



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB2527

Introduced 2/26/2021, by Sen. Craig Wilcox

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Requires each System to prepare and implement a defined contribution plan by July 1, 2023 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the defined contribution plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the defined contribution plan. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB102 03840 RPS 13854 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The State Employees Group Insurance Act of 1971  
5 is amended by changing Sections 3 and 10 as follows:

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

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

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

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

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

1 defined contribution plan established under Section 18-121.5  
2 of that Article) of the Illinois Pension Code; (2) any person  
3 who was receiving group insurance coverage under this Act as  
4 of March 31, 1978 by reason of his status as an annuitant, even  
5 though the annuity in relation to which such coverage was  
6 provided is a proportional annuity based on less than the  
7 minimum period of service required for a retirement annuity in  
8 the system involved; (3) any person not otherwise covered by  
9 this Act who has retired as a participating member under  
10 Article 2 of the Illinois Pension Code but is ineligible for  
11 the retirement annuity under Section 2-119 of the Illinois  
12 Pension Code; (4) the spouse of any person who is receiving a  
13 retirement annuity under Article 18 of the Illinois Pension  
14 Code and who is covered under a group health insurance program  
15 sponsored by a governmental employer other than the State of  
16 Illinois and who has irrevocably elected to waive his or her  
17 coverage under this Act and to have his or her spouse  
18 considered as the "annuitant" under this Act and not as a  
19 "dependent"; or (5) an employee who retires, or has retired,  
20 from a qualified position, as determined according to rules  
21 promulgated by the Director, under a qualified local  
22 government, a qualified rehabilitation facility, a qualified  
23 domestic violence shelter or service, or a qualified child  
24 advocacy center. (For definition of "retired employee", see  
25 (p) post).

26 (b-5) (Blank).

1 (b-6) (Blank).

2 (b-7) (Blank).

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

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

1 salary or wages paid to an employee of any qualified local  
2 government, qualified rehabilitation facility, qualified  
3 domestic violence shelter or service, or qualified child  
4 advocacy center.

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

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

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

1 15, 16, and 18 of the Illinois Pension Code. "Department" also  
2 includes the Illinois Comprehensive Health Insurance Board,  
3 the Board of Examiners established under the Illinois Public  
4 Accounting Act, and the Illinois Finance Authority.

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

26 (i) "Director" means the Director of the Illinois

1 Department of Central Management Services.

2 (j) "Eligibility period" means the period of time a member  
3 has to elect enrollment in programs or to select benefits  
4 without regard to age, sex or health.

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



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

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

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

1 survivor to be eligible for group insurance benefits under  
2 that system.

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

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

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

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

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

1 dependent of any person formerly employed by the University of  
2 Illinois in the Cooperative Extension Service who would be an  
3 annuitant except for the fact that such person was made  
4 ineligible to participate in the State Universities Retirement  
5 System by clause (4) of subsection (a) of Section 15-107 of the  
6 Illinois Pension Code; (3) the surviving dependent of a person  
7 who was an annuitant under this Act by virtue of receiving an  
8 alternative retirement cancellation payment under Section  
9 14-108.5 of the Illinois Pension Code; and (4) a person who  
10 would be receiving an annuity as a survivor of an annuitant  
11 except that the annuitant elected on or after June 4, 2018 to  
12 receive an accelerated pension benefit payment under Section  
13 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code  
14 in lieu of receiving an annuity.

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

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

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

23 (q-5) (Blank).

24 (q-6) (Blank).

25 (q-7) (Blank).

26 (r) "Medical services" means the services provided within

1 the scope of their licenses by practitioners in all categories  
2 licensed under the Medical Practice Act of 1987.

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

1 government" means a unit of local government approved by the  
2 Director and participating in a program created under  
3 subsection (i) of Section 10 of this Act.

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

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

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

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

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

1 benefit payment under Section 16-190.5 of the Illinois  
2 Pension Code in lieu of receiving an annuity; and

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

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

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

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

1 (age 26 if enrolled as an adult child).

2 "TRS dependent beneficiary" does not include, as indicated  
3 under paragraph (2) of this subsection (w), a dependent of the  
4 survivor of a TRS benefit recipient who first becomes a  
5 dependent of a survivor of a TRS benefit recipient on or after  
6 January 13, 2012 (the effective date of Public Act 97-668)  
7 ~~this amendatory Act of the 97th General Assembly~~ unless that  
8 dependent would have been eligible for coverage as a dependent  
9 of the deceased TRS benefit recipient upon whom the survivor  
10 benefit is based.

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

16 (y) (Blank).

17 (z) "Community college benefit recipient" means a person  
18 who:

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

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



1 annuity; and

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

15 (aa) "Community college dependent beneficiary" means a  
16 person who:

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

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

1 "Community college dependent beneficiary" does not  
2 include, as indicated under paragraph (2) of this subsection  
3 (aa), a dependent of the survivor of a community college  
4 benefit recipient who first becomes a dependent of a survivor  
5 of a community college benefit recipient on or after January  
6 13, 2012 (the effective date of Public Act 97-668) ~~this~~  
7 ~~amendatory Act of the 97th General Assembly~~ unless that  
8 dependent would have been eligible for coverage as a dependent  
9 of the deceased community college benefit recipient upon whom  
10 the survivor annuity is based.

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

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

22 (Source: P.A. 100-355, eff. 1-1-18; 100-587, eff. 6-4-18;  
23 101-242, eff. 8-9-19; revised 9-19-19.)

24 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

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

1 medical services adjusted for age, sex or geographic or other  
2 demographic characteristics which affect the costs of such  
3 programs.

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

16 (a-1) (Blank).

17 (a-2) (Blank).

18 (a-3) (Blank).

19 (a-4) (Blank).

20 (a-5) (Blank).

21 (a-6) (Blank).

22 (a-7) (Blank).

23 (a-8) Any annuitant, survivor, or retired employee may  
24 waive or terminate coverage in the program of group health  
25 benefits. Any such annuitant, survivor, or retired employee  
26 who has waived or terminated coverage may enroll or re-enroll

1 in the program of group health benefits only during the annual  
2 benefit choice period, as determined by the Director; except  
3 that in the event of termination of coverage due to nonpayment  
4 of premiums, the annuitant, survivor, or retired employee may  
5 not re-enroll in the program.

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

1 Director of Central Management Services, shall be the  
2 responsibility of that annuitant, survivor, or retired  
3 employee.

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

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

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

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

25 The Department of Central Management Services, or any  
26 successor agency designated to procure healthcare contracts

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

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

1 credit for the purposes of this Act.

