
13 System had not received any payments under subsection (d) of  
14 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
15 portion of the State's total debt service payments for that  
16 fiscal year on the bonds issued in fiscal year 2003 for the  
17 purposes of that Section 7.2, as determined and certified by  
18 the Comptroller, that is the same as the System's portion of  
19 the total moneys distributed under subsection (d) of Section  
20 7.2 of the General Obligation Bond Act.

21 (f) (Blank).

22 (g) For purposes of determining the required State  
23 contribution to the System, the value of the System's assets  
24 shall be equal to the actuarial value of the System's assets,  
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of  
2 that date. In determining the actuarial value of the System's  
3 assets for fiscal years after June 30, 2008, any actuarial  
4 gains or losses from investment return incurred in a fiscal  
5 year shall be recognized in equal annual amounts over the  
6 5-year period following that fiscal year.

7 (h) For purposes of determining the required State  
8 contribution to the System for a particular year, the  
9 actuarial value of assets shall be assumed to earn a rate of  
10 return equal to the System's actuarially assumed rate of  
11 return.

12 (i) (Blank).

13 (j) (Blank).

14 (k) For fiscal year 2012 and each fiscal year thereafter,  
15 after the submission of all payments for eligible employees  
16 from personal services line items paid from the General  
17 Revenue Fund in the fiscal year have been made, the  
18 Comptroller shall provide to the System a certification of the  
19 sum of all expenditures in the fiscal year for personal  
20 services. Upon receipt of the certification, the System shall  
21 determine the amount due to the System based on the full rate  
22 certified by the Board under Section 14-135.08 for the fiscal  
23 year in order to meet the State's obligation under this  
24 Section. The System shall compare this amount due to the  
25 amount received by the System for the fiscal year. If the  
26 amount due is more than the amount received, the difference



1 shall be termed the "Prior Fiscal Year Shortfall" for purposes  
2 of this Section, and the Prior Fiscal Year Shortfall shall be  
3 satisfied under Section 1.2 of the State Pension Funds  
4 Continuing Appropriation Act. If the amount due is less than  
5 the amount received, the difference shall be termed the "Prior  
6 Fiscal Year Overpayment" for purposes of this Section, and the  
7 Prior Fiscal Year Overpayment shall be repaid by the System to  
8 the General Revenue Fund as soon as practicable after the  
9 certification.

10 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
11 101-10, eff. 6-5-19.)

12 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

15 Sec. 14-133. Contributions on behalf of members.

16 (a) Except as provided in subsection (a-5), each ~~Each~~  
17 participating employee shall make contributions to the System,  
18 based on the employee's compensation, as follows:

19 (1) Covered employees, except as indicated below, 3.5%  
20 for retirement annuity, and 0.5% for a widow or survivors  
21 annuity;

22 (2) Noncovered employees, except as indicated below,  
23 7% for retirement annuity and 1% for a widow or survivors  
24 annuity;

25 (3) Noncovered employees serving in a position in

1 which "eligible creditable service" as defined in Section  
2 14-110 may be earned, 1% for a widow or survivors annuity  
3 plus the following amount for retirement annuity: 8.5%  
4 through December 31, 2001; 9.5% in 2002; 10.5% in 2003;  
5 and 11.5% in 2004 and thereafter;

6 (4) Covered employees serving in a position in which  
7 "eligible creditable service" as defined in Section 14-110  
8 may be earned, 0.5% for a widow or survivors annuity plus  
9 the following amount for retirement annuity: 5% through  
10 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004  
11 and thereafter;

12 (5) Each security employee of the Department of  
13 Corrections or of the Department of Human Services who is  
14 a covered employee, 0.5% for a widow or survivors annuity  
15 plus the following amount for retirement annuity: 5%  
16 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
17 in 2004 and thereafter;

18 (6) Each security employee of the Department of  
19 Corrections or of the Department of Human Services who is  
20 not a covered employee, 1% for a widow or survivors  
21 annuity plus the following amount for retirement annuity:  
22 8.5% through December 31, 2001; 9.5% in 2002; 10.5% in  
23 2003; and 11.5% in 2004 and thereafter.

24 (a-5) Beginning July 1, 2023 or the effective date of the  
25 Tier 1 employee's election under paragraph (1) of subsection  
26 (a) of Section 14-106.5, whichever is later, in lieu of the

1 contributions otherwise required under subsection (a), each  
2 Tier 1 employee who made the election under paragraph (1) of  
3 subsection (a) of Section 14-106.5 who is a participating  
4 employee shall make contributions to the System, based on his  
5 or her compensation, as follows:

6 (1) Covered employees, except as indicated below,  
7 3.15% for retirement annuity, and 0.45% for a widow or  
8 survivors annuity;

9 (2) Noncovered employees, except as indicated below,  
10 6.3% for retirement annuity and 0.9% for a widow or  
11 survivors annuity;

12 (3) Noncovered employees serving in a position in  
13 which "eligible creditable service" as defined in Section  
14 14-110 may be earned, 10.35% for retirement annuity and  
15 0.9% for a widow or survivors annuity;

16 (4) Covered employees serving in a position in which  
17 "eligible creditable service" as defined in Section 14-110  
18 may be earned, 7.2% for retirement annuity and 0.45% for a  
19 widow or survivors annuity;

20 (5) Each security employee of the Department of  
21 Corrections or of the Department of Human Services who is  
22 a covered employee, 10.8% for retirement annuity and 0.45%  
23 for a widow or survivors annuity;

24 (6) Each security employee of the Department of  
25 Corrections or of the Department of Human Services who is  
26 not a covered employee, 10.35% for retirement annuity and

1           0.9% for a widow or survivors annuity.

2           (b) Contributions shall be in the form of a deduction from  
3 compensation and shall be made notwithstanding that the  
4 compensation paid in cash to the employee shall be reduced  
5 thereby below the minimum prescribed by law or regulation.  
6 Each member is deemed to consent and agree to the deductions  
7 from compensation provided for in this Article, and shall  
8 receipt in full for salary or compensation.

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

10           (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

11           Sec. 14-135.08. To certify required State contributions.

12           (a) To certify to the Governor and to each department, on  
13 or before November 15 of each year until November 15, 2011, the  
14 required rate for State contributions to the System for the  
15 next State fiscal year, as determined under subsection (b) of  
16 Section 14-131. The certification to the Governor under this  
17 subsection (a) shall include a copy of the actuarial  
18 recommendations upon which the rate is based and shall  
19 specifically identify the System's projected State normal cost  
20 for that fiscal year.

21           (a-5) On or before November 1 of each year, beginning  
22 November 1, 2012, the Board shall submit to the State Actuary,  
23 the Governor, and the General Assembly a proposed  
24 certification of the amount of the required State contribution  
25 to the System for the next fiscal year, along with all of the

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

17 (b) The certifications under subsections (a) and (a-5)  
18 shall include an additional amount necessary to pay all  
19 principal of and interest on those general obligation bonds  
20 due the next fiscal year authorized by Section 7.2(a) of the  
21 General Obligation Bond Act and issued to provide the proceeds  
22 deposited by the State with the System in July 2003,  
23 representing deposits other than amounts reserved under  
24 Section 7.2(c) of the General Obligation Bond Act. For State  
25 fiscal year 2005, the Board shall make a supplemental  
26 certification of the additional amount necessary to pay all

1 principal of and interest on those general obligation bonds  
2 due in State fiscal years 2004 and 2005 authorized by Section  
3 7.2(a) of the General Obligation Bond Act and issued to  
4 provide the proceeds deposited by the State with the System in  
5 July 2003, representing deposits other than amounts reserved  
6 under Section 7.2(c) of the General Obligation Bond Act, as  
7 soon as practical after the effective date of this amendatory  
8 Act of the 93rd General Assembly.

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

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

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

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

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

20 On or after June 15, 2019, but no later than June 30, 2019,  
21 the Board shall recalculate and recertify to the Governor and  
22 the General Assembly the amount of the State contribution to  
23 the System for State fiscal year 2019, taking into account the  
24 changes in required State contributions made by this  
25 amendatory Act of the 100th General Assembly. The  
26 recalculation shall be made using assumptions adopted by the

1 Board for the original fiscal year 2019 certification. The  
2 monthly voucher for the 12th month of fiscal year 2019 shall be  
3 paid by the Comptroller after the recertification required  
4 pursuant to this paragraph is submitted to the Governor,  
5 Comptroller, and General Assembly. The recertification  
6 submitted to the General Assembly shall be filed with the  
7 Clerk of the House of Representatives and the Secretary of the  
8 Senate in electronic form only, in the manner that the Clerk  
9 and the Secretary shall direct.

10 On or before May 1, 2023, the Board shall recalculate and  
11 recertify to the Governor and the General Assembly the amount  
12 of the required State contribution to the System for State  
13 fiscal year 2024, taking into account the effect on the  
14 System's liabilities of the elections made under Section  
15 14-106.5.

16 On or before October 1, 2023, the Board shall recalculate  
17 and recertify to the Governor and the General Assembly the  
18 amount of the required State contribution to the System for  
19 State fiscal year 2024, taking into account the reduction  
20 specified under item (3) of subsection (e) of Section 14-131.

21 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

22 (40 ILCS 5/14-152.1)

23 Sec. 14-152.1. Application and expiration of new benefit  
24 increases.

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



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

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

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

21 Every new benefit increase is contingent upon the General  
22 Assembly providing the additional funding required under this  
23 subsection. The Commission on Government Forecasting and  
24 Accountability shall analyze whether adequate additional  
25 funding has been provided for the new benefit increase and  
26 shall report its analysis to the Public Pension Division of

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

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

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

1 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
2 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.  
3 7-12-19; 101-610, eff. 1-1-20.)

4 (40 ILCS 5/15-108.1)

5 Sec. 15-108.1. Tier 1 member; Tier 1 employee.

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

17 "Tier 1 employee": A Tier 1 member who is a participating  
18 employee, unless he or she is a disability benefit recipient  
19 under Section 15-150. However, for the purposes of the  
20 election under Section 15-132.9, "Tier 1 employee" does not  
21 include an individual who has made an irrevocable election on  
22 or before June 1, 2021 to retire from service pursuant to the  
23 terms of an employment contract or a collective bargaining  
24 agreement in effect on June 1, 2021, excluding any extension,  
25 amendment, or renewal of that agreement on or after that date,

1 and has notified the System of that election.

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

3 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

4 Sec. 15-111. Earnings.

5 (a) "Earnings": Subject to Section 15-111.5, an amount  
6 paid for personal services equal to the sum of the basic  
7 compensation plus extra compensation for summer teaching,  
8 overtime or other extra service. For periods for which an  
9 employee receives service credit under subsection (c) of  
10 Section 15-113.1 or Section 15-113.2, earnings are equal to  
11 the basic compensation on which contributions are paid by the  
12 employee during such periods. Compensation for employment  
13 which is irregular, intermittent and temporary shall not be  
14 considered earnings, unless the participant is also receiving  
15 earnings from the employer as an employee under Section  
16 15-107.

17 With respect to transition pay paid by the University of  
18 Illinois to a person who was a participating employee employed  
19 in the fire department of the University of Illinois's  
20 Champaign-Urbana campus immediately prior to the elimination  
21 of that fire department:

22 (1) "Earnings" includes transition pay paid to the  
23 employee on or after the effective date of this amendatory  
24 Act of the 91st General Assembly.

25 (2) "Earnings" includes transition pay paid to the

1 employee before the effective date of this amendatory Act  
2 of the 91st General Assembly only if (i) employee  
3 contributions under Section 15-157 have been withheld from  
4 that transition pay or (ii) the employee pays to the  
5 System before January 1, 2001 an amount representing  
6 employee contributions under Section 15-157 on that  
7 transition pay. Employee contributions under item (ii) may  
8 be paid in a lump sum, by withholding from additional  
9 transition pay accruing before January 1, 2001, or in any  
10 other manner approved by the System. Upon payment of the  
11 employee contributions on transition pay, the  
12 corresponding employer contributions become an obligation  
13 of the State.

14 (a-5) Notwithstanding any other provision of this Section,  
15 "earnings" does not include any future increase in income that  
16 is offered for service by an employer to a Tier 1 employee  
17 under this Article pursuant to the condition set forth in  
18 subsection (c) of Section 15-132.9 and accepted under that  
19 condition by a Tier 1 employee who has made the election under  
20 paragraph (2) of subsection (a) of Section 15-132.9.

21 (a-10) Notwithstanding any other provision of this  
22 Section, "earnings" does not include any consideration payment  
23 made to a Tier 1 employee.

24 (b) For a Tier 2 member, the annual earnings shall not  
25 exceed \$106,800; however, that amount shall annually  
26 thereafter be increased by the lesser of (i) 3% of that amount,

1 including all previous adjustments, or (ii) one half the  
2 annual unadjusted percentage increase (but not less than zero)  
3 in the consumer price index-u for the 12 months ending with the  
4 September preceding each November 1, including all previous  
5 adjustments.

6 For the purposes of this Section, "consumer price index u"  
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 all urban consumers, United States city average, all items,  
11 1982-84 = 100. The new amount resulting from each annual  
12 adjustment shall be determined by the Public Pension Division  
13 of the Department of Insurance and made available to the  
14 boards of the retirement systems and pension funds by November  
15 1 of each year.

16 (c) With each submission of payroll information in the  
17 manner prescribed by the System, the employer shall certify  
18 that the payroll information is correct and complies with all  
19 applicable State and federal laws.

20 (Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

21 (40 ILCS 5/15-112.1 new)

22 Sec. 15-112.1. Future increase in income. "Future increase  
23 in income" means an increase to a Tier 1 employee's base pay  
24 that is offered by an employer to the Tier 1 employee for  
25 service under this Article after June 30, 2022 that qualifies

1 as "earnings", as defined in Section 15-111, or would qualify  
2 as "earnings" but for the fact that it was offered to and  
3 accepted by the Tier 1 employee under the condition set forth  
4 in subsection (c) of Section 15-132.9. The term "future  
5 increase in income" includes an increase to a Tier 1  
6 employee's base pay that is paid to the Tier 1 employee  
7 pursuant to an extension, amendment, or renewal of any such  
8 employment contract or collective bargaining agreement after  
9 the effective date of this Section.

10 (40 ILCS 5/15-112.2 new)

11 Sec. 15-112.2. Base pay. As used in Section 15-112.1 of  
12 this Code, "base pay" means the greater of either (i) the Tier  
13 1 employee's annualized rate of earnings as of June 30, 2022,  
14 or (ii) the Tier 1 employee's annualized rate of earnings  
15 immediately preceding the expiration, renewal, or amendment of  
16 an employment contract or collective bargaining agreement in  
17 effect on the effective date of this Section. For a person  
18 returning to participating employee status as a Tier 1  
19 employee after June 30, 2022, however, "base pay" means the  
20 employee's annualized rate of earnings as of the employee's  
21 last date of service prior to July 1, 2022. The System shall  
22 calculate the base pay of each Tier 1 employee pursuant to this  
23 Section.

24 (40 ILCS 5/15-132.9 new)

1       Sec. 15-132.9. Election by Tier 1 employees.

2       (a) Each Tier 1 employee shall make an irrevocable  
3 election either:

4           (1) to agree to delay his or her eligibility for  
5 automatic annual increases in retirement annuity as  
6 provided in subsection (d-1) of Section 15-136 and to have  
7 the amount of the automatic annual increases in his or her  
8 retirement annuity and survivor annuity that are otherwise  
9 provided for in this Article calculated, instead, as  
10 provided in subsection (d-1) of Section 15-136; or

11           (2) to not agree to the provisions of paragraph (1) of  
12 this subsection.

13       The election required under this subsection (a) shall be  
14 made by each Tier 1 employee no earlier than January 1, 2022  
15 and no later than March 31, 2022, except that:

16           (i) a person who becomes a Tier 1 employee under this  
17 Article on or after January 1, 2022 must make the election  
18 under this subsection (a) within 60 days after becoming a  
19 Tier 1 employee;

20           (ii) a person who returns to participating employee  
21 status as a Tier 1 employee under this Article on or after  
22 January 1, 2022 and has not yet made an election under this  
23 Section must make the election under this subsection (a)  
24 within 60 days after returning to participating employee  
25 status as a Tier 1 employee; and

26           (iii) a person who returns to participating employee



1 status as a Tier 1 employee under this Article but who has  
2 not made an election under Section 15-134.5 must make the  
3 election under this subsection (a) at the same time as the  
4 election under Section 15-134.5 and within the timeframes  
5 required by that Section.

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

10 (a-5) If this Section is enjoined or stayed by an Illinois  
11 court or a court of competent jurisdiction pending the entry  
12 of a final and unappealable decision, and this Section is  
13 determined to be constitutional or otherwise valid by a final  
14 unappealable decision of an Illinois court or a court of  
15 competent jurisdiction, then the election procedure set forth  
16 in subsection (a) of this Section shall commence on the 180th  
17 calendar day after the date of the issuance of the final  
18 unappealable decision and shall conclude at the end of the  
19 270th calendar day after that date.

20 (a-10) All elections under subsection (a) that are made or  
21 deemed to be made before July 1, 2022 shall take effect on July  
22 1, 2022. Elections that are made or deemed to be made on or  
23 after July 1, 2022 shall take effect on the first day of the  
24 month following the month in which the election is made or  
25 deemed to be made.

26 (b) As adequate and legal consideration provided under

1 this amendatory Act of the 102nd General Assembly for making  
2 an election under paragraph (1) of subsection (a) of this  
3 Section, the employer shall be expressly and irrevocably  
4 prohibited from offering any future increases in income to a  
5 Tier 1 employee who has made an election under paragraph (1) of  
6 subsection (a) of this Section on the condition of not  
7 constituting earnings under Section 15-111.

8 As adequate and legal consideration provided under this  
9 amendatory Act of the 102nd General Assembly for making an  
10 election under paragraph (1) of subsection (a) of this  
11 Section, each Tier 1 employee who has made an election under  
12 paragraph (1) of subsection (a) of this Section shall receive  
13 a consideration payment equal to 10% of the contributions made  
14 by or on behalf of the employee under Section 15-157 before the  
15 effective date of that election. The State Comptroller shall  
16 pay the consideration payment to the Tier 1 employee out of  
17 funds appropriated for that purpose under Section 1.10 of the  
18 State Pension Funds Continuing Appropriation Act. The System  
19 shall calculate the amount of each consideration payment and,  
20 by July 1, 2022, shall certify to the State Comptroller the  
21 amount of the consideration payment, together with the name,  
22 address, and any other available payment information of the  
23 Tier 1 employee as found in the records of the System. The  
24 System shall make additional calculations and certifications  
25 of consideration payments to the State Comptroller as the  
26 System deems necessary.

1       (c) A Tier 1 employee who makes the election under  
2 paragraph (2) of subsection (a) of this Section shall not be  
3 subject to paragraph (1) of subsection (a) of this Section.  
4 However, each future increase in income offered by an employer  
5 under this Article to a Tier 1 employee who has made the  
6 election under paragraph (2) of subsection (a) of this Section  
7 shall be offered by the employer expressly and irrevocably on  
8 the condition of not constituting earnings under Section  
9 15-111 and that the Tier 1 employee's acceptance of the  
10 offered future increase in income shall constitute his or her  
11 agreement to that condition.

12       (d) The System shall make a good faith effort to contact  
13 each Tier 1 employee subject to this Section. The System shall  
14 mail information describing the required election to each Tier  
15 1 employee by United States Postal Service mail to his or her  
16 last known address on file with the System. If the Tier 1  
17 employee is not responsive to other means of contact, it is  
18 sufficient for the System to publish the details of any  
19 required elections on its website or to publish those details  
20 in a regularly published newsletter or other existing public  
21 forum.

22       Tier 1 employees who are subject to this Section shall be  
23 provided with an election packet containing information  
24 regarding their options, as well as the forms necessary to  
25 make the required election. Upon request, the System shall  
26 offer Tier 1 employees an opportunity to receive information

1 from the System before making the required election. The  
2 information may consist of video materials, benefit  
3 estimators, group presentations, individual consultation with  
4 a member or authorized representative of the System in person  
5 or by telephone or other electronic means, or any combination  
6 of these methods. The System shall not provide advice or  
7 counseling with respect to which election a Tier 1 employee  
8 should make or specific to the legal or tax circumstances of or  
9 consequences to the Tier 1 employee.

10 The System shall inform Tier 1 employees in the election  
11 packet required under this subsection that the Tier 1 employee  
12 may also wish to obtain information and counsel relating to  
13 the election required under this Section from any other  
14 available source, including, but not limited to, labor  
15 organizations and private counsel.