2 (a-15) For purposes of determining State contributions  
3 under this Section, service established under a defined  
4 contribution plan under Section 2-165.5, 14-155.5, 15-200.5,  
5 16-205.5, or 18-121.5 of the Illinois Pension Code shall be  
6 included in determining an employee's creditable service. Any  
7 credit terminated as part of a transfer of contributions to a  
8 defined contribution plan under Section 2-165.5, 14-155.5,  
9 15-200.5, 16-205.5, or 18-121.5 of the Illinois Pension Code  
10 shall also be included in determining an employee's creditable  
11 service.

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

22 (c) The basic non-contributory coverage from the basic  
23 program of group health benefits shall be continued for each  
24 employee not in pay status or on active service by reason of  
25 (1) leave of absence due to illness or injury, (2) authorized  
26 educational leave of absence or sabbatical leave, or (3)



1 military leave. This coverage shall continue until expiration  
2 of authorized leave and return to active service, but not to  
3 exceed 24 months for leaves under item (1) or (2). This  
4 24-month limitation and the requirement of returning to active  
5 service shall not apply to persons receiving ordinary or  
6 accidental disability benefits or retirement benefits through  
7 the appropriate State retirement system or benefits under the  
8 Workers' Compensation or Occupational Disease Act.

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

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

26 (f) The Department shall establish by rule the extent to

1 which other employee benefits will continue for persons in  
2 non-pay status or who are not in active service.

3 (g) The State shall not pay the cost of the basic  
4 non-contributory group life insurance, program of health  
5 benefits and other employee benefits for members who are  
6 survivors as defined by paragraphs (1) and (2) of subsection  
7 (q) of Section 3 of this Act. The costs of benefits for these  
8 survivors shall be paid by the survivors or by the University  
9 of Illinois Cooperative Extension Service, or any combination  
10 thereof. However, the State shall pay the amount of the  
11 reduction in the cost of participation, if any, resulting from  
12 the amendment to subsection (a) made by this amendatory Act of  
13 the 91st General Assembly.

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

26 (i) Any unit of local government within the State of

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

1 participating in a component of the district's cafeteria plan.  
2 A participating school district is not required to enroll a  
3 full-time employee who has waived coverage under the  
4 district's health plan, provided that an appropriate official  
5 from the participating school district attests that the  
6 full-time employee has waived coverage by participating in a  
7 component of the district's cafeteria plan. For the purposes  
8 of this subsection, "participating school district" includes a  
9 unit of local government whose primary purpose is education as  
10 defined by the Department's rules.

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

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

25 (1) In the first year of coverage, the rates shall be  
26 equal to the amount normally charged to State employees

1 for elected optional coverages or for enrolled dependents  
2 coverages or other contributory coverages, or contributed  
3 by the State for basic insurance coverages on behalf of  
4 its employees, adjusted for differences between State  
5 employees and employees of the local government in age,  
6 sex, geographic location or other relevant demographic  
7 variables, plus an amount sufficient to pay for the  
8 additional administrative costs of providing coverage to  
9 employees of the unit of local government and their  
10 dependents.

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

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

26 Monthly payments by the unit of local government or its

1 employees for group health benefits plan or health maintenance  
2 organization coverage shall be deposited in the Local  
3 Government Health Insurance Reserve Fund.

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

24 A local government employer's participation or desire to  
25 participate in a program created under this subsection shall  
26 not limit that employer's duty to bargain with the

1 representative of any collective bargaining unit of its  
2 employees.

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

1 facility, its employees, or some combination of the 2 as  
2 determined by the rehabilitation facility. The rehabilitation  
3 facility shall be responsible for timely collection and  
4 transmission of dependent premiums.

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

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

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

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

24 (k) Any domestic violence shelter or service within the  
25 State of Illinois may apply to the Director to have its  
26 employees, annuitants, and their dependents provided group



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

25 The Director shall annually determine rates of payment,  
26 subject to the following constraints:

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

12          (2) In subsequent years, a further adjustment shall be  
13          made to reflect the actual prior years' claims experience  
14          of the employees of the domestic violence shelter or  
15          service.

16          Monthly payments by the domestic violence shelter or  
17          service or its employees for group health insurance shall be  
18          deposited in the Local Government Health Insurance Reserve  
19          Fund.

20          (1) A public community college or entity organized  
21          pursuant to the Public Community College Act may apply to the  
22          Director initially to have only annuitants not covered prior  
23          to July 1, 1992 by the district's health plan provided health  
24          coverage under this Act on a non-insured basis. The community  
25          college must execute a 2-year contract to participate in the  
26          Local Government Health Plan. Any annuitant may enroll in the

1 event of a qualifying change in status, special enrollment,  
2 special circumstance as defined by the Director, or during the  
3 annual Benefit Choice Period.

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

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

15 (m) The Director shall adopt any rules deemed necessary  
16 for implementation of this amendatory Act of 1989 (Public Act  
17 86-978).

18 (n) Any child advocacy center within the State of Illinois  
19 may apply to the Director to have its employees, annuitants,  
20 and their dependents provided group health coverage under this  
21 Act on a non-insured basis. To participate, a child advocacy  
22 center must agree to enroll all of its employees and pay the  
23 entire cost of providing coverage for its employees. The child  
24 advocacy center shall not be required to enroll those of its  
25 employees who are covered spouses or dependents under this  
26 plan or another group policy or plan providing health benefits

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

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

20 (1) In the first year of coverage, the rates shall be  
21 equal to the amount normally charged to State employees  
22 for elected optional coverages or for enrolled dependents  
23 coverages or other contributory coverages on behalf of its  
24 employees, adjusted for differences between State  
25 employees and employees of the child advocacy center in  
26 age, sex, geographic location, or other relevant

1 demographic variables, plus an amount sufficient to pay  
2 for the additional administrative costs of providing  
3 coverage to employees of the child advocacy center and  
4 their dependents.

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

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

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

12 Section 10. The Illinois Pension Code is amended by  
13 changing Sections 1-160, 1-161, 2-117, 2-162, 14-103.41,  
14 14-104.3, 14-152.1, 15-108.1, 15-108.2, 15-198, 16-106.41,  
15 16-203, 18-124, 18-125, 18-125.1, 18-127, 18-128.01, 18-133,  
16 18-169, 20-121, 20-123, 20-124, and 20-125 and by adding  
17 Sections 2-105.3, 2-165.5, 14-155.5, 15-108.3, 15-200.5,  
18 16-205.5, 18-110.1, and 18-121.5 as follows:

19 (40 ILCS 5/1-160)

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

21 (a) The provisions of this Section apply to a person who,  
22 on or after January 1, 2011, first becomes a member or a  
23 participant under any reciprocal retirement system or pension  
24 fund established under this Code, other than a retirement

1 system or pension fund established under Article 2, 3, 4, 5, 6,  
2 15 or 18 of this Code, notwithstanding any other provision of  
3 this Code to the contrary, but do not apply to any self-managed  
4 plan established under this Code, to any person with respect  
5 to service as a sheriff's law enforcement employee under  
6 Article 7, or to any participant of the retirement plan  
7 established under Section 22-101. Notwithstanding anything to  
8 the contrary in this Section, for purposes of this Section, a  
9 person who participated in a retirement system under Article  
10 15 prior to January 1, 2011 shall be deemed a person who first  
11 became a member or participant prior to January 1, 2011 under  
12 any retirement system or pension fund subject to this Section.  
13 The changes made to this Section by Public Act 98-596 are a  
14 clarification of existing law and are intended to be  
15 retroactive to January 1, 2011 (the effective date of Public  
16 Act 96-889), notwithstanding the provisions of Section 1-103.1  
17 of this Code.