16 In no event shall the System, its staff, or the Board be  
17 held liable for any information given to a member regarding  
18 the elections under this Section. The System shall coordinate  
19 with the Illinois Department of Central Management Services  
20 and each other retirement system administering an election in  
21 accordance with this amendatory Act of the 102nd General  
22 Assembly to provide information concerning the impact of the  
23 election set forth in this Section.

24 (e) Notwithstanding any other provision of law, an  
25 employer under this Article is required to offer each future  
26 increase in income expressly and irrevocably on the condition

1 of not constituting "earnings" under Section 15-111 to any  
2 Tier 1 employee who has made an election under paragraph (2) of  
3 subsection (a) of this Section. The offer shall also provide  
4 that the Tier 1 employee's acceptance of the offered future  
5 increase in income shall constitute his or her agreement to  
6 the condition set forth in this subsection.

7 For purposes of legislative intent, the condition set  
8 forth in this subsection shall be construed in a manner that  
9 ensures that the condition is not violated or circumvented  
10 through any contrivance of any kind.

11 (f) A member's election under this Section is not a  
12 prohibited election under subdivision (j)(1) of Section 1-119  
13 of this Code.

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

17 (h) If an election created by this amendatory Act of the  
18 102nd General Assembly in any other Article of this Code or any  
19 change deriving from that election is determined to be  
20 unconstitutional or otherwise invalid by a final unappealable  
21 decision of an Illinois court or a court of competent  
22 jurisdiction, the invalidity of that provision shall not in  
23 any way affect the validity of this Section or the changes  
24 deriving from the election required under this Section.

1           Sec. 15-136. Retirement annuities - Amount. The provisions  
2 of this Section 15-136 apply only to those participants who  
3 are participating in the traditional benefit package or the  
4 portable benefit package and do not apply to participants who  
5 are participating in the self-managed plan.

6           (a) The amount of a participant's retirement annuity,  
7 expressed in the form of a single-life annuity, shall be  
8 determined by whichever of the following rules is applicable  
9 and provides the largest annuity:

10           Rule 1: The retirement annuity shall be 1.67% of final  
11 rate of earnings for each of the first 10 years of service,  
12 1.90% for each of the next 10 years of service, 2.10% for each  
13 year of service in excess of 20 but not exceeding 30, and 2.30%  
14 for each year in excess of 30; or for persons who retire on or  
15 after January 1, 1998, 2.2% of the final rate of earnings for  
16 each year of service.

17           Rule 2: The retirement annuity shall be the sum of the  
18 following, determined from amounts credited to the participant  
19 in accordance with the actuarial tables and the effective rate  
20 of interest in effect at the time the retirement annuity  
21 begins:

22           (i) the normal annuity which can be provided on an  
23 actuarially equivalent basis, by the accumulated normal  
24 contributions as of the date the annuity begins;

25           (ii) an annuity from employer contributions of an  
26 amount equal to that which can be provided on an

1           actuarially equivalent basis from the accumulated normal  
2           contributions made by the participant under Section  
3           15-113.6 and Section 15-113.7 plus 1.4 times all other  
4           accumulated normal contributions made by the participant;  
5           and

6           (iii) the annuity that can be provided on an  
7           actuarially equivalent basis from the entire contribution  
8           made by the participant under Section 15-113.3.

9           With respect to a police officer or firefighter who  
10          retires on or after August 14, 1998, the accumulated normal  
11          contributions taken into account under clauses (i) and (ii) of  
12          this Rule 2 shall include the additional normal contributions  
13          made by the police officer or firefighter under Section  
14          15-157(a).

15          The amount of a retirement annuity calculated under this  
16          Rule 2 shall be computed solely on the basis of the  
17          participant's accumulated normal contributions, as specified  
18          in this Rule and defined in Section 15-116. Neither an  
19          employee or employer contribution for early retirement under  
20          Section 15-136.2 nor any other employer contribution shall be  
21          used in the calculation of the amount of a retirement annuity  
22          under this Rule 2.

23          This amendatory Act of the 91st General Assembly is a  
24          clarification of existing law and applies to every participant  
25          and annuitant without regard to whether status as an employee  
26          terminates before the effective date of this amendatory Act.

1           This Rule 2 does not apply to a person who first becomes an  
2 employee under this Article on or after July 1, 2005.

3           Rule 3: The retirement annuity of a participant who is  
4 employed at least one-half time during the period on which his  
5 or her final rate of earnings is based, shall be equal to the  
6 participant's years of service not to exceed 30, multiplied by  
7 (1) \$96 if the participant's final rate of earnings is less  
8 than \$3,500, (2) \$108 if the final rate of earnings is at least  
9 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
10 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
11 the final rate of earnings is at least \$5,500 but less than  
12 \$6,500, (5) \$144 if the final rate of earnings is at least  
13 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
14 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
15 the final rate of earnings is at least \$8,500 but less than  
16 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
17 more, except that the annuity for those persons having made an  
18 election under Section 15-154(a-1) shall be calculated and  
19 payable under the portable retirement benefit program pursuant  
20 to the provisions of Section 15-136.4.

21           Rule 4: A participant who is at least age 50 and has 25 or  
22 more years of service as a police officer or firefighter, and a  
23 participant who is age 55 or over and has at least 20 but less  
24 than 25 years of service as a police officer or firefighter,  
25 shall be entitled to a retirement annuity of 2 1/4% of the  
26 final rate of earnings for each of the first 10 years of



1 service as a police officer or firefighter, 2 1/2% for each of  
2 the next 10 years of service as a police officer or  
3 firefighter, and 2 3/4% for each year of service as a police  
4 officer or firefighter in excess of 20. The retirement annuity  
5 for all other service shall be computed under Rule 1. A Tier 2  
6 member is eligible for a retirement annuity calculated under  
7 Rule 4 only if that Tier 2 member meets the service  
8 requirements for that benefit calculation as prescribed under  
9 this Rule 4 in addition to the applicable age requirement  
10 under subsection (a-10) of Section 15-135.

11 For purposes of this Rule 4, a participant's service as a  
12 firefighter shall also include the following:

13 (i) service that is performed while the person is an  
14 employee under subsection (h) of Section 15-107; and

15 (ii) in the case of an individual who was a  
16 participating employee employed in the fire department of  
17 the University of Illinois's Champaign-Urbana campus  
18 immediately prior to the elimination of that fire  
19 department and who immediately after the elimination of  
20 that fire department transferred to another job with the  
21 University of Illinois, service performed as an employee  
22 of the University of Illinois in a position other than  
23 police officer or firefighter, from the date of that  
24 transfer until the employee's next termination of service  
25 with the University of Illinois.

26 (b) For a Tier 1 member, the retirement annuity provided

1 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for  
2 each month the participant is under age 60 at the time of  
3 retirement. However, this reduction shall not apply in the  
4 following cases:

5 (1) For a disabled participant whose disability  
6 benefits have been discontinued because he or she has  
7 exhausted eligibility for disability benefits under clause  
8 (6) of Section 15-152;

9 (2) For a participant who has at least the number of  
10 years of service required to retire at any age under  
11 subsection (a) of Section 15-135; or

12 (3) For that portion of a retirement annuity which has  
13 been provided on account of service of the participant  
14 during periods when he or she performed the duties of a  
15 police officer or firefighter, if these duties were  
16 performed for at least 5 years immediately preceding the  
17 date the retirement annuity is to begin.

18 (b-5) The retirement annuity of a Tier 2 member who is  
19 retiring under Rule 1 or 3 after attaining age 62 with at least  
20 10 years of service credit shall be reduced by 1/2 of 1% for  
21 each full month that the member's age is under age 67.

22 (c) The maximum retirement annuity provided under Rules 1,  
23 2, 4, and 5 shall be the lesser of (1) the annual limit of  
24 benefits as specified in Section 415 of the Internal Revenue  
25 Code of 1986, as such Section may be amended from time to time  
26 and as such benefit limits shall be adjusted by the

1 Commissioner of Internal Revenue, and (2) 80% of final rate of  
2 earnings.

3 (d) Subject to the provisions of subsection (d-1), a ~~A~~  
4 Tier 1 member whose status as an employee terminates after  
5 August 14, 1969 shall receive automatic increases in his or  
6 her retirement annuity as follows:

7 Effective January 1 immediately following the date the  
8 retirement annuity begins, the annuitant shall receive an  
9 increase in his or her monthly retirement annuity of 0.125% of  
10 the monthly retirement annuity provided under Rule 1, Rule 2,  
11 Rule 3, or Rule 4 contained in this Section, multiplied by the  
12 number of full months which elapsed from the date the  
13 retirement annuity payments began to January 1, 1972, plus  
14 0.1667% of such annuity, multiplied by the number of full  
15 months which elapsed from January 1, 1972, or the date the  
16 retirement annuity payments began, whichever is later, to  
17 January 1, 1978, plus 0.25% of such annuity multiplied by the  
18 number of full months which elapsed from January 1, 1978, or  
19 the date the retirement annuity payments began, whichever is  
20 later, to the effective date of the increase.

21 The annuitant shall receive an increase in his or her  
22 monthly retirement annuity on each January 1 thereafter during  
23 the annuitant's life of 3% of the monthly annuity provided  
24 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this  
25 Section. The change made under this subsection by P.A. 81-970  
26 is effective January 1, 1980 and applies to each annuitant

1 whose status as an employee terminates before or after that  
2 date.

3 Beginning January 1, 1990, and except as provided in  
4 subsection (d-1), all automatic annual increases payable under  
5 this Section shall be calculated as a percentage of the total  
6 annuity payable at the time of the increase, including all  
7 increases previously granted under this Article.

8 The change made in this subsection by P.A. 85-1008 is  
9 effective January 26, 1988, and is applicable without regard  
10 to whether status as an employee terminated before that date.

11 (d-1) Notwithstanding any other provision of this Article,  
12 for a Tier 1 employee who made the election under paragraph (1)  
13 of subsection (a) of Section 15-132.9:

14 (1) The initial increase in retirement annuity under  
15 this Section shall occur on the January 1 occurring either  
16 on or after the attainment of age 67 or the fifth  
17 anniversary of the annuity start date, whichever is  
18 earlier.

19 (2) The amount of each automatic annual increase in  
20 retirement annuity or survivor annuity occurring on or  
21 after the effective date of that election shall be  
22 calculated as a percentage of the originally granted  
23 retirement annuity or survivor annuity, equal to 3% or  
24 one-half the annual unadjusted percentage increase (but  
25 not less than zero) in the consumer price index-u for the  
26 12 months ending with the September preceding each

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

6 For the purposes of this Section, "consumer price index-u"  
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 all urban consumers, United States city average, all items,  
11 1982-84 = 100. The new amount resulting from each annual  
12 adjustment shall be determined by the Public Pension Division  
13 of the Department of Insurance and made available to the board  
14 of the retirement system by November 1 of each year.

15 (d-5) A retirement annuity of a Tier 2 member shall  
16 receive annual increases on the January 1 occurring either on  
17 or after the attainment of age 67 or the first anniversary of  
18 the annuity start date, whichever is later. Each annual  
19 increase shall be calculated at 3% or one half the annual  
20 unadjusted percentage increase (but not less than zero) in the  
21 consumer price index-u for the 12 months ending with the  
22 September preceding each November 1, whichever is less, of the  
23 originally granted retirement annuity. If the annual  
24 unadjusted percentage change in the consumer price index-u for  
25 the 12 months ending with the September preceding each  
26 November 1 is zero or there is a decrease, then the annuity

1 shall not be increased.

2 (e) If, on January 1, 1987, or the date the retirement  
3 annuity payment period begins, whichever is later, the sum of  
4 the retirement annuity provided under Rule 1 or Rule 2 of this  
5 Section and the automatic annual increases provided under the  
6 preceding subsection or Section 15-136.1, amounts to less than  
7 the retirement annuity which would be provided by Rule 3, the  
8 retirement annuity shall be increased as of January 1, 1987,  
9 or the date the retirement annuity payment period begins,  
10 whichever is later, to the amount which would be provided by  
11 Rule 3 of this Section. Such increased amount shall be  
12 considered as the retirement annuity in determining benefits  
13 provided under other Sections of this Article. This paragraph  
14 applies without regard to whether status as an employee  
15 terminated before the effective date of this amendatory Act of  
16 1987, provided that the annuitant was employed at least  
17 one-half time during the period on which the final rate of  
18 earnings was based.

19 (f) A participant is entitled to such additional annuity  
20 as may be provided on an actuarially equivalent basis, by any  
21 accumulated additional contributions to his or her credit.  
22 However, the additional contributions made by the participant  
23 toward the automatic increases in annuity provided under this  
24 Section shall not be taken into account in determining the  
25 amount of such additional annuity.

26 (g) If, (1) by law, a function of a governmental unit, as

1 defined by Section 20-107 of this Code, is transferred in  
2 whole or in part to an employer, and (2) a participant  
3 transfers employment from such governmental unit to such  
4 employer within 6 months after the transfer of the function,  
5 and (3) the sum of (A) the annuity payable to the participant  
6 under Rule 1, 2, or 3 of this Section (B) all proportional  
7 annuities payable to the participant by all other retirement  
8 systems covered by Article 20, and (C) the initial primary  
9 insurance amount to which the participant is entitled under  
10 the Social Security Act, is less than the retirement annuity  
11 which would have been payable if all of the participant's  
12 pension credits validated under Section 20-109 had been  
13 validated under this system, a supplemental annuity equal to  
14 the difference in such amounts shall be payable to the  
15 participant.

16 (h) On January 1, 1981, an annuitant who was receiving a  
17 retirement annuity on or before January 1, 1971 shall have his  
18 or her retirement annuity then being paid increased \$1 per  
19 month for each year of creditable service. On January 1, 1982,  
20 an annuitant whose retirement annuity began on or before  
21 January 1, 1977, shall have his or her retirement annuity then  
22 being paid increased \$1 per month for each year of creditable  
23 service.

24 (i) On January 1, 1987, any annuitant whose retirement  
25 annuity began on or before January 1, 1977, shall have the  
26 monthly retirement annuity increased by an amount equal to 8¢

1 per year of creditable service times the number of years that  
2 have elapsed since the annuity began.

3 (j) The changes made to this Section by this amendatory  
4 Act of the 101st General Assembly apply retroactively to  
5 January 1, 2011.

6 (Source: P.A. 101-610, eff. 1-1-20.)

7 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

8 Sec. 15-155. Employer contributions.

9 (a) The State of Illinois shall make contributions by  
10 appropriations of amounts which, together with the other  
11 employer contributions from trust, federal, and other funds,  
12 employee contributions, income from investments, and other  
13 income of this System, will be sufficient to meet the cost of  
14 maintaining and administering the System on a 90% funded basis  
15 in accordance with actuarial recommendations.

16 The Board shall determine the amount of State  
17 contributions required for each fiscal year on the basis of  
18 the actuarial tables and other assumptions adopted by the  
19 Board and the recommendations of the actuary, using the  
20 formula in subsection (a-1).

21 (a-1) For State fiscal years 2012 through 2045 (except as  
22 otherwise provided for fiscal year 2023), the minimum  
23 contribution to the System to be made by the State for each  
24 fiscal year shall be an amount determined by the System to be  
25 sufficient to bring the total assets of the System up to 90% of



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

7 For State fiscal year 2023:

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

10 (2) For purposes of the recertification due on or  
11 before May 1, 2022, the recalculation of the required  
12 State contribution for fiscal year 2023 shall take into  
13 account the effect on the System's liabilities of the  
14 elections made under Section 15-132.9.

15 (3) For purposes of the recertification due on or  
16 before October 1, 2022, the total required State  
17 contribution for fiscal year 2023 shall be reduced by the  
18 amount of the consideration payments made to Tier 1  
19 employees who made the election under paragraph (1) of  
20 subsection (a) of Section 15-132.9.

21 For each of State fiscal years 2018, 2019, and 2020, the  
22 State shall make an additional contribution to the System  
23 equal to 2% of the total payroll of each employee who is deemed  
24 to have elected the benefits under Section 1-161 or who has  
25 made the election under subsection (c) of Section 1-161.

26 A change in an actuarial or investment assumption that

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

6 A change in an actuarial or investment assumption that  
7 increases or decreases the required State contribution and  
8 first applied to the State contribution in fiscal year 2014,  
9 2015, 2016, or 2017 shall be implemented:

10 (i) as already applied in State fiscal years before  
11 2018; and

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

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

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2006  
26 is \$166,641,900.

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2007  
3 is \$252,064,100.

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

11           Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2010  
13 is \$702,514,000 and shall be made from the State Pensions Fund  
14 and proceeds of bonds sold in fiscal year 2010 pursuant to  
15 Section 7.2 of the General Obligation Bond Act, less (i) the  
16 pro rata share of bond sale expenses determined by the  
17 System's share of total bond proceeds, (ii) any amounts  
18 received from the General Revenue Fund in fiscal year 2010,  
19 (iii) any reduction in bond proceeds due to the issuance of  
20 discounted bonds, if applicable.

21           Notwithstanding any other provision of this Article, the  
22 total required State contribution for State fiscal year 2011  
23 is the amount recertified by the System on or before April 1,  
24 2011 pursuant to Section 15-165 and shall be made from the  
25 State Pensions Fund and proceeds of bonds sold in fiscal year  
26 2011 pursuant to Section 7.2 of the General Obligation Bond

1 Act, less (i) the pro rata share of bond sale expenses  
2 determined by the System's share of total bond proceeds, (ii)  
3 any amounts received from the General Revenue Fund in fiscal  
4 year 2011, and (iii) any reduction in bond proceeds due to the  
5 issuance of discounted bonds, if applicable.

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

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

22 Notwithstanding any other provision of this Section, the  
23 required State contribution for State fiscal year 2005 and for  
24 fiscal year 2008 and each fiscal year thereafter, as  
25 calculated under this Section and certified under Section  
26 15-165, shall not exceed an amount equal to (i) the amount of

1 the required State contribution that would have been  
2 calculated under this Section for that fiscal year if the  
3 System had not received any payments under subsection (d) of  
4 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
5 portion of the State's total debt service payments for that  
6 fiscal year on the bonds issued in fiscal year 2003 for the  
7 purposes of that Section 7.2, as determined and certified by  
8 the Comptroller, that is the same as the System's portion of  
9 the total moneys distributed under subsection (d) of Section  
10 7.2 of the General Obligation Bond Act. In determining this  
11 maximum for State fiscal years 2008 through 2010, however, the  
12 amount referred to in item (i) shall be increased, as a  
13 percentage of the applicable employee payroll, in equal  
14 increments calculated from the sum of the required State  
15 contribution for State fiscal year 2007 plus the applicable  
16 portion of the State's total debt service payments for fiscal  
17 year 2007 on the bonds issued in fiscal year 2003 for the  
18 purposes of Section 7.2 of the General Obligation Bond Act, so  
19 that, by State fiscal year 2011, the State is contributing at  
20 the rate otherwise required under this Section.

21 (a-2) Beginning in fiscal year 2018, each employer under  
22 this Article shall pay to the System a required contribution  
23 determined as a percentage of projected payroll and sufficient  
24 to produce an annual amount equal to:

25 (i) for each of fiscal years 2018, 2019, and 2020, the  
26 defined benefit normal cost of the defined benefit plan,

1 less the employee contribution, for each employee of that  
2 employer who has elected or who is deemed to have elected  
3 the benefits under Section 1-161 or who has made the  
4 election under subsection (c) of Section 1-161; for fiscal  
5 year 2021 and each fiscal year thereafter, the defined  
6 benefit normal cost of the defined benefit plan, less the  
7 employee contribution, plus 2%, for each employee of that  
8 employer who has elected or who is deemed to have elected  
9 the benefits under Section 1-161 or who has made the  
10 election under subsection (c) of Section 1-161; plus

11 (ii) the amount required for that fiscal year to  
12 amortize any unfunded actuarial accrued liability  
13 associated with the present value of liabilities  
14 attributable to the employer's account under Section  
15 15-155.2, determined as a level percentage of payroll over  
16 a 30-year rolling amortization period.

17 In determining contributions required under item (i) of  
18 this subsection, the System shall determine an aggregate rate  
19 for all employers, expressed as a percentage of projected  
20 payroll.

21 In determining the contributions required under item (ii)  
22 of this subsection, the amount shall be computed by the System  
23 on the basis of the actuarial assumptions and tables used in  
24 the most recent actuarial valuation of the System that is  
25 available at the time of the computation.

26 The contributions required under this subsection (a-2)

1 shall be paid by an employer concurrently with that employer's  
2 payroll payment period. The State, as the actual employer of  
3 an employee, shall make the required contributions under this  
4 subsection.

5 As used in this subsection, "academic year" means the  
6 12-month period beginning September 1.

7 (b) If an employee is paid from trust or federal funds, the  
8 employer shall pay to the Board contributions from those funds  
9 which are sufficient to cover the accruing normal costs on  
10 behalf of the employee. However, universities having employees  
11 who are compensated out of local auxiliary funds, income  
12 funds, or service enterprise funds are not required to pay  
13 such contributions on behalf of those employees. The local  
14 auxiliary funds, income funds, and service enterprise funds of  
15 universities shall not be considered trust funds for the  
16 purpose of this Article, but funds of alumni associations,  
17 foundations, and athletic associations which are affiliated  
18 with the universities included as employers under this Article  
19 and other employers which do not receive State appropriations  
20 are considered to be trust funds for the purpose of this  
21 Article.

22 (b-1) The City of Urbana and the City of Champaign shall  
23 each make employer contributions to this System for their  
24 respective firefighter employees who participate in this  
25 System pursuant to subsection (h) of Section 15-107. The rate  
26 of contributions to be made by those municipalities shall be

1 determined annually by the Board on the basis of the actuarial  
2 assumptions adopted by the Board and the recommendations of  
3 the actuary, and shall be expressed as a percentage of salary  
4 for each such employee. The Board shall certify the rate to the  
5 affected municipalities as soon as may be practical. The  
6 employer contributions required under this subsection shall be  
7 remitted by the municipality to the System at the same time and  
8 in the same manner as employee contributions.

9 (c) Through State fiscal year 1995: The total employer  
10 contribution shall be apportioned among the various funds of  
11 the State and other employers, whether trust, federal, or  
12 other funds, in accordance with actuarial procedures approved  
13 by the Board. State of Illinois contributions for employers  
14 receiving State appropriations for personal services shall be  
15 payable from appropriations made to the employers or to the  
16 System. The contributions for Class I community colleges  
17 covering earnings other than those paid from trust and federal  
18 funds, shall be payable solely from appropriations to the  
19 Illinois Community College Board or the System for employer  
20 contributions.

21 (d) Beginning in State fiscal year 1996, the required  
22 State contributions to the System shall be appropriated  
23 directly to the System and shall be payable through vouchers  
24 issued in accordance with subsection (c) of Section 15-165,  
25 except as provided in subsection (g).

26 (e) The State Comptroller shall draw warrants payable to



1 the System upon proper certification by the System or by the  
2 employer in accordance with the appropriation laws and this  
3 Code.

4 (f) Normal costs under this Section means liability for  
5 pensions and other benefits which accrues to the System  
6 because of the credits earned for service rendered by the  
7 participants during the fiscal year and expenses of  
8 administering the System, but shall not include the principal  
9 of or any redemption premium or interest on any bonds issued by  
10 the Board or any expenses incurred or deposits required in  
11 connection therewith.

12 (g) If ~~June 4, 2018 (Public Act 100-587)~~ the amount of a  
13 participant's earnings for any academic year used to determine  
14 the final rate of earnings, determined on a full-time  
15 equivalent basis, exceeds the amount of his or her earnings  
16 with the same employer for the previous academic year,  
17 determined on a full-time equivalent basis, by more than 6%,  
18 the participant's employer shall pay to the System, in  
19 addition to all other payments required under this Section and  
20 in accordance with guidelines established by the System, the  
21 present value of the increase in benefits resulting from the  
22 portion of the increase in earnings that is in excess of 6%.  
23 This present value shall be computed by the System on the basis  
24 of the actuarial assumptions and tables used in the most  
25 recent actuarial valuation of the System that is available at  
26 the time of the computation. The System may require the

1 employer to provide any pertinent information or  
2 documentation.

3 Whenever it determines that a payment is or may be  
4 required under this subsection (g), the System shall calculate  
5 the amount of the payment and bill the employer for that  
6 amount. The bill shall specify the calculations used to  
7 determine the amount due. If the employer disputes the amount  
8 of the bill, it may, within 30 days after receipt of the bill,  
9 apply to the System in writing for a recalculation. The  
10 application must specify in detail the grounds of the dispute  
11 and, if the employer asserts that the calculation is subject  
12 to subsection (h) or (i) of this Section, must include an  
13 affidavit setting forth and attesting to all facts within the  
14 employer's knowledge that are pertinent to the applicability  
15 of that subsection. Upon receiving a timely application for  
16 recalculation, the System shall review the application and, if  
17 appropriate, recalculate the amount due.

18 The employer contributions required under this subsection  
19 (g) may be paid in the form of a lump sum within 90 days after  
20 receipt of the bill. If the employer contributions are not  
21 paid within 90 days after receipt of the bill, then interest  
22 will be charged at a rate equal to the System's annual  
23 actuarially assumed rate of return on investment compounded  
24 annually from the 91st day after receipt of the bill. Payments  
25 must be concluded within 3 years after the employer's receipt  
26 of the bill.

1           When assessing payment for any amount due under this  
2 subsection (g), the System shall include earnings, to the  
3 extent not established by a participant under Section  
4 15-113.11 or 15-113.12, that would have been paid to the  
5 participant had the participant not taken (i) periods of  
6 voluntary or involuntary furlough occurring on or after July  
7 1, 2015 and on or before June 30, 2017 or (ii) periods of  
8 voluntary pay reduction in lieu of furlough occurring on or  
9 after July 1, 2015 and on or before June 30, 2017. Determining  
10 earnings that would have been paid to a participant had the  
11 participant not taken periods of voluntary or involuntary  
12 furlough or periods of voluntary pay reduction shall be the  
13 responsibility of the employer, and shall be reported in a  
14 manner prescribed by the System.

15           This subsection (g) does not apply to (1) Tier 2 hybrid  
16 plan members and (2) Tier 2 defined benefit members who first  
17 participate under this Article on or after the implementation  
18 date of the Optional Hybrid Plan.

19           (g-1) (Blank). ~~June 4, 2018 (Public Act 100-587)~~

20           (h) This subsection (h) applies only to payments made or  
21 salary increases given on or after June 1, 2005 but before July  
22 1, 2011. The changes made by Public Act 94-1057 shall not  
23 require the System to refund any payments received before July  
24 31, 2006 (the effective date of Public Act 94-1057).

25           When assessing payment for any amount due under subsection  
26 (g), the System shall exclude earnings increases paid to

1 participants under contracts or collective bargaining  
2 agreements entered into, amended, or renewed before June 1,  
3 2005.

4 When assessing payment for any amount due under subsection  
5 (g), the System shall exclude earnings increases paid to a  
6 participant at a time when the participant is 10 or more years  
7 from retirement eligibility under Section 15-135.

8 When assessing payment for any amount due under subsection  
9 (g), the System shall exclude earnings increases resulting  
10 from overload work, including a contract for summer teaching,  
11 or overtime when the employer has certified to the System, and  
12 the System has approved the certification, that: (i) in the  
13 case of overloads (A) the overload work is for the sole purpose  
14 of academic instruction in excess of the standard number of  
15 instruction hours for a full-time employee occurring during  
16 the academic year that the overload is paid and (B) the  
17 earnings increases are equal to or less than the rate of pay  
18 for academic instruction computed using the participant's  
19 current salary rate and work schedule; and (ii) in the case of  
20 overtime, the overtime was necessary for the educational  
21 mission.

22 When assessing payment for any amount due under subsection  
23 (g), the System shall exclude any earnings increase resulting  
24 from (i) a promotion for which the employee moves from one  
25 classification to a higher classification under the State  
26 Universities Civil Service System, (ii) a promotion in

1 academic rank for a tenured or tenure-track faculty position,  
2 or (iii) a promotion that the Illinois Community College Board  
3 has recommended in accordance with subsection (k) of this  
4 Section. These earnings increases shall be excluded only if  
5 the promotion is to a position that has existed and been filled  
6 by a member for no less than one complete academic year and the  
7 earnings increase as a result of the promotion is an increase  
8 that results in an amount no greater than the average salary  
9 paid for other similar positions.

10 (i) When assessing payment for any amount due under  
11 subsection (g), the System shall exclude any salary increase  
12 described in subsection (h) of this Section given on or after  
13 July 1, 2011 but before July 1, 2014 under a contract or  
14 collective bargaining agreement entered into, amended, or  
15 renewed on or after June 1, 2005 but before July 1, 2011.  
16 Notwithstanding any other provision of this Section, any  
17 payments made or salary increases given after June 30, 2014  
18 shall be used in assessing payment for any amount due under  
19 subsection (g) of this Section.

20 (j) The System shall prepare a report and file copies of  
21 the report with the Governor and the General Assembly by  
22 January 1, 2007 that contains all of the following  
23 information:

24 (1) The number of recalculations required by the  
25 changes made to this Section by Public Act 94-1057 for  
26 each employer.

1           (2) The dollar amount by which each employer's  
2           contribution to the System was changed due to  
3           recalculations required by Public Act 94-1057.

4           (3) The total amount the System received from each  
5           employer as a result of the changes made to this Section by  
6           Public Act 94-4.

7           (4) The increase in the required State contribution  
8           resulting from the changes made to this Section by Public  
9           Act 94-1057.

10          (j-5) For State fiscal years beginning on or after July 1,  
11          2017, if the amount of a participant's earnings for any State  
12          fiscal year exceeds the amount of the salary set by law for the  
13          Governor that is in effect on July 1 of that fiscal year, the  
14          participant's employer shall pay to the System, in addition to  
15          all other payments required under this Section and in  
16          accordance with guidelines established by the System, an  
17          amount determined by the System to be equal to the employer  
18          normal cost, as established by the System and expressed as a  
19          total percentage of payroll, multiplied by the amount of  
20          earnings in excess of the amount of the salary set by law for  
21          the Governor. This amount shall be computed by the System on  
22          the basis of the actuarial assumptions and tables used in the  
23          most recent actuarial valuation of the System that is  
24          available at the time of the computation. The System may  
25          require the employer to provide any pertinent information or  
26          documentation.

1           Whenever it determines that a payment is or may be  
2 required under this subsection, the System shall calculate the  
3 amount of the payment and bill the employer for that amount.  
4 The bill shall specify the calculation used to determine the  
5 amount due. If the employer disputes the amount of the bill, it  
6 may, within 30 days after receipt of the bill, apply to the  
7 System in writing for a recalculation. The application must  
8 specify in detail the grounds of the dispute. Upon receiving a  
9 timely application for recalculation, the System shall review  
10 the application and, if appropriate, recalculate the amount  
11 due.

12           The employer contributions required under this subsection  
13 may be paid in the form of a lump sum within 90 days after  
14 issuance of the bill. If the employer contributions are not  
15 paid within 90 days after issuance of the bill, then interest  
16 will be charged at a rate equal to the System's annual  
17 actuarially assumed rate of return on investment compounded  
18 annually from the 91st day after issuance of the bill. All  
19 payments must be received within 3 years after issuance of the  
20 bill. If the employer fails to make complete payment,  
21 including applicable interest, within 3 years, then the System  
22 may, after giving notice to the employer, certify the  
23 delinquent amount to the State Comptroller, and the  
24 Comptroller shall thereupon deduct the certified delinquent  
25 amount from State funds payable to the employer and pay them  
26 instead to the System.

1           This subsection (j-5) does not apply to a participant's  
2 earnings to the extent an employer pays the employer normal  
3 cost of such earnings.

4           The changes made to this subsection (j-5) by Public Act  
5 100-624 are intended to apply retroactively to July 6, 2017  
6 (the effective date of Public Act 100-23).

7           (k) The Illinois Community College Board shall adopt rules  
8 for recommending lists of promotional positions submitted to  
9 the Board by community colleges and for reviewing the  
10 promotional lists on an annual basis. When recommending  
11 promotional lists, the Board shall consider the similarity of  
12 the positions submitted to those positions recognized for  
13 State universities by the State Universities Civil Service  
14 System. The Illinois Community College Board shall file a copy  
15 of its findings with the System. The System shall consider the  
16 findings of the Illinois Community College Board when making  
17 determinations under this Section. The System shall not  
18 exclude any earnings increases resulting from a promotion when  
19 the promotion was not submitted by a community college.  
20 Nothing in this subsection (k) shall require any community  
21 college to submit any information to the Community College  
22 Board.

23           (l) For purposes of determining the required State  
24 contribution to the System, the value of the System's assets  
25 shall be equal to the actuarial value of the System's assets,  
26 which shall be calculated as follows:



1 As of June 30, 2008, the actuarial value of the System's  
2 assets shall be equal to the market value of the assets as of  
3 that date. In determining the actuarial value of the System's  
4 assets for fiscal years after June 30, 2008, any actuarial  
5 gains or losses from investment return incurred in a fiscal  
6 year shall be recognized in equal annual amounts over the  
7 5-year period following that fiscal year.

8 (m) For purposes of determining the required State  
9 contribution to the system for a particular year, the  
10 actuarial value of assets shall be assumed to earn a rate of  
11 return equal to the system's actuarially assumed rate of  
12 return.

13 (n) If Section 15-132.9 is determined to be  
14 unconstitutional or otherwise invalid by a final unappealable  
15 decision of an Illinois court or a court of competent  
16 jurisdiction, then the changes made to this Section by this  
17 amendatory Act of the 102nd General Assembly shall not take  
18 effect and are repealed by operation of law.

19 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
20 100-624, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.  
21 7-12-19; revised 8-6-19.)

22 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

23 Sec. 15-157. Employee Contributions.

24 (a) Each participating employee shall make contributions  
25 towards the retirement benefits payable under the retirement

1 program applicable to the employee from each payment of  
2 earnings applicable to employment under this system on and  
3 after the date of becoming a participant as follows: Prior to  
4 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
5 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
6 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
7 are to be considered as normal contributions for purposes of  
8 this Article.

9 Each participant who is a police officer or firefighter  
10 shall make normal contributions of 8% of each payment of  
11 earnings applicable to employment as a police officer or  
12 firefighter under this system on or after September 1, 1981,  
13 unless he or she files with the board within 60 days after the  
14 effective date of this amendatory Act of 1991 or 60 days after  
15 the board receives notice that he or she is employed as a  
16 police officer or firefighter, whichever is later, a written  
17 notice waiving the retirement formula provided by Rule 4 of  
18 Section 15-136. This waiver shall be irrevocable. If a  
19 participant had met the conditions set forth in Section  
20 15-132.1 prior to the effective date of this amendatory Act of  
21 1991 but failed to make the additional normal contributions  
22 required by this paragraph, he or she may elect to pay the  
23 additional contributions plus compound interest at the  
24 effective rate. If such payment is received by the board, the  
25 service shall be considered as police officer service in  
26 calculating the retirement annuity under Rule 4 of Section

1 15-136. While performing service described in clause (i) or  
2 (ii) of Rule 4 of Section 15-136, a participating employee  
3 shall be deemed to be employed as a firefighter for the purpose  
4 of determining the rate of employee contributions under this  
5 Section.

6 (b) Starting September 1, 1969, each participating  
7 employee shall make additional contributions of 1/2 of 1% of  
8 earnings to finance a portion of the cost of the annual  
9 increases in retirement annuity provided under Section 15-136,  
10 except that with respect to participants in the self-managed  
11 plan this additional contribution shall be used to finance the  
12 benefits obtained under that retirement program. Beginning  
13 July 1, 2022 or the effective date of the Tier 1 employee's  
14 election under paragraph (1) of subsection (a) of Section  
15 15-132.9, whichever is later, each Tier 1 employee who made  
16 the election under paragraph (1) of subsection (a) of Section  
17 15-132.9 is no longer required to make contributions under  
18 this subsection.

19 (c) Except as provided in subsection (c-5), in ~~in~~ addition  
20 to the amounts described in subsections (a) and (b) of this  
21 Section, each participating employee shall make contributions  
22 of 1% of earnings applicable under this system on and after  
23 August 1, 1959. The contributions made under this subsection  
24 (c) shall be considered as survivor's insurance contributions  
25 for purposes of this Article if the employee is covered under  
26 the traditional benefit package, and such contributions shall

1 be considered as additional contributions for purposes of this  
2 Article if the employee is participating in the self-managed  
3 plan or has elected to participate in the portable benefit  
4 package and has completed the applicable one-year waiting  
5 period. Contributions in excess of \$80 during any fiscal year  
6 beginning before August 31, 1969 and in excess of \$120 during  
7 any fiscal year thereafter until September 1, 1971 shall be  
8 considered as additional contributions for purposes of this  
9 Article.

10 (c-5) Beginning July 1, 2022 or the effective date of the  
11 Tier 1 employee's election under paragraph (1) of subsection  
12 (a) of Section 15-132.9, whichever is later, in lieu of the  
13 contributions otherwise required under subsection (c), each  
14 Tier 1 employee who made the election under paragraph (1) of  
15 subsection (a) of Section 15-132.9 shall make contributions of  
16 0.7% of earnings applicable under this System and each Tier 1  
17 employee who is a police officer or firefighter who makes  
18 normal contributions of 8% of each payment of earnings  
19 applicable to employment as a police officer or firefighter  
20 under this System and who made the election under paragraph  
21 (1) of subsection (a) of Section 15-132.9 shall make  
22 contributions of 0.55% of earnings applicable under this  
23 System. The contributions made under this subsection (c-5)  
24 shall be considered as survivor's insurance contributions for  
25 purposes of this Article and such contributions shall be  
26 considered as additional contributions for purposes of this

1 Article if the employee has elected to participate in the  
2 portable benefit package and has completed the applicable  
3 one-year waiting period.

4 (d) If the board by board rule so permits and subject to  
5 such conditions and limitations as may be specified in its  
6 rules, a participant may make other additional contributions  
7 of such percentage of earnings or amounts as the participant  
8 shall elect in a written notice thereof received by the board.

9 (e) That fraction of a participant's total accumulated  
10 normal contributions, the numerator of which is equal to the  
11 number of years of service in excess of that which is required  
12 to qualify for the maximum retirement annuity, and the  
13 denominator of which is equal to the total service of the  
14 participant, shall be considered as accumulated additional  
15 contributions. The determination of the applicable maximum  
16 annuity and the adjustment in contributions required by this  
17 provision shall be made as of the date of the participant's  
18 retirement.

19 (f) Notwithstanding the foregoing, a participating  
20 employee shall not be required to make contributions under  
21 this Section after the date upon which continuance of such  
22 contributions would otherwise cause his or her retirement  
23 annuity to exceed the maximum retirement annuity as specified  
24 in clause (1) of subsection (c) of Section 15-136.

25 (g) A participant may make contributions for the purchase  
26 of service credit under this Article; however, only a

1 participating employee may make optional contributions under  
2 subsection (b) of Section 15-157.1 of this Article.

3 (h) A Tier 2 member shall not make contributions on  
4 earnings that exceed the limitation as prescribed under  
5 subsection (b) of Section 15-111 of this Article.

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

7 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

8 Sec. 15-165. To certify amounts and submit vouchers.

9 (a) The Board shall certify to the Governor on or before  
10 November 15 of each year until November 15, 2011 the  
11 appropriation required from State funds for the purposes of  
12 this System for the following fiscal year. The certification  
13 under this subsection (a) shall include a copy of the  
14 actuarial recommendations upon which it is based and shall  
15 specifically identify the System's projected State normal cost  
16 for that fiscal year and the projected State cost for the  
17 self-managed plan for that fiscal year.

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

24 On or before July 1, 2005, the Board shall recalculate and  
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2006, taking  
2 into account the changes in required State contributions made  
3 by this amendatory Act of the 94th General Assembly.

4 On or before April 1, 2011, the Board shall recalculate  
5 and recertify to the Governor the amount of the required State  
6 contribution to the System for State fiscal year 2011,  
7 applying the changes made by Public Act 96-889 to the System's  
8 assets and liabilities as of June 30, 2009 as though Public Act  
9 96-889 was approved on that date.

10 (a-5) On or before November 1 of each year, beginning  
11 November 1, 2012, the Board shall submit to the State Actuary,  
12 the Governor, and the General Assembly a proposed  
13 certification of the amount of the required State contribution  
14 to the System for the next fiscal year, along with all of the  
15 actuarial assumptions, calculations, and data upon which that  
16 proposed certification is based. On or before January 1 of  
17 each year, beginning January 1, 2013, the State Actuary shall  
18 issue a preliminary report concerning the proposed  
19 certification and identifying, if necessary, recommended  
20 changes in actuarial assumptions that the Board must consider  
21 before finalizing its certification of the required State  
22 contributions. On or before January 15, 2013 and each January  
23 15 thereafter, the Board shall certify to the Governor and the  
24 General Assembly the amount of the required State contribution  
25 for the next fiscal year. The Board's certification must note,  
26 in a written response to the State Actuary, any deviations

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

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

23 (a-15) On or before May 1, 2022, the Board shall  
24 recalculate and recertify to the Governor and the General  
25 Assembly the amount of the required State contribution to the  
26 System for State fiscal year 2023, taking into account the



1 effect on the System's liabilities of the elections made under  
2 Section 15-132.9.