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

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

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

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

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

16 This Section does not apply to a person who participates  
17 in a defined contribution plan established under Section  
18 14-155.5, 15-200.5, or 16-205.5.

19 (b) "Final average salary" means the average monthly (or  
20 annual) salary obtained by dividing the total salary or  
21 earnings calculated under the Article applicable to the member  
22 or participant during the 96 consecutive months (or 8  
23 consecutive years) of service within the last 120 months (or  
24 10 years) of service in which the total salary or earnings  
25 calculated under the applicable Article was the highest by the  
26 number of months (or years) of service in that period. For the

1 purposes of a person who first becomes a member or participant  
2 of any retirement system or pension fund to which this Section  
3 applies on or after January 1, 2011, in this Code, "final  
4 average salary" shall be substituted for the following:

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

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

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

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

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

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

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



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

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

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

24 (c-5) A person who first becomes a member or a participant  
25 subject to this Section on or after July 6, 2017 (the effective  
26 date of Public Act 100-23), notwithstanding any other

1 provision of this Code to the contrary, is entitled to a  
2 retirement annuity under Article 8 or Article 11 upon written  
3 application if he or she has attained age 65 and has at least  
4 10 years of service credit and is otherwise eligible under the  
5 requirements of Article 8 or Article 11 of this Code,  
6 whichever is applicable.

7 (d) The retirement annuity of a member or participant who  
8 is retiring after attaining age 62 (beginning January 1, 2015,  
9 age 60 with respect to service under Article 12 of this Code  
10 that is subject to this Section) with at least 10 years of  
11 service credit shall be reduced by one-half of 1% for each full  
12 month that the member's age is under age 67 (beginning January  
13 1, 2015, age 65 with respect to service under Article 12 of  
14 this Code that is subject to this Section).

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

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

25 (i) to be eligible for the reduced retirement age  
26 provided in subsections (c-5) and (d-5) of this Section,

1 the eligibility for which is conditioned upon the member  
2 or participant agreeing to the increases in employee  
3 contributions for age and service annuities provided in  
4 subsection (a-5) of Section 8-174 of this Code (for  
5 service under Article 8) or subsection (a-5) of Section  
6 11-170 of this Code (for service under Article 11); or

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

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

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

1 effective date of this amendatory Act of the 100th General  
2 Assembly, age 65 with respect to service under Article 8 or  
3 Article 11 for eligible persons who: (i) are subject to  
4 subsection (c-5) of this Section; or (ii) made the election  
5 under item (i) of subsection (d-10) of this Section) or the  
6 first anniversary of the annuity start date, whichever is  
7 later. Each annual increase shall be calculated at 3% or  
8 one-half the annual unadjusted percentage increase (but not  
9 less than zero) in the consumer price index-u for the 12 months  
10 ending with the September preceding each November 1, whichever  
11 is less, of the originally granted retirement annuity. If the  
12 annual unadjusted percentage change in the consumer price  
13 index-u for the 12 months ending with the September preceding  
14 each November 1 is zero or there is a decrease, then the  
15 annuity shall not be increased.

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

22 (f) The initial survivor's or widow's annuity of an  
23 otherwise eligible survivor or widow of a retired member or  
24 participant who first became a member or participant on or  
25 after January 1, 2011 shall be in the amount of 66 2/3% of the  
26 retired member's or participant's retirement annuity at the

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

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

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

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

1 recalculated if recalculation is provided for under the  
2 applicable Article of this Code.

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

22 (i) (Blank).

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

26 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;

1 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.  
2 1-4-19; 101-610, eff. 1-1-20.)

3 (40 ILCS 5/1-161)

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

6 (a) Notwithstanding any other provision of this Code to  
7 the contrary, the provisions of this Section apply to a person  
8 who first becomes a member or a participant under Article 14,  
9 15, or 16 on or after the implementation date under this  
10 Section for the applicable Article and who does not make the  
11 election under subsection (b) or (c), whichever applies. The  
12 provisions of this Section also apply to a person who makes the  
13 election under subsection (c-5). However, the provisions of  
14 this Section do not apply to any participant in a self-managed  
15 plan or a defined contribution plan established under Section  
16 14-155.5, 15-200.5, or 16-205.5, nor to a covered employee  
17 under Article 14.

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



1 Section and shall establish an implementation date by board  
2 resolution.

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

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

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

23 (d) "Final average salary" means the average monthly (or  
24 annual) salary obtained by dividing the total salary or  
25 earnings calculated under the Article applicable to the member  
26 or participant during the last 120 months (or 10 years) of

1 service in which the total salary or earnings calculated under  
2 the applicable Article was the highest by the number of months  
3 (or years) of service in that period. For the purposes of a  
4 person to whom this Section applies, in this Code, "final  
5 average salary" shall be substituted for "final average  
6 compensation" in Article 14.

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

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

21 (g) The amount of the retirement annuity to which a member  
22 or participant is entitled shall be computed by multiplying  
23 1.25% for each year of service credit by his or her final  
24 average salary.

25 (h) Any retirement annuity or supplemental annuity shall  
26 be subject to annual increases on the first anniversary of the

1 annuity start date. Each annual increase shall be one-half the  
2 annual unadjusted percentage increase (but not less than zero)  
3 in the consumer price index-w for the 12 months ending with the  
4 September preceding each November 1 of the originally granted  
5 retirement annuity. If the annual unadjusted percentage change  
6 in the consumer price index-w for the 12 months ending with the  
7 September preceding each November 1 is zero or there is a  
8 decrease, then the annuity shall not be increased.