3 On or before October 1, 2022, the Board shall recalculate  
4 and recertify to the Governor and the General Assembly the  
5 amount of the required State contribution to the System for  
6 State fiscal year 2023, taking into account the reduction  
7 specified under item (3) of subsection (a-1) of Section  
8 15-155.

9 (a-15) On or after June 15, 2019, but no later than June  
10 30, 2019, the Board shall recalculate and recertify to the  
11 Governor and the General Assembly the amount of the State  
12 contribution to the System for State fiscal year 2019, taking  
13 into account the changes in required State contributions made  
14 by this amendatory Act of the 100th General Assembly. The  
15 recalculation shall be made using assumptions adopted by the  
16 Board for the original fiscal year 2019 certification. The  
17 monthly voucher for the 12th month of fiscal year 2019 shall be  
18 paid by the Comptroller after the recertification required  
19 pursuant to this subsection is submitted to the Governor,  
20 Comptroller, and General Assembly. The recertification  
21 submitted to the General Assembly shall be filed with the  
22 Clerk of the House of Representatives and the Secretary of the  
23 Senate in electronic form only, in the manner that the Clerk  
24 and the Secretary shall direct.

25 (b) The Board shall certify to the State Comptroller or  
26 employer, as the case may be, from time to time, by its

1 chairperson and secretary, with its seal attached, the amounts  
2 payable to the System from the various funds.

3 (c) Beginning in State fiscal year 1996, on or as soon as  
4 possible after the 15th day of each month the Board shall  
5 submit vouchers for payment of State contributions to the  
6 System, in a total monthly amount of one-twelfth of the  
7 required annual State contribution certified under subsection  
8 (a). From the effective date of this amendatory Act of the 93rd  
9 General Assembly through June 30, 2004, the Board shall not  
10 submit vouchers for the remainder of fiscal year 2004 in  
11 excess of the fiscal year 2004 certified contribution amount  
12 determined under this Section after taking into consideration  
13 the transfer to the System under subsection (b) of Section  
14 6z-61 of the State Finance Act. These vouchers shall be paid by  
15 the State Comptroller and Treasurer by warrants drawn on the  
16 funds appropriated to the System for that fiscal year.

17 If in any month the amount remaining unexpended from all  
18 other appropriations to the System for the applicable fiscal  
19 year (including the appropriations to the System under Section  
20 8.12 of the State Finance Act and Section 1 of the State  
21 Pension Funds Continuing Appropriation Act) is less than the  
22 amount lawfully vouchered under this Section, the difference  
23 shall be paid from the General Revenue Fund under the  
24 continuing appropriation authority provided in Section 1.1 of  
25 the State Pension Funds Continuing Appropriation Act.

26 (d) So long as the payments received are the full amount

1 lawfully vouchered under this Section, payments received by  
2 the System under this Section shall be applied first toward  
3 the employer contribution to the self-managed plan established  
4 under Section 15-158.2. Payments shall be applied second  
5 toward the employer's portion of the normal costs of the  
6 System, as defined in subsection (f) of Section 15-155. The  
7 balance shall be applied toward the unfunded actuarial  
8 liabilities of the System.

9 (e) In the event that the System does not receive, as a  
10 result of legislative enactment or otherwise, payments  
11 sufficient to fully fund the employer contribution to the  
12 self-managed plan established under Section 15-158.2 and to  
13 fully fund that portion of the employer's portion of the  
14 normal costs of the System, as calculated in accordance with  
15 Section 15-155(a-1), then any payments received shall be  
16 applied proportionately to the optional retirement program  
17 established under Section 15-158.2 and to the employer's  
18 portion of the normal costs of the System, as calculated in  
19 accordance with Section 15-155(a-1).

20 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

21 (40 ILCS 5/15-198)

22 Sec. 15-198. Application and expiration of new benefit  
23 increases.

24 (a) As used in this Section, "new benefit increase" means  
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for  
2 any benefit under this Article, that results from an amendment  
3 to this Code that takes effect after June 1, 2005 (the  
4 effective date of Public Act 94-4). "New benefit increase",  
5 however, does not include any benefit increase resulting from  
6 the changes made to Article 1 or this Article by Public Act  
7 100-23, Public Act 100-587, Public Act 100-769, Public Act  
8 101-10, Public Act 101-610, or this amendatory Act of the  
9 102nd General Assembly ~~or this amendatory Act of the 101st~~  
10 ~~General Assembly.~~

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

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

20 Every new benefit increase is contingent upon the General  
21 Assembly providing the additional funding required under this  
22 subsection. The Commission on Government Forecasting and  
23 Accountability shall analyze whether adequate additional  
24 funding has been provided for the new benefit increase and  
25 shall report its analysis to the Public Pension Division of  
26 the Department of Insurance. A new benefit increase created by

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

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

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

26 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;

1 100-769, eff. 8-10-18; 101-10, eff. 6-5-19; 101-81, eff.  
2 7-12-19; 101-610, eff. 1-1-20.)

3 (40 ILCS 5/16-107.1 new)

4 Sec. 16-107.1. Tier 1 employee. "Tier 1 employee": A  
5 teacher under this Article who first became a member or  
6 participant before January 1, 2011 under any reciprocal  
7 retirement system or pension fund established under this Code  
8 other than a retirement system or pension fund established  
9 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for  
10 the purposes of the election under Section 16-122.9, "Tier 1  
11 employee" does not include a teacher under this Article who  
12 would qualify as a Tier 1 employee but who has made an  
13 irrevocable election on or before June 1, 2021 to retire from  
14 service pursuant to the terms of an employment contract or a  
15 collective bargaining agreement in effect on June 1, 2021,  
16 excluding any extension, amendment, or renewal of that  
17 agreement after that date, and has notified the System of that  
18 election.

19 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

22 Sec. 16-121. Salary. "Salary": The actual compensation  
23 received by a teacher during any school year and recognized by  
24 the system in accordance with rules of the board. For purposes

1 of this Section, "school year" includes the regular school  
2 term plus any additional period for which a teacher is  
3 compensated and such compensation is recognized by the rules  
4 of the board.

5 Notwithstanding any other provision of this Section,  
6 "salary" does not include any future increase in income that  
7 is offered by an employer for service as a Tier 1 employee  
8 under this Article pursuant to the condition set forth in  
9 subsection (c) of Section 16-122.9 and accepted under that  
10 condition by a Tier 1 employee who has made the election under  
11 paragraph (2) of subsection (a) of Section 16-122.9.

12 Notwithstanding any other provision of this Section,  
13 "salary" does not include any consideration payment made to a  
14 Tier 1 employee.

15 (Source: P.A. 84-1028.)

16 (40 ILCS 5/16-121.1 new)

17 Sec. 16-121.1. Future increase in income. "Future increase  
18 in income" means an increase to a Tier 1 employee's base pay  
19 that is offered by an employer to the Tier 1 employee for  
20 service under this Article after June 30, 2022 that qualifies  
21 as "salary", as defined in Section 16-121, or would qualify as  
22 "salary" but for the fact that it was offered to and accepted  
23 by the Tier 1 employee under the condition set forth in  
24 subsection (c) of Section 16-122.9. The term "future increase  
25 in income" includes an increase to a Tier 1 employee's base pay

1 that is paid to the Tier 1 employee pursuant to an extension,  
2 amendment, or renewal of any such employment contract or  
3 collective bargaining agreement after the effective date of  
4 this Section.

5 (40 ILCS 5/16-121.2 new)

6 Sec. 16-121.2. Base pay. As used in Section 16-121.1 of  
7 this Code, "base pay" means the greater of either (i) the Tier  
8 1 employee's annualized rate of salary as of June 30, 2022, or  
9 (ii) the Tier 1 employee's annualized rate of salary  
10 immediately preceding the expiration, renewal, or amendment of  
11 an employment contract or collective bargaining agreement in  
12 effect on the effective date of this Section. For a person  
13 returning to active service as a Tier 1 employee after June 30,  
14 2022, however, "base pay" means the employee's annualized rate  
15 of salary as of the employee's last date of service prior to  
16 July 1, 2022. The System shall calculate the base pay of each  
17 Tier 1 employee pursuant to this Section.

18 (40 ILCS 5/16-122.9 new)

19 Sec. 16-122.9. Election by Tier 1 employees.

20 (a) Each active Tier 1 employee shall make an irrevocable  
21 election either:

22 (1) to agree to delay his or her eligibility for  
23 automatic annual increases in retirement annuity as  
24 provided in subsection (a-1) of Section 16-133.1 or



1 subsection (b-1) of Section 16-136.1, whichever is  
2 applicable, and to have the amount of the automatic annual  
3 increases in his or her retirement annuity and survivor  
4 benefit that are otherwise provided for in this Article  
5 calculated, instead, as provided in subsection (a-1) of  
6 Section 16-133.1 or subsection (b-1) of Section 16-136.1,  
7 whichever is applicable; or

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

9 The election required under this subsection (a) shall be  
10 made by each active Tier 1 employee no earlier than January 1,  
11 2022 and no later than March 31, 2022, except that:

12 (i) a person who becomes a Tier 1 employee under this  
13 Article on or after February 1, 2022 must make the  
14 election under this subsection (a) within 60 days after  
15 becoming a Tier 1 employee; and

16 (ii) a person who returns to active service as a Tier 1  
17 employee under this Article on or after February 1, 2022  
18 and has not yet made an election under this Section must  
19 make the election under this subsection (a) within 60 days  
20 after returning to active service as a Tier 1 employee.

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

25 (a-5) If this Section is enjoined or stayed by an Illinois  
26 court or a court of competent jurisdiction pending the entry

1 of a final and unappealable decision, and this Section is  
2 determined to be constitutional or otherwise valid by a final  
3 unappealable decision of an Illinois court or a court of  
4 competent jurisdiction, then the election procedure set forth  
5 in subsection (a) of this Section shall commence on the 180th  
6 calendar day after the date of the issuance of the final  
7 unappealable decision and shall conclude at the end of the  
8 270th calendar day after that date.

9 (a-10) All elections under subsection (a) that are made or  
10 deemed to be made before July 1, 2022 shall take effect on July  
11 1, 2022. Elections that are made or deemed to be made on or  
12 after July 1, 2022 shall take effect on the first day of the  
13 month following the month in which the election is made or  
14 deemed to be made.

15 (b) As adequate and legal consideration provided under  
16 this amendatory Act of the 102nd General Assembly for making  
17 an election under paragraph (1) of subsection (a) of this  
18 Section, an employer shall be expressly and irrevocably  
19 prohibited from offering any future increases in income to a  
20 Tier 1 employee who has made an election under paragraph (1) of  
21 subsection (a) of this Section on the condition of not  
22 constituting salary under Section 16-121.

23 As adequate and legal consideration provided under this  
24 amendatory Act of the 102nd General Assembly for making an  
25 election under paragraph (1) of subsection (a) of this  
26 Section, each Tier 1 employee who has made an election under

1 paragraph (1) of subsection (a) of this Section shall receive  
2 a consideration payment equal to 10% of the contributions made  
3 by or on behalf of the employee under paragraphs (1), (2), and  
4 (3) of subsection (a) of Section 16-152 before the effective  
5 date of that election. The State Comptroller shall pay the  
6 consideration payment to the Tier 1 employee out of funds  
7 appropriated for that purpose under Section 1.10 of the State  
8 Pension Funds Continuing Appropriation Act. The System shall  
9 calculate the amount of each consideration payment and, by  
10 July 1, 2022, shall certify to the State Comptroller the  
11 amount of the consideration payment, together with the name,  
12 address, and any other available payment information of the  
13 Tier 1 employee as found in the records of the System. The  
14 System shall make additional calculations and certifications  
15 of consideration payments to the State Comptroller as the  
16 System deems necessary.

17 (c) A Tier 1 employee who makes the election under  
18 paragraph (2) of subsection (a) of this Section shall not be  
19 subject to paragraph (1) of subsection (a) of this Section.  
20 However, each future increase in income offered by an employer  
21 under this Article to a Tier 1 employee who has made the  
22 election under paragraph (2) of subsection (a) of this Section  
23 shall be offered by the employer expressly and irrevocably on  
24 the condition of not constituting salary under Section 16-121  
25 and that the Tier 1 employee's acceptance of the offered  
26 future increase in income shall constitute his or her

1 agreement to that condition.

2 (d) The System shall make a good faith effort to contact  
3 each Tier 1 employee subject to this Section. The System shall  
4 mail information describing the required election to each Tier  
5 1 employee by United States Postal Service mail to his or her  
6 last known address on file with the System. If the Tier 1  
7 employee is not responsive to other means of contact, it is  
8 sufficient for the System to publish the details of any  
9 required elections on its website or to publish those details  
10 in a regularly published newsletter or other existing public  
11 forum.

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

26 The System shall inform Tier 1 employees in the election

1 packet required under this subsection that the Tier 1 employee  
2 may also wish to obtain information and counsel relating to  
3 the election required under this Section from any other  
4 available source, including, but not limited to, labor  
5 organizations and private counsel.

6 In no event shall the System, its staff, or the Board be  
7 held liable for any information given to a member regarding  
8 the elections under this Section. The System shall coordinate  
9 with the Illinois Department of Central Management Services  
10 and each other retirement system administering an election in  
11 accordance with this amendatory Act of the 102nd General  
12 Assembly to provide information concerning the impact of the  
13 election set forth in this Section.

14 (e) Notwithstanding any other provision of law, an  
15 employer under this Article is required to offer each future  
16 increase in income expressly and irrevocably on the condition  
17 of not constituting "salary" under Section 16-121 to any Tier  
18 1 employee who has made an election under paragraph (2) of  
19 subsection (a) of this Section. The offer shall also provide  
20 that the Tier 1 employee's acceptance of the offered future  
21 increase in income shall constitute his or her agreement to  
22 the condition set forth in this subsection.

23 For purposes of legislative intent, the condition set  
24 forth in this subsection shall be construed in a manner that  
25 ensures that the condition is not violated or circumvented  
26 through any contrivance of any kind.

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

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

7       (h) If an election created by this amendatory Act of the  
8 102nd General Assembly in any other Article of this Code or any  
9 change deriving from that election is determined to be  
10 unconstitutional or otherwise invalid by a final unappealable  
11 decision of an Illinois court or a court of competent  
12 jurisdiction, the invalidity of that provision shall not in  
13 any way affect the validity of this Section or the changes  
14 deriving from the election required under this Section.

15       (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

18       Sec. 16-133.1. Automatic annual increase in annuity.

19       (a) Each member with creditable service and retiring on or  
20 after August 26, 1969 is entitled to the automatic annual  
21 increases in annuity provided under this Section while  
22 receiving a retirement annuity or disability retirement  
23 annuity from the system.

24       Except as otherwise provided in subsection (a-1), an ~~An~~  
25 annuitant shall first be entitled to an initial increase under

1 this Section on the January 1 next following the first  
2 anniversary of retirement, or January 1 of the year next  
3 following attainment of age 61, whichever is later. At such  
4 time, the system shall pay an initial increase determined as  
5 follows:

6 (1) 1.5% of the originally granted retirement annuity  
7 or disability retirement annuity multiplied by the number  
8 of years elapsed, if any, from the date of retirement  
9 until January 1, 1972, plus

10 (2) 2% of the originally granted annuity multiplied by  
11 the number of years elapsed, if any, from the date of  
12 retirement or January 1, 1972, whichever is later, until  
13 January 1, 1978, plus

14 (3) 3% of the originally granted annuity multiplied by  
15 the number of years elapsed from the date of retirement or  
16 January 1, 1978, whichever is later, until the effective  
17 date of the initial increase.

18 However, the initial annual increase calculated under this  
19 Section for the recipient of a disability retirement annuity  
20 granted under Section 16-149.2 shall be reduced by an amount  
21 equal to the total of all increases in that annuity received  
22 under Section 16-149.5 (but not exceeding 100% of the amount  
23 of the initial increase otherwise provided under this  
24 Section).

25 Except as otherwise provided in subsection (a-1),  
26 following ~~Following~~ the initial increase, automatic annual

1 increases in annuity shall be payable on each January 1  
2 thereafter during the lifetime of the annuitant, determined as  
3 a percentage of the originally granted retirement annuity or  
4 disability retirement annuity for increases granted prior to  
5 January 1, 1990, and calculated as a percentage of the total  
6 amount of annuity, including previous increases under this  
7 Section, for increases granted on or after January 1, 1990, as  
8 follows: 1.5% for periods prior to January 1, 1972, 2% for  
9 periods after December 31, 1971 and prior to January 1, 1978,  
10 and 3% for periods after December 31, 1977.

11 (a-1) Notwithstanding any other provision of this Article,  
12 for a Tier 1 employee who made the election under paragraph (1)  
13 of subsection (a) of Section 16-122.9:

14 (1) The initial increase in retirement annuity under  
15 this Section shall occur on the January 1 occurring either  
16 on or after the attainment of age 67 or the fifth  
17 anniversary of the annuity start date, whichever is  
18 earlier.

19 (2) The amount of each automatic annual increase in  
20 retirement annuity and survivor benefit occurring on or  
21 after the effective date of that election shall be  
22 calculated as a percentage of the originally granted  
23 retirement annuity or survivor benefit, equal to 3% or  
24 one-half the annual unadjusted percentage increase (but  
25 not less than zero) in the consumer price index-u for the  
26 12 months ending with the September preceding each



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

6 For the purposes of this Section, "consumer price index-u"  
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 all urban consumers, United States city average, all items,  
11 1982-84 = 100. The new amount resulting from each annual  
12 adjustment shall be determined by the Public Pension Division  
13 of the Department of Insurance and made available to the board  
14 of the retirement system by November 1 of each year.

15 (b) The automatic annual increases in annuity provided  
16 under this Section shall not be applicable unless a member has  
17 made contributions toward such increases for a period  
18 equivalent to one full year of creditable service. If a member  
19 contributes for service performed after August 26, 1969 but  
20 the member becomes an annuitant before such contributions  
21 amount to one full year's contributions based on the salary at  
22 the date of retirement, he or she may pay the necessary balance  
23 of the contributions to the system and be eligible for the  
24 automatic annual increases in annuity provided under this  
25 Section.

26 (c) Each member shall make contributions toward the cost

1 of the automatic annual increases in annuity as provided under  
2 Section 16-152.

3 (d) An annuitant receiving a retirement annuity or  
4 disability retirement annuity on July 1, 1969, who  
5 subsequently re-enters service as a teacher is eligible for  
6 the automatic annual increases in annuity provided under this  
7 Section if he or she renders at least one year of creditable  
8 service following the latest re-entry.

9 (e) In addition to the automatic annual increases in  
10 annuity provided under this Section, an annuitant who meets  
11 the service requirements of this Section and whose retirement  
12 annuity or disability retirement annuity began on or before  
13 January 1, 1971 shall receive, on January 1, 1981, an increase  
14 in the annuity then being paid of one dollar per month for each  
15 year of creditable service. On January 1, 1982, an annuitant  
16 whose retirement annuity or disability retirement annuity  
17 began on or before January 1, 1977 shall receive an increase in  
18 the annuity then being paid of one dollar per month for each  
19 year of creditable service.

20 On January 1, 1987, any annuitant whose retirement annuity  
21 began on or before January 1, 1977, shall receive an increase  
22 in the monthly retirement annuity equal to 8¢ per year of  
23 creditable service times the number of years that have elapsed  
24 since the annuity began.

25 (Source: P.A. 91-927, eff. 12-14-00.)

1 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

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

4 Sec. 16-136.1. Annual increase for certain annuitants.

5 (a) Any annuitant receiving a retirement annuity on June  
6 30, 1969 and any member retiring after June 30, 1969 shall be  
7 eligible for the annual increases provided under this Section  
8 provided the annuitant is ineligible for the automatic annual  
9 increase in annuity provided under Section 16-133.1, and  
10 provided further that (1) retirement occurred at age 55 or  
11 over and was based on 5 or more years of creditable service or  
12 (2) if retirement occurred prior to age 55, the retirement  
13 annuity was based on 20 or more years of creditable service.

14 (b) Except as otherwise provided in subsection (b-1), an  
15 ~~An~~ annuitant entitled to increases under this Section shall be  
16 entitled to the initial increase as of the later of: (1)  
17 January 1 following attainment of age 65, (2) January 1  
18 following the first anniversary of retirement, or (3) the  
19 first day of the month following receipt of the required  
20 qualifying contribution from the annuitant. The initial  
21 monthly increase shall be computed on the basis of the period  
22 elapsed between the later of the date of last retirement or  
23 attainment of age 50 and the date of qualification for the  
24 initial increase, at the rate of 1 1/2% of the original monthly  
25 retirement annuity per year for periods prior to September 1,  
26 1971, and at the rate of 2% per year for periods between

1 September 1, 1971 and September 1, 1978, and at the rate of 3%  
2 per year for periods thereafter.

3 Except as otherwise provided in subsection (b-1), if  
4 applicable, an ~~An~~ annuitant who has received an initial  
5 increase under this Section, shall be entitled, on each  
6 January 1 following the granting of the initial increase, to  
7 an increase of 3% of the original monthly retirement annuity  
8 for increases granted prior to January 1, 1990, and equal to 3%  
9 of the total annuity, including previous increases under this  
10 Section, for increases granted on or after January 1, 1990.  
11 The original monthly retirement annuity for computations under  
12 this subsection (b) shall be considered to be \$83.34 for any  
13 annuitant entitled to benefits under Section 16-134. The  
14 minimum original disability retirement annuity for  
15 computations under this subsection (b) shall be considered to  
16 be \$33.34 per month for any annuitant retired on account of  
17 disability.

18 (b-1) Notwithstanding any other provision of this Article,  
19 for a Tier 1 employee who made the election under paragraph (1)  
20 of subsection (a) of Section 16-122.9:

21 (1) The initial increase in retirement annuity under  
22 this Section shall occur on the January 1 occurring either  
23 on or after the attainment of age 67 or the fifth  
24 anniversary of the annuity start date, whichever is  
25 earlier.

26 (2) The amount of each automatic annual increase in

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

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

22 (c) An annuitant who otherwise qualifies for annual  
23 increases under this Section must make a one-time payment of  
24 1% of the monthly final average salary for each full year of  
25 the creditable service forming the basis of the retirement  
26 annuity or, if the retirement annuity was not computed using

1 final average salary, 1% of the original monthly retirement  
2 annuity for each full year of service forming the basis of the  
3 retirement annuity.

4 (d) In addition to other increases which may be provided  
5 by this Section, regardless of creditable service, annuitants  
6 not meeting the service requirements of Section 16-133.1 and  
7 whose retirement annuity began on or before January 1, 1971  
8 shall receive, on January 1, 1981, an increase in the  
9 retirement annuity then being paid of one dollar per month for  
10 each year of creditable service forming the basis of the  
11 retirement allowance. On January 1, 1982, annuitants whose  
12 retirement annuity began on or before January 1, 1977, shall  
13 receive an increase in the retirement annuity then being paid  
14 of one dollar per month for each year of creditable service.

15 On January 1, 1987, any annuitant whose retirement annuity  
16 began on or before January 1, 1977, shall receive an increase  
17 in the monthly retirement annuity equal to 8¢ per year of  
18 creditable service times the number of years that have elapsed  
19 since the annuity began.

20 (Source: P.A. 86-273.)

21 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

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

24 Sec. 16-152. Contributions by members.

25 (a) Except as otherwise provided in subsection (a-5), each

1 ~~Each~~ member shall make contributions for membership service to  
2 this System as follows:

3 (1) Effective July 1, 1998, contributions of 7.50% of  
4 salary towards the cost of the retirement annuity. Such  
5 contributions shall be deemed "normal contributions".

6 (2) Effective July 1, 1969, contributions of 1/2 of 1%  
7 of salary toward the cost of the automatic annual increase  
8 in retirement annuity provided under Section 16-133.1.

9 (3) Effective July 24, 1959, contributions of 1% of  
10 salary towards the cost of survivor benefits. Such  
11 contributions shall not be credited to the individual  
12 account of the member and shall not be subject to refund  
13 except as provided under Section 16-143.2.

14 (4) Effective July 1, 2005, contributions of 0.40% of  
15 salary toward the cost of the early retirement without  
16 discount option provided under Section 16-133.2. This  
17 contribution shall cease upon termination of the early  
18 retirement without discount option as provided in Section  
19 16-133.2.

20 (a-5) Beginning July 1, 2022 or the effective date of the  
21 Tier 1 employee's election under paragraph (1) of subsection  
22 (a) of Section 16-122.9, whichever is later, in lieu of the  
23 contributions otherwise required under subsection (a), each  
24 Tier 1 employee who made the election under paragraph (1) of  
25 subsection (a) of Section 16-122.9 shall make contributions as  
26 follows:

1           (1) Contributions of 7.50% of salary towards the cost  
2           of the retirement annuity. Such contributions shall be  
3           deemed "normal contributions".

4           (2) Contributions of 0.60% towards the cost of  
5           survivor benefits. Such contributions shall not be  
6           credited to the individual account of the member and shall  
7           not be subject to refund except as provided in Section  
8           16-143.2.

9           (3) Contributions of 0.40% of salary toward the cost  
10           of the early retirement without discount option provided  
11           under Section 16-133.2. This contribution shall cease upon  
12           termination of the early retirement without discount  
13           option as provided in Section 16-133.2.

14           (b) The minimum required contribution for any year of  
15 full-time teaching service shall be \$192.

16           (c) Contributions shall not be required of any annuitant  
17 receiving a retirement annuity who is given employment as  
18 permitted under Section 16-118 or 16-150.1.

19           (d) A person who (i) was a member before July 1, 1998, (ii)  
20 retires with more than 34 years of creditable service, and  
21 (iii) does not elect to qualify for the augmented rate under  
22 Section 16-129.1 shall be entitled, at the time of retirement,  
23 to receive a partial refund of contributions made under this  
24 Section for service occurring after the later of June 30, 1998  
25 or attainment of 34 years of creditable service, in an amount  
26 equal to 1.00% of the salary upon which those contributions



1 were based.

2 (e) A member's contributions toward the cost of early  
3 retirement without discount made under item (a)(4) of this  
4 Section shall not be refunded if the member has elected early  
5 retirement without discount under Section 16-133.2 and has  
6 begun to receive a retirement annuity under this Article  
7 calculated in accordance with that election. Otherwise, a  
8 member's contributions toward the cost of early retirement  
9 without discount made under item (a)(4) of this Section shall  
10 be refunded according to whichever one of the following  
11 circumstances occurs first:

12 (1) The contributions shall be refunded to the member,  
13 without interest, within 120 days after the member's  
14 retirement annuity commences, if the member does not elect  
15 early retirement without discount under Section 16-133.2.

16 (2) The contributions shall be included, without  
17 interest, in any refund claimed by the member under  
18 Section 16-151.

19 (3) The contributions shall be refunded to the  
20 member's designated beneficiary (or if there is no  
21 beneficiary, to the member's estate), without interest, if  
22 the member dies without having begun to receive a  
23 retirement annuity under this Article.

24 (4) The contributions shall be refunded to the member,  
25 without interest, if the early retirement without discount  
26 option provided under subsection (d) of Section 16-133.2

1 is terminated. In that event, the System shall provide to  
2 the member, within 120 days after the option is  
3 terminated, an application for a refund of those  
4 contributions.

5 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13;  
6 99-642, eff. 7-28-16.)

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)  
8 Sec. 16-158. Contributions by State and other employing  
9 units.

10 (a) The State shall make contributions to the System by  
11 means of appropriations from the Common School Fund and other  
12 State funds of amounts which, together with other employer  
13 contributions, employee contributions, investment income, and  
14 other income, will be sufficient to meet the cost of  
15 maintaining and administering the System on a 90% funded basis  
16 in accordance with actuarial recommendations.

17 The Board shall determine the amount of State  
18 contributions required for each fiscal year on the basis of  
19 the actuarial tables and other assumptions adopted by the  
20 Board and the recommendations of the actuary, using the  
21 formula in subsection (b-3).

22 (a-1) Annually, on or before November 15 until November  
23 15, 2011, the Board shall certify to the Governor the amount of  
24 the required State contribution for the coming fiscal year.  
25 The certification under this subsection (a-1) shall include a

1 copy of the actuarial recommendations upon which it is based  
2 and shall specifically identify the System's projected State  
3 normal cost for that fiscal year.

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

10 On or before July 1, 2005, the Board shall recalculate and  
11 recertify to the Governor the amount of the required State  
12 contribution to the System for State fiscal year 2006, taking  
13 into account the changes in required State contributions made  
14 by Public Act 94-4.

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

21 (a-5) On or before November 1 of each year, beginning  
22 November 1, 2012, the Board shall submit to the State Actuary,  
23 the Governor, and the General Assembly a proposed  
24 certification of the amount of the required State contribution  
25 to the System for the next fiscal year, along with all of the  
26 actuarial assumptions, calculations, and data upon which that

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

16 (a-10) By November 1, 2017, the Board shall recalculate  
17 and recertify to the State Actuary, the Governor, and the  
18 General Assembly the amount of the State contribution to the  
19 System for State fiscal year 2018, taking into account the  
20 changes in required State contributions made by Public Act  
21 100-23. The State Actuary shall review the assumptions and  
22 valuations underlying the Board's revised certification and  
23 issue a preliminary report concerning the proposed  
24 recertification and identifying, if necessary, recommended  
25 changes in actuarial assumptions that the Board must consider  
26 before finalizing its certification of the required State

1 contributions. The Board's final certification must note any  
2 deviations from the State Actuary's recommended changes, the  
3 reason or reasons for not following the State Actuary's  
4 recommended changes, and the fiscal impact of not following  
5 the State Actuary's recommended changes on the required State  
6 contribution.

7 (a-15) On or after June 15, 2019, but no later than June  
8 30, 2019, the Board shall recalculate and recertify to the  
9 Governor and the General Assembly the amount of the State  
10 contribution to the System for State fiscal year 2019, taking  
11 into account the changes in required State contributions made  
12 by Public Act 100-587. The recalculation shall be made using  
13 assumptions adopted by the Board for the original fiscal year  
14 2019 certification. The monthly voucher for the 12th month of  
15 fiscal year 2019 shall be paid by the Comptroller after the  
16 recertification required pursuant to this subsection is  
17 submitted to the Governor, Comptroller, and General Assembly.  
18 The recertification submitted to the General Assembly shall be  
19 filed with the Clerk of the House of Representatives and the  
20 Secretary of the Senate in electronic form only, in the manner  
21 that the Clerk and the Secretary shall direct.

22 (a-20) On or before May 1, 2022, the Board shall  
23 recalculate and recertify to the Governor and the General  
24 Assembly the amount of the required State contribution to the  
25 System for State fiscal year 2023, taking into account the  
26 effect on the System's liabilities of the elections made under

1 Section 16-122.9.

2 On or before October 1, 2022, the Board shall recalculate  
3 and recertify to the Governor and the General Assembly the  
4 amount of the required State contribution to the System for  
5 State fiscal year 2023, taking into account the reduction  
6 specified under item (3) of subsection (b-3) of this Section.

7 (b) Through State fiscal year 1995, the State  
8 contributions shall be paid to the System in accordance with  
9 Section 18-7 of the School Code.

10 (b-1) Beginning in State fiscal year 1996, on the 15th day  
11 of each month, or as soon thereafter as may be practicable, the  
12 Board shall submit vouchers for payment of State contributions  
13 to the System, in a total monthly amount of one-twelfth of the  
14 required annual State contribution certified under subsection  
15 (a-1). From March 5, 2004 (the effective date of Public Act  
16 93-665) through June 30, 2004, the Board shall not submit  
17 vouchers for the remainder of fiscal year 2004 in excess of the  
18 fiscal year 2004 certified contribution amount determined  
19 under this Section after taking into consideration the  
20 transfer to the System under subsection (a) of Section 6z-61  
21 of the State Finance Act. These vouchers shall be paid by the  
22 State Comptroller and Treasurer by warrants drawn on the funds  
23 appropriated to the System for that fiscal year.

24 If in any month the amount remaining unexpended from all  
25 other appropriations to the System for the applicable fiscal  
26 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State  
2 Pension Funds Continuing Appropriation Act) is less than the  
3 amount lawfully vouchered under this subsection, the  
4 difference shall be paid from the Common School Fund under the  
5 continuing appropriation authority provided in Section 1.1 of  
6 the State Pension Funds Continuing Appropriation Act.

7 (b-2) Allocations from the Common School Fund apportioned  
8 to school districts not coming under this System shall not be  
9 diminished or affected by the provisions of this Article.

10 (b-3) For State fiscal years 2012 through 2045 (except as  
11 otherwise provided for fiscal year 2023), the minimum  
12 contribution to the System to be made by the State for each  
13 fiscal year shall be an amount determined by the System to be  
14 sufficient to bring the total assets of the System up to 90% of  
15 the total actuarial liabilities of the System by the end of  
16 State fiscal year 2045. In making these determinations, the  
17 required State contribution shall be calculated each year as a  
18 level percentage of payroll over the years remaining to and  
19 including fiscal year 2045 and shall be determined under the  
20 projected unit credit actuarial cost method.

21 For State fiscal year 2023:

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

24 (2) For purposes of the recertification due on or  
25 before May 1, 2022, the recalculation of the required  
26 State contribution for fiscal year 2023 shall take into

1       account the effect on the System's liabilities of the  
2       elections made under Section 16-122.9.

3       (3) For purposes of the recertification due on or  
4       before October 1, 2022, the total required State  
5       contribution for fiscal year 2023 shall be reduced by the  
6       amount of the consideration payments made to Tier 1  
7       employees who made the election under paragraph (1) of  
8       subsection (a) of Section 16-122.9.

9       For each of State fiscal years 2018, 2019, and 2020, the  
10      State shall make an additional contribution to the System  
11      equal to 2% of the total payroll of each employee who is deemed  
12      to have elected the benefits under Section 1-161 or who has  
13      made the election under subsection (c) of Section 1-161.

14      A change in an actuarial or investment assumption that  
15      increases or decreases the required State contribution and  
16      first applies in State fiscal year 2018 or thereafter shall be  
17      implemented in equal annual amounts over a 5-year period  
18      beginning in the State fiscal year in which the actuarial  
19      change first applies to the required State contribution.

20      A change in an actuarial or investment assumption that  
21      increases or decreases the required State contribution and  
22      first applied to the State contribution in fiscal year 2014,  
23      2015, 2016, or 2017 shall be implemented:

24           (i) as already applied in State fiscal years before  
25           2018; and

26           (ii) in the portion of the 5-year period beginning in



1 the State fiscal year in which the actuarial change first  
2 applied that occurs in State fiscal year 2018 or  
3 thereafter, by calculating the change in equal annual  
4 amounts over that 5-year period and then implementing it  
5 at the resulting annual rate in each of the remaining  
6 fiscal years in that 5-year period.

7 For State fiscal years 1996 through 2005, the State  
8 contribution to the System, as a percentage of the applicable  
9 employee payroll, shall be increased in equal annual  
10 increments so that by State fiscal year 2011, the State is  
11 contributing at the rate required under this Section; except  
12 that in the following specified State fiscal years, the State  
13 contribution to the System shall not be less than the  
14 following indicated percentages of the applicable employee  
15 payroll, even if the indicated percentage will produce a State  
16 contribution in excess of the amount otherwise required under  
17 this subsection and subsection (a), and notwithstanding any  
18 contrary certification made under subsection (a-1) before May  
19 27, 1998 (the effective date of Public Act 90-582): 10.02% in  
20 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY  
21 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2006  
24 is \$534,627,700.

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2007

1 is \$738,014,500.

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

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2010  
11 is \$2,089,268,000 and shall be made from the proceeds of bonds  
12 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
13 Obligation Bond Act, less (i) the pro rata share of bond sale  
14 expenses determined by the System's share of total bond  
15 proceeds, (ii) any amounts received from the Common School  
16 Fund in fiscal year 2010, and (iii) any reduction in bond  
17 proceeds due to the issuance of discounted bonds, if  
18 applicable.

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

1 received from the Common School Fund in fiscal year 2011, and  
2 (iii) any reduction in bond proceeds due to the issuance of  
3 discounted bonds, if applicable. This amount shall include, in  
4 addition to the amount certified by the System, an amount  
5 necessary to meet employer contributions required by the State  
6 as an employer under paragraph (e) of this Section, which may  
7 also be used by the System for contributions required by  
8 paragraph (a) of Section 16-127.

9 Beginning in State fiscal year 2046, the minimum State  
10 contribution for each fiscal year shall be the amount needed  
11 to maintain the total assets of the System at 90% of the total  
12 actuarial liabilities of the System.

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

25 Notwithstanding any other provision of this Section, the  
26 required State contribution for State fiscal year 2005 and for

1 fiscal year 2008 and each fiscal year thereafter, as  
2 calculated under this Section and certified under subsection  
3 (a-1), shall not exceed an amount equal to (i) the amount of  
4 the required State contribution that would have been  
5 calculated under this Section for that fiscal year if the  
6 System had not received any payments under subsection (d) of  
7 Section 7.2 of the General Obligation Bond Act, minus (ii) the  
8 portion of the State's total debt service payments for that  
9 fiscal year on the bonds issued in fiscal year 2003 for the  
10 purposes of that Section 7.2, as determined and certified by  
11 the Comptroller, that is the same as the System's portion of  
12 the total moneys distributed under subsection (d) of Section  
13 7.2 of the General Obligation Bond Act. In determining this  
14 maximum for State fiscal years 2008 through 2010, however, the  
15 amount referred to in item (i) shall be increased, as a  
16 percentage of the applicable employee payroll, in equal  
17 increments calculated from the sum of the required State  
18 contribution for State fiscal year 2007 plus the applicable  
19 portion of the State's total debt service payments for fiscal  
20 year 2007 on the bonds issued in fiscal year 2003 for the  
21 purposes of Section 7.2 of the General Obligation Bond Act, so  
22 that, by State fiscal year 2011, the State is contributing at  
23 the rate otherwise required under this Section.

24 (b-4) Beginning in fiscal year 2018, each employer under  
25 this Article shall pay to the System a required contribution  
26 determined as a percentage of projected payroll and sufficient

1 to produce an annual amount equal to:

2 (i) for each of fiscal years 2018, 2019, and 2020, the  
3 defined benefit normal cost of the defined benefit plan,  
4 less the employee contribution, for each employee of that  
5 employer who has elected or who is deemed to have elected  
6 the benefits under Section 1-161 or who has made the  
7 election under subsection (b) of Section 1-161; for fiscal  
8 year 2021 and each fiscal year thereafter, the defined  
9 benefit normal cost of the defined benefit plan, less the  
10 employee contribution, plus 2%, for each employee of that  
11 employer who has elected or who is deemed to have elected  
12 the benefits under Section 1-161 or who has made the  
13 election under subsection (b) of Section 1-161; plus

14 (ii) the amount required for that fiscal year to  
15 amortize any unfunded actuarial accrued liability  
16 associated with the present value of liabilities  
17 attributable to the employer's account under Section  
18 16-158.3, determined as a level percentage of payroll over  
19 a 30-year rolling amortization period.

20 In determining contributions required under item (i) of  
21 this subsection, the System shall determine an aggregate rate  
22 for all employers, expressed as a percentage of projected  
23 payroll.

24 In determining the contributions required under item (ii)  
25 of this subsection, the amount shall be computed by the System  
26 on the basis of the actuarial assumptions and tables used in

1 the most recent actuarial valuation of the System that is  
2 available at the time of the computation.

3 The contributions required under this subsection (b-4)  
4 shall be paid by an employer concurrently with that employer's  
5 payroll payment period. The State, as the actual employer of  
6 an employee, shall make the required contributions under this  
7 subsection.

8 (c) Payment of the required State contributions and of all  
9 pensions, retirement annuities, death benefits, refunds, and  
10 other benefits granted under or assumed by this System, and  
11 all expenses in connection with the administration and  
12 operation thereof, are obligations of the State.

13 If members are paid from special trust or federal funds  
14 which are administered by the employing unit, whether school  
15 district or other unit, the employing unit shall pay to the  
16 System from such funds the full accruing retirement costs  
17 based upon that service, which, beginning July 1, 2017, shall  
18 be at a rate, expressed as a percentage of salary, equal to the  
19 total employer's normal cost, expressed as a percentage of  
20 payroll, as determined by the System. Employer contributions,  
21 based on salary paid to members from federal funds, may be  
22 forwarded by the distributing agency of the State of Illinois  
23 to the System prior to allocation, in an amount determined in  
24 accordance with guidelines established by such agency and the  
25 System. Any contribution for fiscal year 2015 collected as a  
26 result of the change made by Public Act 98-674 shall be

1 considered a State contribution under subsection (b-3) of this  
2 Section.

3 (d) Effective July 1, 1986, any employer of a teacher as  
4 defined in paragraph (8) of Section 16-106 shall pay the  
5 employer's normal cost of benefits based upon the teacher's  
6 service, in addition to employee contributions, as determined  
7 by the System. Such employer contributions shall be forwarded  
8 monthly in accordance with guidelines established by the  
9 System.

10 However, with respect to benefits granted under Section  
11 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
12 of Section 16-106, the employer's contribution shall be 12%  
13 (rather than 20%) of the member's highest annual salary rate  
14 for each year of creditable service granted, and the employer  
15 shall also pay the required employee contribution on behalf of  
16 the teacher. For the purposes of Sections 16-133.4 and  
17 16-133.5, a teacher as defined in paragraph (8) of Section  
18 16-106 who is serving in that capacity while on leave of  
19 absence from another employer under this Article shall not be  
20 considered an employee of the employer from which the teacher  
21 is on leave.