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

19 (i) The initial survivor's or widow's annuity of an  
20 otherwise eligible survivor or widow of a retired member or  
21 participant to whom this Section applies shall be in the  
22 amount of 66 2/3% of the retired member's or participant's  
23 retirement annuity at the date of death. In the case of the  
24 death of a member or participant who has not retired and to  
25 whom this Section applies, eligibility for a survivor's or  
26 widow's annuity shall be determined by the applicable Article

1 of this Code. The benefit shall be 66 2/3% of the earned  
2 annuity without a reduction due to age. A child's annuity of an  
3 otherwise eligible child shall be in the amount prescribed  
4 under each Article if applicable.

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

1 beginning July 1 of that year. Thereafter, if the normal cost  
2 of the benefits under this Section (except for the defined  
3 contribution plan under subsection (k) of this Section),  
4 expressed as a percentage of payroll and certified on or  
5 before January 1 of each year by the board of trustees of the  
6 retirement system, exceeds 6.2% of salary, then on or before  
7 January 15 of that year, the board of trustees shall certify  
8 the normal cost to the State Actuary and the Commission on  
9 Government Forecasting and Accountability, and the employee  
10 contributions shall revert back to 6.2% of salary beginning  
11 January 1 of the following year.

12 (k) In accordance with each retirement system's  
13 implementation date, each retirement system under Article 14,  
14 15, or 16 shall prepare and implement a defined contribution  
15 plan for members or participants who are subject to this  
16 Section. The defined contribution plan developed under this  
17 subsection shall be a plan that aggregates employer and  
18 employee contributions in individual participant accounts  
19 which, after meeting any other requirements, are used for  
20 payouts after retirement in accordance with this subsection  
21 and any other applicable laws.

22 (1) Each member or participant shall contribute a  
23 minimum of 4% of his or her salary to the defined  
24 contribution plan.

25 (2) For each participant in the defined contribution  
26 plan who has been employed with the same employer for at

1 least one year, employer contributions shall be paid into  
2 that participant's accounts at a rate expressed as a  
3 percentage of salary. This rate may be set for individual  
4 employees, but shall be no higher than 6% of salary and  
5 shall be no lower than 2% of salary.

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

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

13 (5) The defined contribution plan shall provide a  
14 variety of options for payouts to retirees and their  
15 survivors.

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

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

1 administrative fees.

2 (8) No person shall begin participating in the defined  
3 contribution plan until it has attained qualified plan  
4 status and received all necessary approvals from the U.S.  
5 Internal Revenue Service.

6 (1) In the case of a conflict between the provisions of  
7 this Section and any other provision of this Code, the  
8 provisions of this Section shall control.

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

10 (40 ILCS 5/2-105.3 new)

11 Sec. 2-105.3. Tier 1 participant; Tier 2 participant;  
12 defined contribution plan participant. "Tier 1 participant": A  
13 participant who first became a participant before January 1,  
14 2011.

15 In the case of a Tier 1 participant who elects to  
16 participate in the defined contribution plan under Section  
17 2-165.5 of this Code, that participant shall be deemed a Tier 1  
18 participant only with respect to service performed or  
19 established before the effective date of that election.

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

22 In the case of a Tier 2 participant who elects to  
23 participate in the defined contribution plan under Section  
24 2-165.5 of this Code, that Tier 2 member shall be deemed a Tier  
25 2 member only with respect to service performed or established

1 before the effective date of that election.

2 "Defined contribution plan participant": A Tier 1 or Tier  
3 2 participant who elects to participate in the defined  
4 contribution plan under Section 2-165.5 of this Code, but only  
5 with respect to service performed on or after the effective  
6 date of that election.

7 (40 ILCS 5/2-162)

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

10 Sec. 2-162. Application and expiration of new benefit  
11 increases.

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

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



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

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

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

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

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

12 (40 ILCS 5/2-165.5 new)

13 Sec. 2-165.5. Defined contribution plan.

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

18 (b) By July 1, 2023, the System shall prepare and  
19 implement a defined contribution plan. The defined  
20 contribution plan developed under this Section shall be a plan  
21 that aggregates State and employee contributions in individual  
22 participant accounts that, after meeting any other  
23 requirements, are used for payouts after retirement in  
24 accordance with this Section and any other applicable laws.

25 (1) Participation in the defined contribution plan for

1 persons who elect to participate shall begin on July 1,  
2 2023.

3 (2) A participant in the defined contribution plan  
4 shall pay employee contributions at a rate determined by  
5 the participant, but not less than 3% of salary and not  
6 more than a percentage of salary determined by the Board  
7 in accordance with the requirements of State and federal  
8 law.

9 (3) State contributions shall be paid into the  
10 accounts of all participants in the defined contribution  
11 plan at a uniform rate, expressed as a percentage of  
12 salary and determined for each year. This rate shall be no  
13 higher than 7.6% of salary and shall be no lower than 3% of  
14 salary. The State shall adjust this rate annually.

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

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

24 (6) The defined contribution plan shall provide a  
25 variety of options for payouts to participants in the  
26 defined contribution plan who are no longer active in the

1 System and their survivors.

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

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

13 (c) Under the defined contribution plan, an active Tier 1  
14 or Tier 2 participant of this System may elect, in writing, to  
15 cease accruing benefits in the defined benefit plan and begin  
16 accruing benefits for future service in the defined  
17 contribution plan. The election to participate in the defined  
18 contribution plan is voluntary and irrevocable and must be  
19 made on or before December 31, 2022.

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

23 (2) On or before December 31, 2021, the System shall  
24 notify all active Tier 1 and Tier 2 participants who are  
25 eligible to participate in the defined contribution plan.  
26 The System shall mail information describing the option to

1 join the defined contribution plan to each of these  
2 employees to his or her last known address on file with the  
3 System. If the employee is not responsive to other means  
4 of contact, it is sufficient for the System to publish the  
5 details of the option on its website.

6 (3) If a person becomes an active participant of this  
7 System on or after January 1, 2022, but before December 1,  
8 2022, the System shall notify the participant within one  
9 month after he or she became an active participant that he  
10 or she is eligible to participate in the defined  
11 contribution plan. The notice shall be provided in the  
12 manner specified in paragraph (2) of this subsection.

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

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

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

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

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

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

5 (g) The System shall report on its progress under this  
6 Section, including the available details of the defined  
7 contribution plan and the System's plans for informing  
8 eligible Tier 1 and Tier 2 participants about the plan, to the  
9 Governor and the General Assembly on or before January 15,  
10 2023.

11 (h) The Illinois State Board of Investment shall be the  
12 plan sponsor for the defined contribution plan established  
13 under this Section.

14 (i) The intent of this amendatory Act of the 102nd General  
15 Assembly is to ensure that the State's normal cost of  
16 participation in the defined contribution plan is similar, and  
17 if possible equal, to the State's normal cost of participation  
18 in the defined benefit plan, unless a lower State's normal  
19 cost is necessary to ensure cost neutrality.