22 (e) Beginning July 1, 1998, every employer of a teacher  
23 shall pay to the System an employer contribution computed as  
24 follows:

25 (1) Beginning July 1, 1998 through June 30, 1999, the  
26 employer contribution shall be equal to 0.3% of each

1 teacher's salary.

2 (2) Beginning July 1, 1999 and thereafter, the  
3 employer contribution shall be equal to 0.58% of each  
4 teacher's salary.

5 The school district or other employing unit may pay these  
6 employer contributions out of any source of funding available  
7 for that purpose and shall forward the contributions to the  
8 System on the schedule established for the payment of member  
9 contributions.

10 These employer contributions are intended to offset a  
11 portion of the cost to the System of the increases in  
12 retirement benefits resulting from Public Act 90-582.

13 Each employer of teachers is entitled to a credit against  
14 the contributions required under this subsection (e) with  
15 respect to salaries paid to teachers for the period January 1,  
16 2002 through June 30, 2003, equal to the amount paid by that  
17 employer under subsection (a-5) of Section 6.6 of the State  
18 Employees Group Insurance Act of 1971 with respect to salaries  
19 paid to teachers for that period.

20 The additional 1% employee contribution required under  
21 Section 16-152 by Public Act 90-582 is the responsibility of  
22 the teacher and not the teacher's employer, unless the  
23 employer agrees, through collective bargaining or otherwise,  
24 to make the contribution on behalf of the teacher.

25 If an employer is required by a contract in effect on May  
26 1, 1998 between the employer and an employee organization to



1 pay, on behalf of all its full-time employees covered by this  
2 Article, all mandatory employee contributions required under  
3 this Article, then the employer shall be excused from paying  
4 the employer contribution required under this subsection (e)  
5 for the balance of the term of that contract. The employer and  
6 the employee organization shall jointly certify to the System  
7 the existence of the contractual requirement, in such form as  
8 the System may prescribe. This exclusion shall cease upon the  
9 termination, extension, or renewal of the contract at any time  
10 after May 1, 1998.

11 (f) If ~~June 4, 2018 (Public Act 100-587)~~ the amount of a  
12 teacher's salary for any school year used to determine final  
13 average salary exceeds the member's annual full-time salary  
14 rate with the same employer for the previous school year by  
15 more than 6%, the teacher's employer shall pay to the System,  
16 in addition to all other payments required under this Section  
17 and in accordance with guidelines established by the System,  
18 the present value of the increase in benefits resulting from  
19 the portion of the increase in salary that is in excess of 6%.  
20 This present value shall be computed by the System on the basis  
21 of the actuarial assumptions and tables used in the most  
22 recent actuarial valuation of the System that is available at  
23 the time of the computation. If a teacher's salary for the  
24 2005-2006 school year is used to determine final average  
25 salary under this subsection (f), then the changes made to  
26 this subsection (f) by Public Act 94-1057 shall apply in

1 calculating whether the increase in his or her salary is in  
2 excess of 6%. For the purposes of this Section, change in  
3 employment under Section 10-21.12 of the School Code on or  
4 after June 1, 2005 shall constitute a change in employer. The  
5 System may require the employer to provide any pertinent  
6 information or documentation. The changes made to this  
7 subsection (f) by Public Act 94-1111 apply without regard to  
8 whether the teacher was in service on or after its effective  
9 date.

10 Whenever it determines that a payment is or may be  
11 required under this subsection, the System shall calculate the  
12 amount of the payment and bill the employer for that amount.  
13 The bill shall specify the calculations used to determine the  
14 amount due. If the employer disputes the amount of the bill, it  
15 may, within 30 days after receipt of the bill, apply to the  
16 System in writing for a recalculation. The application must  
17 specify in detail the grounds of the dispute and, if the  
18 employer asserts that the calculation is subject to subsection  
19 (g) or (h) of this Section, must include an affidavit setting  
20 forth and attesting to all facts within the employer's  
21 knowledge that are pertinent to the applicability of that  
22 subsection. Upon receiving a timely application for  
23 recalculation, the System shall review the application and, if  
24 appropriate, recalculate the amount due.

25 The employer contributions required under this subsection  
26 (f) may be paid in the form of a lump sum within 90 days after

1 receipt of the bill. If the employer contributions are not  
2 paid within 90 days after receipt of the bill, then interest  
3 will be charged at a rate equal to the System's annual  
4 actuarially assumed rate of return on investment compounded  
5 annually from the 91st day after receipt of the bill. Payments  
6 must be concluded within 3 years after the employer's receipt  
7 of the bill.

8 (f-1) (Blank). ~~June 4, 2018 (Public Act 100-587)~~

9 (g) This subsection (g) applies only to payments made or  
10 salary increases given on or after June 1, 2005 but before July  
11 1, 2011. The changes made by Public Act 94-1057 shall not  
12 require the System to refund any payments received before July  
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection  
15 (f), the System shall exclude salary increases paid to  
16 teachers under contracts or collective bargaining agreements  
17 entered into, amended, or renewed before June 1, 2005.

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude salary increases paid to a  
20 teacher at a time when the teacher is 10 or more years from  
21 retirement eligibility under Section 16-132 or 16-133.2.

22 When assessing payment for any amount due under subsection  
23 (f), the System shall exclude salary increases resulting from  
24 overload work, including summer school, when the school  
25 district has certified to the System, and the System has  
26 approved the certification, that (i) the overload work is for

1 the sole purpose of classroom instruction in excess of the  
2 standard number of classes for a full-time teacher in a school  
3 district during a school year and (ii) the salary increases  
4 are equal to or less than the rate of pay for classroom  
5 instruction computed on the teacher's current salary and work  
6 schedule.

7 When assessing payment for any amount due under subsection  
8 (f), the System shall exclude a salary increase resulting from  
9 a promotion (i) for which the employee is required to hold a  
10 certificate or supervisory endorsement issued by the State  
11 Teacher Certification Board that is a different certification  
12 or supervisory endorsement than is required for the teacher's  
13 previous position and (ii) to a position that has existed and  
14 been filled by a member for no less than one complete academic  
15 year and the salary increase from the promotion is an increase  
16 that results in an amount no greater than the lesser of the  
17 average salary paid for other similar positions in the  
18 district requiring the same certification or the amount  
19 stipulated in the collective bargaining agreement for a  
20 similar position requiring the same certification.

21 When assessing payment for any amount due under subsection  
22 (f), the System shall exclude any payment to the teacher from  
23 the State of Illinois or the State Board of Education over  
24 which the employer does not have discretion, notwithstanding  
25 that the payment is included in the computation of final  
26 average salary.

1 (h) When assessing payment for any amount due under  
2 subsection (f), the System shall exclude any salary increase  
3 described in subsection (g) of this Section given on or after  
4 July 1, 2011 but before July 1, 2014 under a contract or  
5 collective bargaining agreement entered into, amended, or  
6 renewed on or after June 1, 2005 but before July 1, 2011.  
7 Notwithstanding any other provision of this Section, any  
8 payments made or salary increases given after June 30, 2014  
9 shall be used in assessing payment for any amount due under  
10 subsection (f) of this Section.

11 (i) The System shall prepare a report and file copies of  
12 the report with the Governor and the General Assembly by  
13 January 1, 2007 that contains all of the following  
14 information:

15 (1) The number of recalculations required by the  
16 changes made to this Section by Public Act 94-1057 for  
17 each employer.

18 (2) The dollar amount by which each employer's  
19 contribution to the System was changed due to  
20 recalculations required by Public Act 94-1057.

21 (3) The total amount the System received from each  
22 employer as a result of the changes made to this Section by  
23 Public Act 94-4.

24 (4) The increase in the required State contribution  
25 resulting from the changes made to this Section by Public  
26 Act 94-1057.

1 (i-5) For school years beginning on or after July 1, 2017,  
2 if the amount of a participant's salary for any school year  
3 exceeds the amount of the salary set for the Governor, the  
4 participant's employer shall pay to the System, in addition to  
5 all other payments required under this Section and in  
6 accordance with guidelines established by the System, an  
7 amount determined by the System to be equal to the employer  
8 normal cost, as established by the System and expressed as a  
9 total percentage of payroll, multiplied by the amount of  
10 salary in excess of the amount of the salary set for the  
11 Governor. This amount shall be computed by the System on the  
12 basis of the actuarial assumptions and tables used in the most  
13 recent actuarial valuation of the System that is available at  
14 the time of the computation. The System may require the  
15 employer to provide any pertinent information or  
16 documentation.

17 Whenever it determines that a payment is or may be  
18 required under this subsection, the System shall calculate the  
19 amount of the payment and bill the employer for that amount.  
20 The bill shall specify the calculations used to determine the  
21 amount due. If the employer disputes the amount of the bill, it  
22 may, within 30 days after receipt of the bill, apply to the  
23 System in writing for a recalculation. The application must  
24 specify in detail the grounds of the dispute. Upon receiving a  
25 timely application for recalculation, the System shall review  
26 the application and, if appropriate, recalculate the amount

1 due.

2 The employer contributions required under this subsection  
3 may be paid in the form of a lump sum within 90 days after  
4 receipt of the bill. If the employer contributions are not  
5 paid within 90 days after receipt of the bill, then interest  
6 will be charged at a rate equal to the System's annual  
7 actuarially assumed rate of return on investment compounded  
8 annually from the 91st day after receipt of the bill. Payments  
9 must be concluded within 3 years after the employer's receipt  
10 of the bill.

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

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

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

1       (1) If Section 16-122.9 is determined to be  
2 unconstitutional or otherwise invalid by a final unappealable  
3 decision of an Illinois court or a court of competent  
4 jurisdiction, then the changes made to this Section by this  
5 amendatory Act of the 102nd General Assembly shall not take  
6 effect and are repealed by operation of law.

7       (Source: P.A. 100-23, eff. 7-6-17; 100-340, eff. 8-25-17;  
8 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 100-863, eff.  
9 8-14-18; 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; revised  
10 8-13-19.)

11       (40 ILCS 5/16-203)

12       Sec. 16-203. Application and expiration of new benefit  
13 increases.

14       (a) As used in this Section, "new benefit increase" means  
15 an increase in the amount of any benefit provided under this  
16 Article, or an expansion of the conditions of eligibility for  
17 any benefit under this Article, that results from an amendment  
18 to this Code that takes effect after June 1, 2005 (the  
19 effective date of Public Act 94-4). "New benefit increase",  
20 however, does not include any benefit increase resulting from  
21 the changes made to Article 1 or this Article by Public Act  
22 95-910, Public Act 100-23, Public Act 100-587, Public Act  
23 100-743, ~~or~~ Public Act 100-769, Public Act 101-10, Public Act  
24 101-49, or this amendatory Act of the 102nd General Assembly  
25 ~~or this amendatory Act of the 101st General Assembly.~~



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

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

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

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

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

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

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

20 (40 ILCS 5/17-106.05 new)

21 Sec. 17-106.05. Tier 1 employee. "Tier 1 employee": A  
22 teacher under this Article who first became a member or  
23 participant before January 1, 2011 under any reciprocal  
24 retirement system or pension fund established under this Code  
25 other than a retirement system or pension fund established

1 under Article 2, 3, 4, 5, 6, or 18 of this Code. However, for  
2 the purposes of the election under Section 17-115.5, "Tier 1  
3 employee" does not include a teacher under this Article who  
4 would qualify as a Tier 1 employee but who has made an  
5 irrevocable election on or before June 1, 2021 to retire from  
6 service pursuant to the terms of an employment contract or a  
7 collective bargaining agreement in effect on June 1, 2021,  
8 excluding any extension, amendment, or renewal of that  
9 agreement after that date, and has notified the Fund of that  
10 election.

11 (40 ILCS 5/17-113.4 new)

12 Sec. 17-113.4. Salary. "Salary" means any income in any  
13 form that qualifies as "average salary" or "annual rate of  
14 salary" for purposes of paragraph (1) of subsection (c) of  
15 Section 17-116 and "salary" for payroll deduction purposes  
16 under Sections 17-130, 17-131, and 17-132.

17 Notwithstanding any other provision of this Section,  
18 "salary" does not include any future increase in income that  
19 is offered by an employer for service as a Tier 1 employee  
20 under this Article pursuant to the condition set forth in  
21 subsection (c) of Section 17-115.5 and accepted under that  
22 condition by a Tier 1 employee who has made the election under  
23 paragraph (2) of subsection (a) of Section 17-115.5.

24 (40 ILCS 5/17-113.5 new)

1       Sec. 17-113.5. Future increase in income. "Future increase  
2 in income" means an increase to a Tier 1 employee's base pay  
3 that is offered by an employer to the Tier 1 employee for  
4 service under this Article after June 30, 2022 that qualifies  
5 as "salary", as defined in Section 17-113.4, or would qualify  
6 as "salary" but for the fact that it was offered to and  
7 accepted by the Tier 1 employee under the condition set forth  
8 in subsection (c) of Section 17-115.5. The term "future  
9 increase in income" includes an increase to a Tier 1  
10 employee's base pay that is paid to the Tier 1 employee  
11 pursuant to an extension, amendment, or renewal of any  
12 employment contract or collective bargaining agreement after  
13 the effective date of this Section.

14           (40 ILCS 5/17-113.6 new)

15       Sec. 17-113.6. Base pay. As used in Section 17-113.5 of  
16 this Code, "base pay" means the greater of either (i) the Tier  
17 1 employee's annualized rate of salary as of June 30, 2022, or  
18 (ii) the Tier 1 employee's annualized rate of salary  
19 immediately preceding the expiration, renewal, or amendment of  
20 an employment contract or collective bargaining agreement in  
21 effect on the effective date of this Section. For a person  
22 returning to active service as a Tier 1 employee after June 30,  
23 2022, however, "base pay" means the employee's annualized rate  
24 of salary as of the employee's last date of service prior to  
25 July 1, 2022. The Fund shall calculate the base pay of each

1 Tier 1 employee pursuant to this Section.

2 (40 ILCS 5/17-115.5 new)

3 Sec. 17-115.5. Election by Tier 1 employees.

4 (a) Each active Tier 1 employee shall make an irrevocable  
5 election either:

6 (1) to agree to delay his or her eligibility for  
7 automatic annual increases in service retirement pension  
8 as provided in Section 17-119.2 and to have the amount of  
9 the automatic annual increases in his or her service  
10 retirement pension and survivor's pension that are  
11 otherwise provided for in this Article calculated,  
12 instead, as provided in Section 17-119.2; or

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

14 The election required under this subsection (a) shall be  
15 made by each active Tier 1 employee no earlier than January 1,  
16 2022 and no later than March 31, 2022, except that:

17 (i) a person who becomes a Tier 1 employee under this  
18 Article on or after January 1, 2022 must make the election  
19 under this subsection (a) within 60 days after becoming a  
20 Tier 1 employee; and

21 (ii) a person who returns to active service as a Tier 1  
22 employee under this Article on or after January 1, 2022  
23 and has not yet made an election under this Section must  
24 make the election under this subsection (a) within 60 days  
25 after returning to active service as a Tier 1 employee.

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

5 (a-5) If this Section is enjoined or stayed by an Illinois  
6 court or a court of competent jurisdiction pending the entry  
7 of a final and unappealable decision, and this Section is  
8 determined to be constitutional or otherwise valid by a final  
9 unappealable decision of an Illinois court or a court of  
10 competent jurisdiction, then the election procedure set forth  
11 in subsection (a) of this Section shall commence on the 180th  
12 calendar day after the date of the issuance of the final  
13 unappealable decision and shall conclude at the end of the  
14 270th calendar day after that date.

15 (a-10) All elections under subsection (a) that are made or  
16 deemed to be made before July 1, 2022 shall take effect on July  
17 1, 2022. Elections that are made or deemed to be made on or  
18 after July 1, 2022 shall take effect on the first day of the  
19 month following the month in which the election is made or  
20 deemed to be made.

21 (b) As adequate and legal consideration provided under  
22 this amendatory Act of the 102nd General Assembly for making  
23 an election under paragraph (1) of subsection (a) of this  
24 Section, an employer shall be expressly and irrevocably  
25 prohibited from offering any future increases in income to a  
26 Tier 1 employee who has made an election under paragraph (1) of

1 subsection (a) of this Section on the condition of not  
2 constituting salary under Section 17-113.4.

3 As adequate and legal consideration provided under this  
4 amendatory Act of the 102nd General Assembly for making an  
5 election under paragraph (1) of subsection (a) of this  
6 Section, each Tier 1 employee who has made an election under  
7 paragraph (1) of subsection (a) of this Section shall receive  
8 a consideration payment equal to 10% of the contributions made  
9 by or on behalf of the employee under Section 17-130 before the  
10 effective date of that election. The State Comptroller shall  
11 pay the consideration payment to the Tier 1 employee out of  
12 funds appropriated for that purpose under Section 1.10 of the  
13 State Pension Funds Continuing Appropriation Act. The Fund  
14 shall calculate the amount of each consideration payment and,  
15 by July 1, 2022, shall certify to the State Comptroller the  
16 amount of the consideration payment, together with the name,  
17 address, and any other available payment information of the  
18 Tier 1 employee as found in the records of the Fund. The Fund  
19 shall make additional calculations and certifications of  
20 consideration payments to the State Comptroller as the Fund  
21 deems necessary.

22 (c) A Tier 1 employee who makes the election under  
23 paragraph (2) of subsection (a) of this Section shall not be  
24 subject to paragraph (1) of subsection (a) of this Section.  
25 However, each future increase in income offered by an employer  
26 under this Article to a Tier 1 employee who has made the

1 election under paragraph (2) of subsection (a) of this Section  
2 shall be offered by the employer expressly and irrevocably on  
3 the condition of not constituting salary under Section  
4 17-113.4 and that the Tier 1 employee's acceptance of the  
5 offered future increase in income shall constitute his or her  
6 agreement to that condition.

7 (d) The Fund shall make a good faith effort to contact each  
8 Tier 1 employee subject to this Section. The Fund shall mail  
9 information describing the required election to each Tier 1  
10 employee by United States Postal Service mail to his or her  
11 last known address on file with the Fund. If the Tier 1  
12 employee is not responsive to other means of contact, it is  
13 sufficient for the Fund to publish the details of any required  
14 elections on its website or to publish those details in a  
15 regularly published newsletter or other existing public forum.

16 Tier 1 employees who are subject to this Section shall be  
17 provided with an election packet containing information  
18 regarding their options, as well as the forms necessary to  
19 make the required election. Upon request, the Fund shall offer  
20 Tier 1 employees an opportunity to receive information from  
21 the Fund before making the required election. The information  
22 may consist of video materials, group presentations,  
23 individual consultation with a member or authorized  
24 representative of the Fund in person or by telephone or other  
25 electronic means, or any combination of those methods. The  
26 Fund shall not provide advice or counseling with respect to



1 which election a Tier 1 employee should make or specific to the  
2 legal or tax circumstances of or consequences to the Tier 1  
3 employee.

4 The Fund shall inform Tier 1 employees in the election  
5 packet required under this subsection that the Tier 1 employee  
6 may also wish to obtain information and counsel relating to  
7 the election required under this Section from any other  
8 available source, including, but not limited to, labor  
9 organizations and private counsel.

10 In no event shall the Fund, its staff, or the Board be held  
11 liable for any information given to a member regarding the  
12 elections under this Section. The Fund shall coordinate with  
13 the Illinois Department of Central Management Services and  
14 each other retirement system administering an election in  
15 accordance with this amendatory Act of the 102nd General  
16 Assembly to provide information concerning the impact of the  
17 election set forth in this Section.

18 (e) Notwithstanding any other provision of law, an  
19 employer under this Article is required to offer each future  
20 increase in income expressly and irrevocably on the condition  
21 of not constituting "salary" under Section 17-113.4 to any  
22 Tier 1 employee who has made an election under paragraph (2) of  
23 subsection (a) of this Section. The offer shall also provide  
24 that the Tier 1 employee's acceptance of the offered future  
25 increase in income shall constitute his or her agreement to  
26 the condition set forth in this subsection.

1       For purposes of legislative intent, the condition set  
2       forth in this subsection shall be construed in a manner that  
3       ensures that the condition is not violated or circumvented  
4       through any contrivance of any kind.

5       (f) A member's election under this Section is not a  
6       prohibited election under subdivision (j)(1) of Section 1-119  
7       of this Code.

8       (g) No provision of this Section shall be interpreted in a  
9       way that would cause the Fund to cease to be a qualified plan  
10       under Section 401(a) of the Internal Revenue Code of 1986.