20 (40 ILCS 5/14-103.41)

21 Sec. 14-103.41. Tier 1 member; Tier 2 member; defined  
22 contribution plan member. "Tier 1 member": A member of this  
23 System who first became a member or participant before January  
24 1, 2011 under any reciprocal retirement system or pension fund  
25 established under this Code other than a retirement system or

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

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

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

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

16 "Defined contribution plan member": A Tier 1 or Tier 2  
17 member who elects to participate in the defined contribution  
18 plan under Section 14-155.5 of this Code, but only with  
19 respect to service performed on or after the effective date of  
20 that election.

21 (Source: P.A. 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 5/14-155.5 new)

5 Sec. 14-155.5. Defined contribution plan.

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

10 (b) By July 1, 2023, the System shall prepare and  
11 implement a defined contribution plan. The defined  
12 contribution plan developed under this Section shall be a plan  
13 that aggregates State and employee contributions in individual  
14 participant accounts that, after meeting any other  
15 requirements, are used for payouts after retirement in  
16 accordance with this Section and any other applicable laws.

17 (1) Participation in the defined contribution plan for  
18 persons who elect to participate shall begin on July 1,  
19 2023.

20 (2) A participant in the defined contribution plan  
21 shall pay employee contributions at a rate determined by  
22 the participant, but not less than 3% of compensation and  
23 not more than a percentage of compensation determined by  
24 the board in accordance with the requirements of State and  
25 federal law.

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

8           (4) The defined contribution plan shall require 5  
9           years of participation in the defined contribution plan  
10           before vesting in State contributions. If the participant  
11           fails to vest in them, the State contributions, and the  
12           earnings thereon, shall be forfeited.

13           (5) The defined contribution plan may provide for  
14           participants in the plan to be eligible for the defined  
15           disability benefits available to other participants under  
16           this Article. If it does, the System shall reduce the  
17           employee contributions credited to the member's defined  
18           contribution plan account by an amount determined by the  
19           System to cover the cost of offering such benefits.

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

24           (7) The defined contribution plan shall provide a  
25           variety of options for payouts to participants in the  
26           defined contribution plan who are no longer active in the

1 System and their survivors.

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

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

13 (b) Under the defined contribution plan, an active Tier 1  
14 or Tier 2 member of this System may elect, in writing, to cease  
15 accruing benefits in the defined benefit plan and begin  
16 accruing benefits for future service in the defined  
17 contribution plan. The election to participate in the defined  
18 contribution plan is voluntary and irrevocable and must be  
19 made on or before December 31, 2022.

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

23 (2) On or before December 31, 2021, the System shall  
24 notify all active Tier 1 and Tier 2 members who are  
25 eligible to participate in the defined contribution plan.  
26 The System shall mail information describing the option to

1 join the defined contribution plan to each of these  
2 employees to his or her last known address on file with the  
3 System. If the employee is not responsive to other means  
4 of contact, it is sufficient for the System to publish the  
5 details of the option on its website.

6 (3) If a person becomes an active participant of this  
7 System on or after January 1, 2022, but before December 1,  
8 2022, the System shall notify the participant within one  
9 month after he or she became an active participant that he  
10 or she is eligible to participate in the defined  
11 contribution plan. The notice shall be provided in the  
12 manner specified in paragraph (2) of this subsection.

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

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

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

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

25 (e) Notwithstanding any other provision of this Section,  
26 no person shall begin participating in the defined

1 contribution plan until it has attained qualified plan status  
2 and received all necessary approvals from the U.S. Internal  
3 Revenue Service.

4 (e) The System shall report on its progress under this  
5 Section, including the available details of the defined  
6 contribution plan and the System's plans for informing  
7 eligible Tier 1 and Tier 2 members about the plan, to the  
8 Governor and the General Assembly on or before January 15,  
9 2023.

10 (f) The Illinois State Board of Investment shall be the  
11 plan sponsor for the defined contribution plan established  
12 under this Section.

13 (g) The intent of this amendatory Act of the 102nd General  
14 Assembly is to ensure that the State's normal cost of  
15 participation in the defined contribution plan is similar, and  
16 if possible equal, to the State's normal cost of participation  
17 in the defined benefit plan, unless a lower State's normal  
18 cost is necessary to ensure cost neutrality.

19 (40 ILCS 5/15-108.1)

20 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A  
21 participant or an annuitant of a retirement annuity under this  
22 Article, other than a participant in the self-managed plan  
23 under Section 15-158.2, who first became a participant or  
24 member before January 1, 2011 under any reciprocal retirement  
25 system or pension fund established under this Code, other than



1 a retirement system or pension fund established under Articles  
2 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a  
3 person who first became a participant under this System before  
4 January 1, 2011 and who accepts a refund and is subsequently  
5 reemployed by an employer on or after January 1, 2011.

6 In the case of a Tier 1 member who elects to participate in  
7 the defined contribution plan under Section 15-200.5 of this  
8 Code, that Tier 1 member shall be deemed a Tier 1 member only  
9 with respect to service performed or established before the  
10 effective date of that election.

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

12 (40 ILCS 5/15-108.2)

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

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

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

7             (40 ILCS 5/15-108.3 new)

8       Sec. 15-108.3. Defined contribution plan member. "Defined  
9 contribution plan member": A Tier 1 or Tier 2 member who elects  
10 to participate in the defined contribution plan under Section  
11 15-200.5 of this Code, but only with respect to service  
12 performed on or after the effective date of that election.

13             (40 ILCS 5/15-198)

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

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

1 101-10, Public Act 101-610, or this amendatory Act of the  
2 102nd General Assembly ~~or this amendatory Act of the 101st~~  
3 ~~General Assembly.~~

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

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

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

1 at the end of the fiscal year in which the certification is  
2 made.

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

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

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

22 (40 ILCS 5/15-200.5 new)

23 Sec. 15-200.5. Defined contribution plan.

24 (a) As used in this Section, "defined benefit plan" means  
25 the traditional benefit package or the portable benefit

1 package available under this Article to Tier 1 or Tier 2  
2 members who have not made the election authorized under this  
3 Section and do not participate in the self-managed plan under  
4 Section 15-158.2.

5 (b) By July 1, 2023, the System shall prepare and  
6 implement a defined contribution plan. The defined  
7 contribution plan developed under this Section shall be a plan  
8 that aggregates State and employee contributions in individual  
9 participant accounts that, after meeting any other  
10 requirements, are used for payouts after retirement in  
11 accordance with this Section and any other applicable laws.

12 (1) Participation in the defined contribution plan for  
13 persons who elect to participate shall begin on July 1,  
14 2023.

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

21 (3) State contributions shall be paid into the  
22 accounts of all participants in the defined contribution  
23 plan at a uniform rate, expressed as a percentage of  
24 earnings and determined for each year. This rate shall be  
25 no higher than 7.6% of earnings and shall be no lower than  
26 3% of earnings. The State shall adjust this rate annually.

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

6           (5) The defined contribution plan may provide for  
7           participants in the plan to be eligible for the defined  
8           disability benefits available to other participants under  
9           this Article. If it does, the System shall reduce the  
10           employee contributions credited to the member's defined  
11           contribution plan account by an amount determined by the  
12           System to cover the cost of offering such benefits.

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

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

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

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

6           (b) Under the defined contribution plan, an active Tier 1  
7           or Tier 2 member of this System may elect, in writing, to cease  
8           accruing benefits in the defined benefit plan and begin  
9           accruing benefits for future service in the defined  
10           contribution plan. An active Tier 1 or Tier 2 member who elects  
11           to cease accruing benefits in his or her defined benefit plan  
12           shall be prohibited from purchasing service credit on or after  
13           the date of his or her election. A Tier 1 or Tier 2 member who  
14           elects to participate in the defined contribution plan shall  
15           not receive interest accruals to his or her Rule 2 benefit on  
16           or after the date of his or her election. The election to  
17           participate in the defined contribution plan is voluntary and  
18           irrevocable and must be made on or before December 31, 2022.

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

22           (2) On or before December 31, 2021, the System shall  
23           notify all active Tier 1 and Tier 2 members who are  
24           eligible to participate in the defined contribution plan.  
25           The System shall mail information describing the option to  
26           join the defined contribution plan to each of these

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

5 (3) If a person becomes an active participant of this  
6 System on or after January 1, 2022, but before December 1,  
7 2022, the System shall notify the participant within one  
8 month after he or she became an active participant that he  
9 or she is eligible to participate in the defined  
10 contribution plan. The notice shall be provided in the  
11 manner specified in paragraph (2) of this subsection.

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



1 to labor organizations, private counsel, and financial  
2 advisors.

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

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

24 (e) Notwithstanding any other provision of this Section,  
25 no person shall begin participating in the defined  
26 contribution plan until it has attained qualified plan status

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

3 (f) The System shall report on its progress under this  
4 Section, including the available details of the defined  
5 contribution plan and the System's plans for informing  
6 eligible Tier 1 and Tier 2 members about the plan, to the  
7 Governor and the General Assembly on or before January 15,  
8 2023.

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

15 (40 ILCS 5/16-106.41)

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

23 In the case of a Tier 1 member who elects to participate in  
24 the defined contribution plan under Section 16-205.5 of this  
25 Code, that Tier 1 member shall be deemed a Tier 1 member only

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

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

6 In the case of a Tier 2 member who elects to participate in  
7 the defined contribution plan under Section 16-205.5 of this  
8 Code, the Tier 2 member shall be deemed a Tier 2 member only  
9 with respect to service performed or established before the  
10 effective date of that election.

11 "Defined contribution plan member": A Tier 1 or Tier 2  
12 member who elects to participate in the defined contribution  
13 plan under Section 16-205.5 of this Code, but only with  
14 respect to service performed on or after the effective date of  
15 that election.

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

17 (40 ILCS 5/16-203)

18 Sec. 16-203. Application and expiration of new benefit  
19 increases.

20 (a) As used in this Section, "new benefit increase" means  
21 an increase in the amount of any benefit provided under this  
22 Article, or an expansion of the conditions of eligibility for  
23 any benefit under this Article, that results from an amendment  
24 to this Code that takes effect after June 1, 2005 (the  
25 effective date of Public Act 94-4). "New benefit increase",

1 however, does not include any benefit increase resulting from  
2 the changes made to Article 1 or this Article by Public Act  
3 95-910, Public Act 100-23, Public Act 100-587, Public Act  
4 100-743, ~~or~~ Public Act 100-769, Public Act 101-10, Public Act  
5 101-49, or this amendatory Act of the 102nd General Assembly  
6 ~~or this amendatory Act of the 101st General Assembly.~~

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

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

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

1 or has become inadequate, it may so certify to the Governor and  
2 the State Comptroller and, in the absence of corrective action  
3 by the General Assembly, the new benefit increase shall expire  
4 at the end of the fiscal year in which the certification is  
5 made.

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

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

22 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
23 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; 101-10, eff.  
24 6-5-19; 101-49, eff. 7-12-19; 101-81, eff. 7-12-19; revised  
25 8-13-19.)

1 (40 ILCS 5/16-205.5 new)

2 Sec. 16-205.5. Defined contribution plan.

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

7 (b) By July 1, 2023, the System shall prepare and  
8 implement a defined contribution plan. The defined  
9 contribution plan developed under this Section shall be a plan  
10 that aggregates State and employee contributions in individual  
11 participant accounts that, after meeting any other  
12 requirements, are used for payouts after retirement in  
13 accordance with this Section and any other applicable laws.

14 (1) Participation in the defined contribution plan for  
15 persons who elect to participate shall begin on July 1,  
16 2023.

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

23 (3) State contributions shall be paid into the  
24 accounts of all participants in the defined contribution  
25 plan at a uniform rate, expressed as a percentage of  
26 salary and determined for each year. This rate shall be no

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

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

8 (5) The defined contribution plan may provide for  
9 participants in the plan to be eligible for the defined  
10 disability benefits available to other participants under  
11 this Article. If it does, the System shall reduce the  
12 employee contributions credited to the member's defined  
13 contribution plan account by an amount determined by the  
14 System to cover the cost of offering such benefits.

15 (6) The defined contribution plan shall provide a  
16 variety of options for investments. These options shall  
17 include investments in a fund created by the System and  
18 managed in accordance with legal and fiduciary standards,  
19 as well as investment options otherwise available.

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

24 (8) To the extent authorized under federal law and as  
25 authorized by the System, the plan shall allow former  
26 participants in the plan to transfer or roll over employee

1 and vested State contributions, and the earnings thereon,  
2 from the defined contribution plan into other qualified  
3 retirement plans.

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

9 (c) Under the defined contribution plan, an active Tier 1  
10 or Tier 2 member of this System may elect, in writing, to cease  
11 accruing benefits in the defined benefit plan and begin  
12 accruing benefits for future service in the defined  
13 contribution plan. An active Tier 1 or Tier 2 member who elects  
14 to cease accruing benefits in his or her defined benefit plan  
15 shall be prohibited from purchasing service credit on or after  
16 the date of his or her election. A Tier 1 or Tier 2 member  
17 making the irrevocable election provided under this subsection  
18 shall not receive interest accruals to his or her benefit  
19 under paragraph (A) of subsection (a) of Section 16-133 of  
20 this Code on or after the date of his or her election. The  
21 election to participate in the defined contribution plan is  
22 voluntary and irrevocable and must be made on or before  
23 December 31, 2022.