11       (h) If an election created by this amendatory Act of the  
12       102nd General Assembly in any other Article of this Code or any  
13       change deriving from that election is determined to be  
14       unconstitutional or otherwise invalid by a final unappealable  
15       decision of an Illinois court or a court of competent  
16       jurisdiction, the invalidity of that provision shall not in  
17       any way affect the validity of this Section or the changes  
18       deriving from the election required under this Section.

19       (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

20       Sec. 17-116. Service retirement pension.

21       (a) Each teacher having 20 years of service upon  
22       attainment of age 55, or who thereafter attains age 55 shall be  
23       entitled to a service retirement pension upon or after  
24       attainment of age 55; and each teacher in service on or after  
25       July 1, 1971, with 5 or more but less than 20 years of service

1 shall be entitled to receive a service retirement pension upon  
2 or after attainment of age 62.

3 (b) The service retirement pension for a teacher who  
4 retires on or after June 25, 1971, at age 60 or over, shall be  
5 calculated as follows:

6 (1) For creditable service earned before July 1, 1998  
7 that has not been augmented under Section 17-119.1: 1.67%  
8 for each of the first 10 years of service; 1.90% for each  
9 of the next 10 years of service; 2.10% for each year of  
10 service in excess of 20 but not exceeding 30; and 2.30% for  
11 each year of service in excess of 30, based upon average  
12 salary as herein defined.

13 (2) For creditable service earned on or after July 1,  
14 1998 by a member who has at least 30 years of creditable  
15 service on July 1, 1998 and who does not elect to augment  
16 service under Section 17-119.1: 2.3% of average salary for  
17 each year of creditable service earned on or after July 1,  
18 1998.

19 (3) For all other creditable service: 2.2% of average  
20 salary for each year of creditable service.

21 (c) When computing such service retirement pensions, the  
22 following conditions shall apply:

23 1. Average salary shall consist of the average annual  
24 rate of salary for the 4 consecutive years of validated  
25 service within the last 10 years of service when such  
26 average annual rate was highest. In the determination of

1 average salary for retirement allowance purposes, for  
2 members who commenced employment after August 31, 1979,  
3 that part of the salary for any year shall be excluded  
4 which exceeds the annual full-time salary rate for the  
5 preceding year by more than 20%. In the case of a member  
6 who commenced employment before August 31, 1979 and who  
7 receives salary during any year after September 1, 1983  
8 which exceeds the annual full time salary rate for the  
9 preceding year by more than 20%, an Employer and other  
10 employers of eligible contributors as defined in Section  
11 17-106 shall pay to the Fund an amount equal to the present  
12 value of the additional service retirement pension  
13 resulting from such excess salary. The present value of  
14 the additional service retirement pension shall be  
15 computed by the Board on the basis of actuarial tables  
16 adopted by the Board. If a member elects to receive a  
17 pension from this Fund provided by Section 20-121, his  
18 salary under the State Universities Retirement System and  
19 the Teachers' Retirement System of the State of Illinois  
20 shall be considered in determining such average salary.  
21 Amounts paid after the effective date of this amendatory  
22 Act of 1991 for unused vacation time earned after that  
23 effective date shall not under any circumstances be  
24 included in the calculation of average salary or the  
25 annual rate of salary for the purposes of this Article.

26 2. Proportionate credit shall be given for validated

1 service of less than one year.

2 3. For retirement at age 60 or over the pension shall  
3 be payable at the full rate.

4 4. For separation from service below age 60 to a  
5 minimum age of 55, the pension shall be discounted at the  
6 rate of 1/2 of one per cent for each month that the age of  
7 the contributor is less than 60, but a teacher may elect to  
8 defer the effective date of pension in order to eliminate  
9 or reduce this discount. This discount shall not be  
10 applicable to any participant who has at least 34 years of  
11 service or a retirement pension of at least 74.6% of  
12 average salary on the date the retirement annuity begins.

13 5. No additional pension shall be granted for service  
14 exceeding 45 years. Beginning June 26, 1971 no pension  
15 shall exceed the greater of \$1,500 per month or 75% of  
16 average salary as herein defined.

17 6. Service retirement pensions shall begin on the  
18 effective date of resignation or termination as reflected  
19 in the records of the Employer, retirement, the day  
20 following the close of the payroll period for which  
21 service credit was validated, or the time the person  
22 resigning or retiring attains age 55, or on a date elected  
23 by the teacher, whichever shall be latest; provided that,  
24 for a person who first becomes a member after July 29, 2016  
25 (the effective date of Public Act 99-702), the benefit  
26 shall not commence more than one year prior to the date of

1 the Fund's receipt of an application for the benefit.

2 7. A member who is eligible to receive a retirement  
3 pension of at least 74.6% of average salary and will  
4 attain age 55 on or before December 31 during the year  
5 which commences on July 1 shall be deemed to attain age 55  
6 on the preceding June 1.

7 8. A member retiring after the effective date of this  
8 amendatory Act of 1998 shall receive a pension equal to  
9 75% of average salary if the member is qualified to  
10 receive a retirement pension equal to at least 74.6% of  
11 average salary under this Article or as proportional  
12 annuities under Article 20 of this Code.

13 (d) Notwithstanding any other provision of this Section,  
14 annual salary does not include any future increase in income  
15 that is offered for service to a Tier 1 employee under this  
16 Article pursuant to the condition set forth in subsection (c)  
17 of Section 17-115.5 and accepted under that condition by a  
18 Tier 1 employee who has made the election under paragraph (2)  
19 of subsection (a) of Section 17-115.5.

20 Notwithstanding any other provision of this Section,  
21 annual salary does not include any consideration payment made  
22 to a Tier 1 employee.

23 (Source: P.A. 101-263, eff. 8-9-19.)

24 (40 ILCS 5/17-119.2 new)

25 Sec. 17-119.2. Automatic annual increases in service

1 retirement pension and survivor's pension for certain Tier 1  
2 employees. Notwithstanding any other provision of this  
3 Article, for a Tier 1 employee who made the election under  
4 paragraph (1) of subsection (a) of Section 17-115.5:

5 (1) The initial increase in service retirement pension  
6 shall occur on the January 1 occurring either on or after  
7 the attainment of age 67 or the fifth anniversary of the  
8 pension start date, whichever is earlier.

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

22 For the purposes of this Section, "consumer price index-u"  
23 means the index published by the Bureau of Labor Statistics of  
24 the United States Department of Labor that measures the  
25 average change in prices of goods and services purchased by  
26 all urban consumers, United States city average, all items,

1 1982-84 = 100. The new amount resulting from each annual  
2 adjustment shall be determined by the Public Pension Division  
3 of the Department of Insurance and made available to the Board  
4 by November 1 of each year.

5 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

6 Sec. 17-129. Employer contributions; deficiency in Fund.

7 (a) If in any fiscal year of the Board of Education ending  
8 prior to 1997 the total amounts paid to the Fund from the Board  
9 of Education (other than under this subsection, and other than  
10 amounts used for making or "picking up" contributions on  
11 behalf of teachers) and from the State do not equal the total  
12 contributions made by or on behalf of the teachers for such  
13 year, or if the total income of the Fund in any such fiscal  
14 year of the Board of Education from all sources is less than  
15 the total such expenditures by the Fund for such year, the  
16 Board of Education shall, in the next succeeding year, in  
17 addition to any other payment to the Fund set apart and  
18 appropriate from moneys from its tax levy for educational  
19 purposes, a sum sufficient to remove such deficiency or  
20 deficiencies, and promptly pay such sum into the Fund in order  
21 to restore any of the reserves of the Fund that may have been  
22 so temporarily applied. Any amounts received by the Fund after  
23 December 4, 1997 from State appropriations, including under  
24 Section 17-127, shall be a credit against and shall fully  
25 satisfy any obligation that may have arisen, or be claimed to



1 have arisen, under this subsection (a) as a result of any  
2 deficiency or deficiencies in the fiscal year of the Board of  
3 Education ending in calendar year 1997.

4 (b) (i) Notwithstanding any other provision of this  
5 Section, and notwithstanding any prior certification by the  
6 Board under subsection (c) for fiscal year 2011, the Board of  
7 Education's total required contribution to the Fund for fiscal  
8 year 2011 under this Section is \$187,000,000.

9 (ii) Notwithstanding any other provision of this Section,  
10 the Board of Education's total required contribution to the  
11 Fund for fiscal year 2012 under this Section is \$192,000,000.

12 (iii) Notwithstanding any other provision of this Section,  
13 the Board of Education's total required contribution to the  
14 Fund for fiscal year 2013 under this Section is \$196,000,000.

15 (iv) For fiscal years 2014 through 2059, the minimum  
16 contribution to the Fund to be made by the Board of Education  
17 in each fiscal year shall be an amount determined by the Fund  
18 to be sufficient to bring the total assets of the Fund up to  
19 90% of the total actuarial liabilities of the Fund by the end  
20 of fiscal year 2059. In making these determinations, the  
21 required Board of Education contribution shall be calculated  
22 each year as a level percentage of the applicable employee  
23 payrolls over the years remaining to and including fiscal year  
24 2059 and shall be determined under the projected unit credit  
25 actuarial cost method.

26 (v) Beginning in fiscal year 2060, the minimum Board of

1 Education contribution for each fiscal year shall be the  
2 amount needed to maintain the total assets of the Fund at 90%  
3 of the total actuarial liabilities of the Fund.

4 (vi) Notwithstanding any other provision of this  
5 subsection (b), for any fiscal year, the contribution to the  
6 Fund from the Board of Education shall not be required to be in  
7 excess of the amount calculated as needed to maintain the  
8 assets (or cause the assets to be) at the 90% level by the end  
9 of the fiscal year.

10 (vii) Any contribution by the State to or for the benefit  
11 of the Fund, including, without limitation, as referred to  
12 under Section 17-127, shall be a credit against any  
13 contribution required to be made by the Board of Education  
14 under this subsection (b).

15 (c) The Board shall determine the amount of Board of  
16 Education contributions required for each fiscal year on the  
17 basis of the actuarial tables and other assumptions adopted by  
18 the Board and the recommendations of the actuary, in order to  
19 meet the minimum contribution requirements of subsections (a)  
20 and (b). Annually, on or before February 28, the Board shall  
21 certify to the Board of Education the amount of the required  
22 Board of Education contribution for the coming fiscal year.  
23 The certification shall include a copy of the actuarial  
24 recommendations upon which it is based.

25 (d) On or before May 1, 2022, the Board shall recalculate  
26 and recertify to the Board of Education the amount of the

1 required Board of Education contribution to the Fund for  
2 fiscal year 2023, taking into account the effect on the Fund's  
3 liabilities of the elections made under Section 17-115.5.

4 (Source: P.A. 96-889, eff. 4-14-10.)

5 (40 ILCS 5/17-130) (from Ch. 108 1/2, par. 17-130)

6 Sec. 17-130. Participants' contributions by payroll  
7 deductions.

8 (a) Except as provided in subsection (a-5), there ~~There~~  
9 shall be deducted from the salary of each teacher 7.50% of his  
10 salary for service or disability retirement pension and 0.5%  
11 of salary for the annual increase in base pension.

12 In addition, there shall be deducted from the salary of  
13 each teacher 1% of his salary for survivors' and children's  
14 pensions.

15 (a-5) Beginning on July 1, 2022 or the effective date of  
16 the Tier 1 employee's election under paragraph (1) of Section  
17 17-115.5, whichever is later, in lieu of the contributions  
18 otherwise required under subsection (a), each Tier 1 employee  
19 who made the election under paragraph (1) of Section 17-115.5  
20 shall make contributions of 7.50% of salary for service or  
21 disability retirement pension and 0.6% of salary for  
22 survivors' and children's pensions.

23 (b) An Employer and any employer of eligible contributors  
24 as defined in Section 17-106 is authorized to make the  
25 necessary deductions from the salaries of its teachers. Such

1 amounts shall be included as a part of the Fund. An Employer  
2 and any employer of eligible contributors as defined in  
3 Section 17-106 shall formulate such rules and regulations as  
4 may be necessary to give effect to the provisions of this  
5 Section.

6 (c) All persons employed as teachers shall, by such  
7 employment, accept the provisions of this Article and of  
8 Sections 34-83 to 34-85, inclusive, of "The School Code",  
9 approved March 18, 1961, as amended, and thereupon become  
10 contributors to the Fund in accordance with the terms thereof.  
11 The provisions of this Article and of those Sections shall  
12 become a part of the contract of employment.

13 (d) A person who (i) was a member before July 1, 1998, (ii)  
14 retires with more than 34 years of creditable service, and  
15 (iii) does not elect to qualify for the augmented rate under  
16 Section 17-119.1 shall be entitled, at the time of retirement,  
17 to receive a partial refund of contributions made under this  
18 Section for service occurring after the later of June 30, 1998  
19 or attainment of 34 years of creditable service, in an amount  
20 equal to 1.00% of the salary upon which those contributions  
21 were based.

22 (Source: P.A. 97-8, eff. 6-13-11.)

23 Section 40. The State Pension Funds Continuing  
24 Appropriation Act is amended by adding Section 1.10 as  
25 follows:

1 (40 ILCS 15/1.10 new)

2 Sec. 1.10. Appropriation for consideration payment. There  
3 is hereby appropriated from the General Revenue Fund to the  
4 State Comptroller, on a continuing basis, all amounts  
5 necessary for the payment of consideration payments under  
6 subsection (b) of Sections 2-110.3, 14-106.5, 15-132.9,  
7 16-122.9, and 17-115.5 of the Illinois Pension Code, in the  
8 amounts certified to the State Comptroller by the respective  
9 retirement system or pension fund.

10 Section 45. The School Code is amended by changing  
11 Sections 24-1, 24-8, and 34-18.67 as follows:

12 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

13 Sec. 24-1. Appointment-Salaries-Payment-School  
14 month-School term.) School boards shall appoint all teachers,  
15 determine qualifications of employment and fix the amount of  
16 their salaries subject to any limitation set forth in this Act  
17 and subject to any applicable restrictions in Section 16-122.9  
18 of the Illinois Pension Code. They shall pay the wages of  
19 teachers monthly, subject, however, to the provisions of  
20 Section 24-21. The school month shall be the same as the  
21 calendar month but by resolution the school board may adopt  
22 for its use a month of 20 days, including holidays. The school  
23 term shall consist of at least the minimum number of pupil

1 attendance days required by Section 10-19, any additional  
2 legal school holidays, days of teachers' institutes, or  
3 equivalent professional educational experiences, and one or  
4 two days at the beginning of the school term when used as a  
5 teachers' workshop.

6 (Source: P.A. 80-249.)

7 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

8 Sec. 24-8. Minimum salary. In fixing the salaries of  
9 teachers, school boards shall pay those who serve on a  
10 full-time basis not less than a rate for the school year that  
11 is based upon training completed in a recognized institution  
12 of higher learning, as follows: for the school year beginning  
13 July 1, 1980 and until the 2020-2021 school year, less than a  
14 bachelor's degree, \$9,000; 120 semester hours or more and a  
15 bachelor's degree, \$10,000; 150 semester hours or more and a  
16 master's degree, \$11,000. In fixing the salaries of teachers,  
17 a school board shall pay those who serve on a full-time basis a  
18 rate not less than (i) \$32,076 for the 2020-2021 school year,  
19 (ii) \$34,576 for the 2021-2022 school year, (iii) \$37,076 for  
20 the 2022-2023 school year, and (iv) \$40,000 for the 2023-2024  
21 school year. The minimum salary rate for each school year  
22 thereafter, subject to review by the General Assembly, shall  
23 equal the minimum salary rate for the previous school year  
24 increased by a percentage equal to the percentage increase, if  
25 any, in the Consumer Price Index for All Urban Consumers for

1 all items published by the United States Department of Labor  
2 for the previous school year.

3 On or before January 31, 2020, the Professional Review  
4 Panel created under Section 18-8.15 must submit a report to  
5 the General Assembly on how State funds and funds distributed  
6 under the evidence-based funding formula under Section 18-8.15  
7 may aid the financial effects of the changes made by this  
8 amendatory Act of the 101st General Assembly.

9 Based upon previous public school experience in this State  
10 or any other state, territory, dependency or possession of the  
11 United States, or in schools operated by or under the auspices  
12 of the United States, teachers who serve on a full-time basis  
13 shall have their salaries increased to at least the following  
14 amounts above the starting salary for a teacher in such  
15 district in the same classification: with less than a  
16 bachelor's degree, \$750 after 5 years; with 120 semester hours  
17 or more and a bachelor's degree, \$1,000 after 5 years and  
18 \$1,600 after 8 years; with 150 semester hours or more and a  
19 master's degree, \$1,250 after 5 years, \$2,000 after 8 years  
20 and \$2,750 after 13 years. However, any salary increase is  
21 subject to any applicable restrictions in Section 16-122.9 of  
22 the Illinois Pension Code.

23 For the purpose of this Section a teacher's salary shall  
24 include any amount paid by the school district on behalf of the  
25 teacher, as teacher contributions, to the Teachers' Retirement  
26 System of the State of Illinois.

1           If a school board establishes a schedule for teachers'  
2 salaries based on education and experience, not inconsistent  
3 with this Section, all certificated nurses employed by that  
4 board shall be paid in accordance with the provisions of such  
5 schedule (subject to any applicable restrictions in Section  
6 16-122.9 of the Illinois Pension Code).

7           For purposes of this Section, a teacher who submits a  
8 certificate of completion to the school office prior to the  
9 first day of the school term shall be considered to have the  
10 degree stated in such certificate.

11         (Source: P.A. 101-443, eff. 6-1-20.)

12           (105 ILCS 5/34-18.67 new)

13           Sec. 34-18.67. Future increase in income. The Board of  
14 Education must not pay, offer, or agree to pay any future  
15 increase in income, as that term is defined in Section  
16 17-113.5 of the Illinois Pension Code, to any person in a  
17 manner that violates Section 17-115.5 of the Illinois Pension  
18 Code.

19           Section 50. The State Universities Civil Service Act is  
20 amended by changing Section 36d as follows:

21           (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

22           Sec. 36d. Powers and duties of the Merit Board. The Merit  
23 Board shall have the power and duty:



1           (1) To approve a classification plan prepared under  
2 its direction, assigning to each class positions of  
3 substantially similar duties. The Merit Board shall have  
4 power to delegate to its Executive Director the duty of  
5 assigning each position in the classified service to the  
6 appropriate class in the classification plan approved by  
7 the Merit Board.

8           (2) To prescribe the duties of each class of positions  
9 and the qualifications required by employment in that  
10 class.

11           (3) To prescribe the range of compensation for each  
12 class or to fix a single rate of compensation for  
13 employees in a particular class; and to establish other  
14 conditions of employment which an employer and employee  
15 representatives have agreed upon as fair and equitable.  
16 The Merit Board shall direct the payment of the  
17 "prevailing rate of wages" in those classifications in  
18 which, on January 1, 1952, any employer is paying such  
19 prevailing rate and in such other classes as the Merit  
20 Board may thereafter determine. "Prevailing rate of wages"  
21 as used herein shall be the wages paid generally in the  
22 locality in which the work is being performed to employees  
23 engaged in work of a similar character. Subject to any  
24 applicable restrictions in Section 14-106.5, 15-132.9, or  
25 16-122.9 of the Illinois Pension Code, each ~~Each~~ employer  
26 covered by the University System shall be authorized to

1 negotiate with representatives of employees to determine  
2 appropriate ranges or rates of compensation or other  
3 conditions of employment and may recommend to the Merit  
4 Board for establishment the rates or ranges or other  
5 conditions of employment which the employer and employee  
6 representatives have agreed upon as fair and equitable,  
7 but excluding the changes, the impact of changes, and the  
8 implementation of the changes set forth in this amendatory  
9 Act of the 102nd General Assembly. Any rates or ranges  
10 established prior to January 1, 1952, and hereafter, shall  
11 not be changed except in accordance with the procedures  
12 herein provided.

13 (4) To recommend to the institutions and agencies  
14 specified in Section 36e standards for hours of work,  
15 holidays, sick leave, overtime compensation and vacation  
16 for the purpose of improving conditions of employment  
17 covered therein and for the purpose of insuring conformity  
18 with the prevailing rate principal.

19 (5) To prescribe standards of examination for each  
20 class, the examinations to be related to the duties of  
21 such class. The Merit Board shall have power to delegate  
22 to the Executive Director and his or her staff the  
23 preparation, conduct and grading of examinations.

24 (6) To authorize the continuous recruitment of  
25 personnel and to that end, to delegate to the Executive  
26 Director and his or her staff the power and the duty to

1           conduct open and continuous competitive examinations for  
2           all classifications of employment.