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



1           (2) On or before December 31, 2021, the System shall  
2           notify all active Tier 1 and Tier 2 members who are  
3           eligible to participate in the defined contribution plan.  
4           The System shall mail information describing the option to  
5           join the defined contribution plan to each of these  
6           employees to his or her last known address on file with the  
7           System. If the employee is not responsive to other means  
8           of contact, it is sufficient for the System to publish the  
9           details of the option on its website.

10           (3) If a person becomes an active member of this  
11           System on or after January 1, 2022, but before December 1,  
12           2022, the System shall notify the participant within one  
13           month after he or she became an active participant that he  
14           or she is eligible to participate in the defined  
15           contribution plan. The notice shall be provided in the  
16           manner specified in paragraph (2) of this subsection.

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

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

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

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

1 the impact of the defined contribution plan set forth in this  
2 Section.

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

8 (g) The System shall report on its progress under this  
9 Section, including the available details of the defined  
10 contribution plan and the System's plans for informing  
11 eligible Tier 1 and Tier 2 members about the plan, to the  
12 Governor and the General Assembly on or before January 15,  
13 2023.

14 (h) The intent of this amendatory Act of the 102nd General  
15 Assembly is to ensure that the State's normal cost of  
16 participation in the defined contribution plan is similar, and  
17 if possible equal, to the State's normal cost of participation  
18 in the defined benefit plan, unless a lower State's normal  
19 cost is necessary to ensure cost neutrality.

20 (40 ILCS 5/18-110.1 new)

21 Sec. 18-110.1. Tier 1 participant; Tier 2 participant;  
22 defined contribution plan participant. "Tier 1 participant":  
23 A participant who first became a participant of this System  
24 before January 1, 2011.

25 In the case of a Tier 1 participant who elects to

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

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

7 In the case of a Tier 2 participant who elects to  
8 participate in the defined contribution plan under Section  
9 18-121.5 of this Code, that Tier 2 participant shall be deemed  
10 a Tier 2 participant only with respect to service performed or  
11 established before the effective date of that election.

12 "Defined contribution plan participant": A Tier 1 or Tier  
13 2 participant who elects to participate in the defined  
14 contribution plan under Section 18-121.5 of this Code, but  
15 only with respect to service performed on or after the  
16 effective date of that election.

17 (40 ILCS 5/18-121.5 new)

18 Sec. 18-121.5. Defined contribution plan.

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

23 (b) By July 1, 2023, the System shall prepare and  
24 implement a defined contribution plan. The defined  
25 contribution plan developed under this Section shall be a plan

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

5 (1) Participation in the defined contribution plan for  
6 persons who elect to participate shall begin on July 1,  
7 2023.

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

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

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

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

1       disability benefits. If it does, the System shall reduce  
2       the employee contributions credited to the participant's  
3       defined contribution plan account by an amount determined  
4       by the System to cover the cost of offering such benefits.

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

9       (7) The defined contribution plan shall provide a  
10       variety of options for payouts to participants in the  
11       defined contribution plan who are no longer active in the  
12       System and their survivors.

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

19       (8) The System shall reduce the employee contributions  
20       credited to the participant's defined contribution plan  
21       account by an amount determined by the System to cover the  
22       cost of offering these benefits and any applicable  
23       administrative fees.

24       (c) Under the defined contribution plan, an active Tier 1  
25       or Tier 2 participant of this System may elect, in writing, to  
26       cease accruing benefits in the defined benefit plan and begin

1 accruing benefits for future service in the defined  
2 contribution plan. The election to participate in the defined  
3 contribution plan is voluntary and irrevocable and must be  
4 made on or before December 31, 2022.

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

8 (2) On or before December 31, 2021, the System shall  
9 notify all active Tier 1 and Tier 2 participants who are  
10 eligible to participate in the defined contribution plan.  
11 The System shall mail information describing the option to  
12 join the defined contribution plan to each of these  
13 employees to his or her last known address on file with the  
14 System. If the employee is not responsive to other means  
15 of contact, it is sufficient for the System to publish the  
16 details of the option on its website.

17 (3) If a person becomes an active participant of this  
18 System on or after January 1, 2022, but before December 1,  
19 2022, the System shall notify the participant within one  
20 month after he or she became an active participant that he  
21 or she is eligible to participate in the defined  
22 contribution plan. The notice shall be provided in the  
23 manner specified in paragraph (2) of this subsection.

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

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

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



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

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

15       (g) The System shall report on its progress under this  
16 Section, including the available details of the defined  
17 contribution plan and the System's plans for informing  
18 eligible Tier 1 and Tier 2 participants about the plan, to the  
19 Governor and the General Assembly on or before January 15,  
20 2023.

21       (h) The Illinois State Board of Investment shall be the  
22 plan sponsor for the defined contribution plan established  
23 under this Section.

24       (i) The intent of this amendatory Act of the 102nd General  
25 Assembly is to ensure that the State's normal cost of  
26 participation in the defined contribution plan is similar, and

1 if possible equal, to the State's normal cost of participation  
2 in the defined benefit plan, unless a lower State's normal  
3 cost is necessary to ensure cost neutrality.

4 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

5 Sec. 18-124. Retirement annuities - conditions for  
6 eligibility.

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

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

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

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

23 (3) the participant has at least 10 years of service  
24 credit except that a participant terminating service after  
25 June 30 1975, with at least 6 years of service credit,

1 shall be entitled to a retirement annuity at age 62 or  
2 over;

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

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

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

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

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

17 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

18 Sec. 18-125. Retirement annuity amount.

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

23 (b) Except as provided in subsection (b-5), effective July  
24 1, 1971, the retirement annuity for any participant in service  
25 on or after such date shall be 3 1/2% of final average salary,

1 as defined in this Section, for each of the first 10 years of  
2 service, and 5% of such final average salary for each year of  
3 service in excess of 10.

4 For purposes of this Section, final average salary for a  
5 Tier 1 participant who first serves as a judge before August  
6 10, 2009 (the effective date of Public Act 96-207) shall be:

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

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

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

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

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

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

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

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

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

25          For a Tier 2 participant ~~who first serves as a judge on or~~  
26          ~~after January 1, 2011 (the effective date of Public Act~~

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

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

1 the percentage reduction in retirement annuity imposed under  
2 this subsection shall be reduced by 5/12 of 1% for every month  
3 of service in this System in excess of 20 years, and therefore  
4 a participant with at least 26 years of service in this System  
5 may retire at age 55 without any reduction in annuity.