3           (7) To cause to be established, from the results of  
4           examinations, registers for each class of positions in the  
5           classified service of the University System of the persons  
6           who shall attain the minimum mark fixed by the Merit Board  
7           for the examination; and such persons shall take rank upon  
8           the registers as candidates in the order of their relative  
9           excellence as determined by examination, without reference  
10          to priority of time of examination.

11          (8) To provide by its rules for promotions in the  
12          classified service.

13          (8.5) To issue subpoenas to secure the attendance and  
14          testimony of witnesses and the production of books and  
15          papers in the course of any investigation or hearing  
16          conducted pursuant to the Act.

17          (9) (Blank).

18          (10) To provide by its rules for employment at regular  
19          rates of compensation of persons with physical  
20          disabilities in positions in which the disability does not  
21          prevent the individual from furnishing satisfactory  
22          service.

23          (11) To make and publish rules to carry out the  
24          purpose of the University System and for examination,  
25          appointments, transfers and removals and for maintaining  
26          and keeping records of the efficiency of officers and

1 employees and groups of officers and employees in  
2 accordance with the provisions of Sections 36b to 36q,  
3 inclusive, and said Merit Board may from time to time make  
4 changes in such rules.

5 (12) To appoint an Executive Director who shall  
6 appoint staff to help as may be necessary efficiently to  
7 administer Sections 36b to 36q, inclusive. To authorize  
8 the Executive Director to appoint a Designated Employer  
9 Representative at the place of employment of each employer  
10 specified in Section 36e, and this Designated Employer  
11 Representative may be authorized to give examinations and  
12 to certify names from the regional registers provided in  
13 Section 36k. The enumeration of specific duties and powers  
14 that the Merit Board may delegate to the Executive  
15 Director in this Section does not preclude the Merit Board  
16 from delegating other duties and powers to the Executive  
17 Director.

18 (13) To submit to the Governor of this state on or  
19 before November 1 of each year prior to the regular  
20 session of the General Assembly a report of the University  
21 System's business and an estimate of the amount of  
22 appropriation from state funds required for the purpose of  
23 administering the University System.

24 (14) To authorize the creation and use of pilot  
25 programs to further the goals of the Act, which may be  
26 inconsistent with any rules adopted by the Merit Board,

1 provided that such programs are of limited duration and do  
2 not reduce any rights or benefits of employees subject to  
3 this Act.

4 (Source: P.A. 99-143, eff. 7-27-15; 100-615, eff. 1-1-19.)

5 Section 55. The University of Illinois Act is amended by  
6 adding Section 120 as follows:

7 (110 ILCS 305/120 new)

8 Sec. 120. Future increases in income. The University of  
9 Illinois must not pay, offer, or agree to pay any future  
10 increase in income, as that term is defined in Section  
11 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
12 to any person in a manner that violates Section 14-106.5,  
13 15-132.9, or 16-122.9 of the Illinois Pension Code.

14 Section 65. The Southern Illinois University Management  
15 Act is amended by adding Section 100 as follows:

16 (110 ILCS 520/100 new)

17 Sec. 100. Future increases in income. Southern Illinois  
18 University must not pay, offer, or agree to pay any future  
19 increase in income, as that term is defined in Section  
20 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
21 to any person in a manner that violates Section 14-106.5,  
22 15-132.9, or 16-122.9 of the Illinois Pension Code.

1           Section 70. The Chicago State University Law is amended by  
2 adding Section 5-210 as follows:

3           (110 ILCS 660/5-210 new)

4           Sec. 5-210. Future increases in income. Chicago State  
5 University must not pay, offer, or agree to pay any future  
6 increase in income, as that term is defined in Section  
7 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
8 to any person in a manner that violates Section 14-106.5,  
9 15-132.9, or 16-122.9 of the Illinois Pension Code.

10           Section 75. The Eastern Illinois University Law is amended  
11 by adding Section 10-210 as follows:

12           (110 ILCS 665/10-210 new)

13           Sec. 10-210. Future increases in income. Eastern Illinois  
14 University must not pay, offer, or agree to pay any future  
15 increase in income, as that term is defined in Section  
16 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
17 to any person in a manner that violates Section 14-106.5,  
18 15-132.9, or 16-122.9 of the Illinois Pension Code.

19           Section 80. The Governors State University Law is amended  
20 by adding Section 15-210 as follows:

1 (110 ILCS 670/15-210 new)

2 Sec. 15-210. Future increases in income. Governors State  
3 University must not pay, offer, or agree to pay any future  
4 increase in income, as that term is defined in Section  
5 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
6 to any person in a manner that violates Section 14-106.5,  
7 15-132.9, or 16-122.9 of the Illinois Pension Code.

8 Section 85. The Illinois State University Law is amended  
9 by adding Section 20-215 as follows:

10 (110 ILCS 675/20-215 new)

11 Sec. 20-215. Future increases in income. Illinois State  
12 University must not pay, offer, or agree to pay any future  
13 increase in income, as that term is defined in Section  
14 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
15 to any person in a manner that violates Section 14-106.5,  
16 15-132.9, or 16-122.9 of the Illinois Pension Code.

17 Section 90. The Northeastern Illinois University Law is  
18 amended by adding Section 25-210 as follows:

19 (110 ILCS 680/25-210 new)

20 Sec. 25-210. Future increases in income. Northeastern  
21 Illinois University must not pay, offer, or agree to pay any  
22 future increase in income, as that term is defined in Section

1 14-103.43, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
2 to any person in a manner that violates Section 14-106.5,  
3 15-132.9, or 16-122.9 of the Illinois Pension Code.

4 Section 95. The Northern Illinois University Law is  
5 amended by adding Section 30-220 as follows:

6 (110 ILCS 685/30-220 new)

7 Sec. 30-220. Future increases in income. Northern Illinois  
8 University must not pay, offer, or agree to pay any future  
9 increase in income, as that term is defined in Section  
10 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
11 to any person in a manner that violates Section 14-106.5,  
12 15-132.9, or 16-122.9 of the Illinois Pension Code.

13 Section 100. The Western Illinois University Law is  
14 amended by adding Section 35-215 as follows:

15 (110 ILCS 690/35-215 new)

16 Sec. 35-215. Future increases in income. Western Illinois  
17 University must not pay, offer, or agree to pay any future  
18 increase in income, as that term is defined in Section  
19 14-103.44, 15-112.1, or 16-121.1 of the Illinois Pension Code,  
20 to any person in a manner that violates Section 14-106.5,  
21 15-132.9, or 16-122.9 of the Illinois Pension Code.



1 Section 105. The Public Community College Act is amended  
2 by changing Sections 3-26 and 3-42 as follows:

3 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

4 Sec. 3-26. (a) To make appointments and fix the salaries  
5 of a chief administrative officer, who shall be the executive  
6 officer of the board, other administrative personnel, and all  
7 teachers, but subject to any applicable restrictions in  
8 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois  
9 Pension Code. In making these appointments and fixing the  
10 salaries, the board may make no discrimination on account of  
11 sex, race, creed, color or national origin.

12 (b) Upon the written request of an employee, to withhold  
13 from the compensation of that employee the membership dues of  
14 such employee payable to any specified labor organization as  
15 defined in the Illinois Educational Labor Relations Act. Under  
16 such arrangement, an amount shall be withheld for each regular  
17 payroll period which is equal to the prorata share of the  
18 annual membership dues plus any payments or contributions and  
19 the board shall pay such withholding to the specified labor  
20 organization within 10 working days from the time of the  
21 withholding.

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

23 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

24 Sec. 3-42. To employ such personnel as may be needed, to

1 establish policies governing their employment and dismissal,  
2 and to fix the amount of their compensation, subject to any  
3 applicable restrictions in Section 14-106.5, 15-132.9, or  
4 16-122.9 of the Illinois Pension Code. In the employment,  
5 establishment of policies and fixing of compensation the board  
6 may make no discrimination on account of sex, race, creed,  
7 color or national origin.

8 Residence within any community college district or outside  
9 any community college district shall not be considered:

10 (a) in determining whether to retain or not retain any  
11 employee of a community college employed prior to July 1,  
12 1977 or prior to the adoption by the community college  
13 board of a resolution making residency within the  
14 community college district of some or all employees a  
15 condition of employment, whichever is later;

16 (b) in assigning, promoting or transferring any  
17 employee of a community college to an office or position  
18 employed prior to July 1, 1977 or prior to the adoption by  
19 the community college board of a resolution making  
20 residency within the community college district of some or  
21 all employees a condition of employment, whichever is  
22 later; or

23 (c) in determining the salary or other compensation of  
24 any employee of a community college.

25 (Source: P.A. 80-248.)

1           Section 110. The Illinois Educational Labor Relations Act  
2 is amended by changing Sections 4, 14, and 17 and by adding  
3 Section 10.6 as follows:

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

5           Sec. 4. Employer rights. Employers shall not be required  
6 to bargain over matters of inherent managerial policy, which  
7 shall include such areas of discretion or policy as the  
8 functions of the employer, standards of services, its overall  
9 budget, the organizational structure and selection of new  
10 employees and direction of employees. Employers, however,  
11 shall be required to bargain collectively with regard to  
12 policy matters directly affecting wages (but subject to any  
13 applicable restrictions in Section 14-106.5, 15-132.9,  
14 16-122.9, or 17-115.5 of the Illinois Pension Code), hours and  
15 terms and conditions of employment as well as the impact  
16 thereon upon request by employee representatives, but  
17 excluding the changes, the impact of changes, and the  
18 implementation of the changes set forth in Section 14-106.5,  
19 15-132.9, 16-122.9, or 17-115.5 of the Illinois Pension Code.  
20 To preserve the rights of employers and exclusive  
21 representatives which have established collective bargaining  
22 relationships or negotiated collective bargaining agreements  
23 prior to the effective date of this Act, employers shall be  
24 required to bargain collectively with regard to any matter  
25 concerning wages (but subject to any applicable restrictions

1 in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the  
2 Illinois Pension Code), hours or conditions of employment  
3 about which they have bargained for and agreed to in a  
4 collective bargaining agreement prior to the effective date of  
5 this Act, but excluding the changes, the impact of changes,  
6 and the implementation of the changes set forth in Section  
7 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
8 Pension Code.

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

10 (115 ILCS 5/10.6 new)

11 Sec. 10.6. No collective bargaining or interest  
12 arbitration regarding certain changes to the Illinois Pension  
13 Code.

14 (a) Notwithstanding any other provision of this Act,  
15 employers shall not be required to bargain over matters  
16 affected by the changes, the impact of the changes, and the  
17 implementation of the changes to Article 14, 15, 16, or 17 of  
18 the Illinois Pension Code made by the addition of Section  
19 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the Illinois  
20 Pension Code, which are deemed to be prohibited subjects of  
21 bargaining. Notwithstanding any provision of this Act, the  
22 changes, impact of the changes, or implementation of the  
23 changes to Article 14, 15, 16, or 17 of the Illinois Pension  
24 Code made by the addition of Section 14-106.5, 15-132.9,  
25 16-122.9, or 17-115.5 of the Illinois Pension Code shall not

1 be subject to interest arbitration or any award issued  
2 pursuant to interest arbitration. The provisions of this  
3 Section shall not apply to an employment contract or  
4 collective bargaining agreement that is in effect on the  
5 effective date of this amendatory Act of the 102nd General  
6 Assembly. However, any such contract or agreement that is  
7 modified, amended, renewed, or superseded after the effective  
8 date of this amendatory Act of the 102nd General Assembly  
9 shall be subject to the provisions of this Section. The  
10 provisions of this Section shall not apply to the ability of  
11 any employer and employee representative to bargain  
12 collectively with regard to the pick up of employee  
13 contributions pursuant to Section 14-133.1, 15-157.1,  
14 16-152.1, 17-130.1, or 17-130.2 of the Illinois Pension Code.

15 (b) Nothing in this Section shall be construed as  
16 otherwise limiting any of the obligations and requirements  
17 applicable to employers under any of the provisions of this  
18 Act, including, but not limited to, the requirement to bargain  
19 collectively with regard to policy matters directly affecting  
20 wages, hours, and terms and conditions of employment as well  
21 as the impact thereon upon request by employee  
22 representatives, except for the matters set forth in  
23 subsection (a) of this Section that are deemed prohibited  
24 subjects of bargaining. Nothing in this Section shall be  
25 construed as otherwise limiting any of the rights of employees  
26 or employee representatives under the provisions of this Act,

1 except for the matters set forth in subsection (a) of this  
2 Section that are deemed prohibited subjects of bargaining.

3 (c) In case of any conflict between this Section and any  
4 other provisions of this Act or any other law, the provisions  
5 of this Section shall control.

6 (115 ILCS 5/14) (from Ch. 48, par. 1714)

7 Sec. 14. Unfair labor practices.

8 (a) Educational employers, their agents or representatives  
9 are prohibited from:

10 (1) Interfering, restraining or coercing employees in  
11 the exercise of the rights guaranteed under this Act.

12 (2) Dominating or interfering with the formation,  
13 existence or administration of any employee organization.

14 (3) Discriminating in regard to hire or tenure of  
15 employment or any term or condition of employment to  
16 encourage or discourage membership in any employee  
17 organization.

18 (4) Discharging or otherwise discriminating against an  
19 employee because he or she has signed or filed an  
20 affidavit, authorization card, petition or complaint or  
21 given any information or testimony under this Act.

22 (5) Subject to and except as provided in Section 10.6,  
23 refusing ~~Refusing~~ to bargain collectively in good faith  
24 with an employee representative which is the exclusive  
25 representative of employees in an appropriate unit,

1 including, but not limited to, the discussing of  
2 grievances with the exclusive representative; provided,  
3 however, that if an alleged unfair labor practice involves  
4 interpretation or application of the terms of a collective  
5 bargaining agreement and said agreement contains a  
6 grievance and arbitration procedure, the Board may defer  
7 the resolution of such dispute to the grievance and  
8 arbitration procedure contained in said agreement.  
9 However, no actions of the employer taken to implement or  
10 otherwise comply with the provisions of subsection (a) of  
11 Section 10.6 shall constitute or give rise to an unfair  
12 labor practice under this Act.

13 (6) Refusing to reduce a collective bargaining  
14 agreement to writing and signing such agreement.

15 (7) Violating any of the rules and regulations  
16 promulgated by the Board regulating the conduct of  
17 representation elections.

18 (8) Refusing to comply with the provisions of a  
19 binding arbitration award.

20 (9) Expending or causing the expenditure of public  
21 funds to any external agent, individual, firm, agency,  
22 partnership or association in any attempt to influence the  
23 outcome of representational elections held pursuant to  
24 paragraph (c) of Section 7 of this Act; provided, that  
25 nothing in this subsection shall be construed to limit an  
26 employer's right to be represented on any matter

1           pertaining to unit determinations, unfair labor practice  
2           charges or pre-election conferences in any formal or  
3           informal proceeding before the Board, or to seek or obtain  
4           advice from legal counsel. Nothing in this paragraph shall  
5           be construed to prohibit an employer from expending or  
6           causing the expenditure of public funds on, or seeking or  
7           obtaining services or advice from, any organization, group  
8           or association established by, and including educational  
9           or public employers, whether or not covered by this Act,  
10          the Illinois Public Labor Relations Act or the public  
11          employment labor relations law of any other state or the  
12          federal government, provided that such services or advice  
13          are generally available to the membership of the  
14          organization, group, or association, and are not offered  
15          solely in an attempt to influence the outcome of a  
16          particular representational election.

17                 (10) Interfering with, restraining, coercing,  
18                 detering or discouraging educational employees or  
19                 applicants to be educational employees from: (1) becoming  
20                 members of an employee organization; (2) authorizing  
21                 representation by an employee organization; or (3)  
22                 authorizing dues or fee deductions to an employee  
23                 organization, nor shall the employer intentionally permit  
24                 outside third parties to use its email or other  
25                 communications systems to engage in that conduct. An  
26                 employer's good faith implementation of a policy to block



1 the use of its email or other communication systems for  
2 such purposes shall be a defense to an unfair labor  
3 practice.

4 (11) Disclosing to any person or entity information  
5 set forth in subsection (d) of Section 3 of this Act that  
6 the employer knows or should know will be used to  
7 interfere with, restrain, coerce, deter, or discourage any  
8 public employee from: (i) becoming or remaining members of  
9 a labor organization, (ii) authorizing representation by a  
10 labor organization, or (iii) authorizing dues or fee  
11 deductions to a labor organization.

12 (b) Employee organizations, their agents or  
13 representatives or educational employees are prohibited from:

14 (1) Restraining or coercing employees in the exercise  
15 of the rights guaranteed under this Act, provided that a  
16 labor organization or its agents shall commit an unfair  
17 labor practice under this paragraph in duty of fair  
18 representation cases only by intentional misconduct in  
19 representing employees under this Act.

20 (2) Restraining or coercing an educational employer in  
21 the selection of his representative for the purposes of  
22 collective bargaining or the adjustment of grievances.

23 (3) Refusing to bargain collectively in good faith  
24 with an educational employer, if they have been designated  
25 in accordance with the provisions of this Act as the  
26 exclusive representative of employees in an appropriate

1 unit.

2 (4) Violating any of the rules and regulations  
3 promulgated by the Board regulating the conduct of  
4 representation elections.

5 (5) Refusing to reduce a collective bargaining  
6 agreement to writing and signing such agreement.

7 (6) Refusing to comply with the provisions of a  
8 binding arbitration award.

9 (c) The expressing of any views, argument, opinion or the  
10 dissemination thereof, whether in written, printed, graphic or  
11 visual form, shall not constitute or be evidence of an unfair  
12 labor practice under any of the provisions of this Act, if such  
13 expression contains no threat of reprisal or force or promise  
14 of benefit.

15 (c-5) The employer shall not discourage public employees  
16 or applicants to be public employees from becoming or  
17 remaining union members or authorizing dues deductions, and  
18 shall not otherwise interfere with the relationship between  
19 employees and their exclusive bargaining representative. The  
20 employer shall refer all inquiries about union membership to  
21 the exclusive bargaining representative, except that the  
22 employer may communicate with employees regarding payroll  
23 processes and procedures. The employer will establish email  
24 policies in an effort to prohibit the use of its email system  
25 by outside sources.

26 (d) The actions of a Financial Oversight Panel created

1 pursuant to Section 1A-8 of the School Code due to a district  
2 violating a financial plan shall not constitute or be evidence  
3 of an unfair labor practice under any of the provisions of this  
4 Act. Such actions include, but are not limited to, reviewing,  
5 approving, or rejecting a school district budget or a  
6 collective bargaining agreement.

7 (Source: P.A. 101-620, eff. 12-20-19; revised 8-21-20.)

8 (115 ILCS 5/17) (from Ch. 48, par. 1717)

9 Sec. 17. Effect on other laws. In case of any conflict  
10 between the provisions of this Act and any other law (other  
11 than Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5 of the  
12 Illinois Pension Code), executive order or administrative  
13 regulation, the provisions of this Act shall prevail and  
14 control. The provisions of this Act are subject to any  
15 applicable restrictions in Section 14-106.5, 15-132.9,  
16 16-122.9, or 17-115.5 of the Illinois Pension Code, as well as  
17 the changes, impact of changes, and implementation of changes  
18 set forth in Section 14-106.5, 15-132.9, 16-122.9, or 17-115.5  
19 of the Illinois Pension Code. Nothing in this Act shall be  
20 construed to replace or diminish the rights of employees  
21 established by Section 36d of "An Act to create the State  
22 Universities Civil Service System", approved May 11, 1905, as  
23 amended or modified.

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

1           Section 900. The State Mandates Act is amended by adding  
2           Section 8.45 as follows:

3           (30 ILCS 805/8.45 new)

4           Sec. 8.45. Exempt mandate. Notwithstanding Sections 6 and  
5           8 of this Act, no reimbursement by the State is required for  
6           the implementation of any mandate created by this amendatory  
7           Act of the 102nd General Assembly.

8           Section 970. Severability. Except as otherwise provided in  
9           this Act, the provisions of this Act are severable under  
10          Section 1.31 of the Statute on Statutes.

11          Section 999. Effective date. This Act takes effect upon  
12          becoming law.

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5 ILCS 315/10

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5 ILCS 315/15

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6

15 ILCS 205/5 new

7

15 ILCS 310/13a new

8

15 ILCS 410/13a new

9

15 ILCS 510/12a new

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20 ILCS 5/5-647 new

11

40 ILCS 5/2-105.3 new

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40 ILCS 5/2-107.10 new

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40 ILCS 5/2-108

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40 ILCS 5/2-110.3 new

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40 ILCS 5/2-119.1

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40 ILCS 5/2-126

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- 1 115 ILCS 5/14 from Ch. 48, par. 1714
- 2 115 ILCS 5/17 from Ch. 48, par. 1717
- 3 30 ILCS 805/8.45 new