6 The reduction in retirement annuity imposed by this  
7 subsection shall not apply in the case of retirement on  
8 account of disability.

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

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

17 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

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

1 thereafter, 3%.

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

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

21 This Section is applicable to all participants (other than  
22 defined contribution plan participants who do not have any  
23 service credit as a Tier 1 or Tier 2 participant) in service  
24 after June 30, 1969 unless a participant has elected, prior to  
25 September 1, 1969, in a written direction filed with the board  
26 not to be subject to the provisions of this Section. Any



1 participant in service on or after July 1, 1992 shall have the  
2 option of electing prior to April 1, 1993, in a written  
3 direction filed with the board, to be covered by the  
4 provisions of the 1969 amendatory Act. Such participant shall  
5 be required to make the aforesaid additional contributions  
6 with compound interest at 4% per annum.

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

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

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

20 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

21 Sec. 18-127. Retirement annuity - suspension on  
22 reemployment.

23 (a) A participant receiving a retirement annuity who is  
24 regularly employed for compensation by an employer other than  
25 a county, in any capacity, shall have his or her retirement

1 annuity payments suspended during such employment. Upon  
2 termination of such employment, retirement annuity payments at  
3 the previous rate shall be resumed.

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

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

24 (c) Except as provided in subsection (a), beginning  
25 January 1, 1993, retirement annuities shall not be subject to  
26 suspension upon resumption of employment for an employer, and

1 any retirement annuity that is then so suspended shall be  
2 reinstated on that date.

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

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

26 (f) A participant receiving a retirement annuity under

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

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

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

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

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

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

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

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

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

1 subsections (a) and (b) of this Section. This child's annuity  
2 shall be paid whether or not a survivor's annuity was elected  
3 under Section 18-123.

4 (e) The changes made in the survivor's annuity provisions  
5 by Public Act 82-306 shall apply to the survivors of a deceased  
6 participant or annuitant whose death occurs on or after August  
7 21, 1981.

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

19 (g) Notwithstanding any other provision of this Article,  
20 the initial survivor's annuity for a survivor of a Tier 2  
21 participant ~~who first serves as a judge after January 1, 2011~~  
22 ~~(the effective date of Public Act 96-889)~~ shall be in the  
23 amount of 66 2/3% of the annuity received or earned by the  
24 decedent, and shall be increased (1) on each January 1  
25 occurring on or after the commencement of the annuity if the  
26 deceased participant died while receiving a retirement

1 annuity, or (2) in other cases, on each January 1 occurring on  
2 or after the first anniversary of the commencement of the  
3 annuity, but in no event prior to age 67, by an amount equal to  
4 3% or the annual unadjusted percentage increase in the  
5 consumer price index-u as determined by the Public Pension  
6 Division of the Department of Insurance under subsection (b-5)  
7 of Section 18-125, whichever is less, of the survivor's  
8 annuity then being paid.

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

10 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

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

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

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

1 judge, the judge (A) files with the Board a letter  
2 cancelling the direction to discontinue contributing to  
3 the System and requesting that such contributing resume,  
4 and (B) pays into the System an amount equal to the total  
5 of the discontinued contributions plus interest thereon at  
6 5% per annum. Service credits earned in any other  
7 "participating system" as defined in Article 20 of this  
8 Code shall be considered for purposes of determining a  
9 judge's eligibility to discontinue contributions under  
10 this subdivision (a)(2).

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



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

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

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

23 (d) Notwithstanding any other provision of this Article,  
24 the required contributions for a Tier 2 participant ~~who first~~  
25 ~~becomes a participant on or after January 1, 2011~~ shall not  
26 exceed the contributions that would be due under this Article

1 if that participant's highest salary for annuity purposes were  
2 \$106,800, plus any increase in that amount under Section  
3 18-125.

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

5 (40 ILCS 5/18-169)

6 Sec. 18-169. Application and expiration of new benefit  
7 increases.

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

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

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

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

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

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

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

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

8 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

11 Sec. 20-121. Calculation of proportional retirement  
12 annuities.

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

1 Section.

2 (a-5) For persons who participate in a defined  
3 contribution plan established under Article 2, 14, 15, 16, or  
4 18 of this Code to whom the provisions of this Article apply,  
5 the pension credits established under the defined contribution  
6 plan may be considered in determining eligibility for or the  
7 amount of the defined benefit retirement annuity that is  
8 payable by any other participating system.

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

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

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

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

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

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

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

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

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

15             (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

18             Sec. 20-124. Maximum benefits.

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

24             If the combined annuities should exceed the highest  
25 maximum as determined in accordance with this Section, the

1        respective annuities shall be reduced proportionately  
2        according to the ratio which the amount of each proportional  
3        annuity bears to the aggregate of all such annuities.

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

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

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

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



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

4           (i) For purposes of calculating the combined  
5 retirement annuity and the proportionate reduction, if  
6 any, in a defined benefit retirement annuity, any benefit  
7 payable under the defined contribution plan shall not be  
8 considered.

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

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

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

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

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

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

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

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

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

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

1

## INDEX

2

## Statutes amended in order of appearance

3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	40 ILCS 5/1-160	
6	40 ILCS 5/1-161	
7	40 ILCS 5/2-105.3 new	
8	40 ILCS 5/2-162	
9	40 ILCS 5/2-165.5 new	
10	40 ILCS 5/14-103.41	
11	40 ILCS 5/14-152.1	
12	40 ILCS 5/14-155.5 new	
13	40 ILCS 5/15-108.1	
14	40 ILCS 5/15-108.2	
15	40 ILCS 5/15-108.3 new	
16	40 ILCS 5/15-198	
17	40 ILCS 5/15-200.5 new	
18	40 ILCS 5/16-106.41	
19	40 ILCS 5/16-203	
20	40 ILCS 5/16-205.5 new	
21	40 ILCS 5/18-110.1 new	
22	40 ILCS 5/18-121.5 new	
23	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
24	40 ILCS 5/18-125	from Ch. 108 1/2, par. 18-125
25	40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1

- 1 40 ILCS 5/18-127 from Ch. 108 1/2, par. 18-127
- 2 40 ILCS 5/18-128.01 from Ch. 108 1/2, par. 18-128.01
- 3 40 ILCS 5/18-133 from Ch. 108 1/2, par. 18-133
- 4 40 ILCS 5/18-169
- 5 40 ILCS 5/20-121 from Ch. 108 1/2, par. 20-121
- 6 40 ILCS 5/20-123 from Ch. 108 1/2, par. 20-123
- 7 40 ILCS 5/20-124 from Ch. 108 1/2, par. 20-124
- 8 40 ILCS 5/20-125 from Ch. 108 1/2, par. 20-125