



## 102ND GENERAL ASSEMBLY

### State of Illinois

### 2021 and 2022

### SB3689

Introduced 1/21/2022, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-160	
40 ILCS 5/7-114	from Ch. 108 1/2, par. 7-114
40 ILCS 5/7-116	from Ch. 108 1/2, par. 7-116
40 ILCS 5/7-141	from Ch. 108 1/2, par. 7-141
40 ILCS 5/7-142	from Ch. 108 1/2, par. 7-142
40 ILCS 5/15-111	from Ch. 108 1/2, par. 15-111
40 ILCS 5/15-112	from Ch. 108 1/2, par. 15-112
40 ILCS 5/15-135	from Ch. 108 1/2, par. 15-135
40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
40 ILCS 5/15-198	
40 ILCS 5/16-203	
30 ILCS 805/8.46 new	

Amends the General Provisions, Illinois Municipal Retirement Fund (IMRF), State Universities, and Downstate Teacher Articles of the Illinois Pension Code. With regard to Tier 2 members under the Downstate Teacher or State Universities Article and Tier 2 regular employees who are employees of an educational employer: makes changes to the age and service credit requirements for receiving an annuity; increases the amount of the automatic annual increases to retirement annuities; makes changes to the formula for calculating final average salary; and increases the limitation on the amount of salary that is used to calculate benefits. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB102 24377 RPS 33611 b

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 10. The Illinois Pension Code is amended by  
5 changing Sections 1-160, 7-114, 7-116, 7-141, 7-142, 15-111,  
6 15-112, 15-135, 15-136, 15-198, and 16-203 as follows:

7 (40 ILCS 5/1-160)

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

9 (a) The provisions of this Section apply to a person who,  
10 on or after January 1, 2011, first becomes a member or a  
11 participant under any reciprocal retirement system or pension  
12 fund established under this Code, other than a retirement  
13 system or pension fund established under Article 2, 3, 4, 5, 6,  
14 7, 15, or 18 of this Code, notwithstanding any other provision  
15 of this Code to the contrary, but do not apply to any  
16 self-managed plan established under this Code or to any  
17 participant of the retirement plan established under Section  
18 22-101; except that this Section applies to a person who  
19 elected to establish alternative credits by electing in  
20 writing after January 1, 2011, but before August 8, 2011,  
21 under Section 7-145.1 of this Code. Notwithstanding anything  
22 to the contrary in this Section, for purposes of this Section,  
23 a person who is a Tier 1 regular employee as defined in Section

1 7-109.4 of this Code or who participated in a retirement  
2 system under Article 15 prior to January 1, 2011 shall be  
3 deemed a person who first became a member or participant prior  
4 to January 1, 2011 under any retirement system or pension fund  
5 subject to this Section. The changes made to this Section by  
6 Public Act 98-596 are a clarification of existing law and are  
7 intended to be retroactive to January 1, 2011 (the effective  
8 date of Public Act 96-889), notwithstanding the provisions of  
9 Section 1-103.1 of this Code.

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

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

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

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

8           (b) "Final average salary" means, except as otherwise  
9 provided in this subsection, the average monthly (or annual)  
10 salary obtained by dividing the total salary or earnings  
11 calculated under the Article applicable to the member or  
12 participant during the 96 consecutive months (or 8 consecutive  
13 years) of service within the last 120 months (or 10 years) of  
14 service in which the total salary or earnings calculated under  
15 the applicable Article was the highest by the number of months  
16 (or years) of service in that period. For the purposes of a  
17 person who first becomes a member or participant of any  
18 retirement system or pension fund to which this Section  
19 applies on or after January 1, 2011, in this Code, "final  
20 average salary" shall be substituted for the following:

21           (1) (Blank).

22           (2) In Articles 8, 9, 10, 11, and 12, "highest average  
23 annual salary for any 4 consecutive years within the last  
24 10 years of service immediately preceding the date of  
25 withdrawal".

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

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

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

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

5 A member of the Teachers' Retirement System of the State  
6 of Illinois who retires on or after June 1, 2021 and for whom  
7 the 2020-2021 school year is used in the calculation of the  
8 member's final average salary shall use the higher of the  
9 following for the purpose of determining the member's final  
10 average salary:

11 (A) the amount otherwise calculated under the next  
12 ~~first~~ paragraph of this subsection; or

13 (B) an amount calculated by the Teachers' Retirement  
14 System of the State of Illinois using the average of the  
15 monthly (or annual) salary obtained by dividing the total  
16 salary or earnings calculated under Article 16 applicable  
17 to the member or participant during the 72 ~~96~~ months (or 6  
18 ~~8~~ years) of service within the last 120 months (or 10  
19 years) of service in which the total salary or earnings  
20 calculated under the Article was the highest by the number  
21 of months (or years) of service in that period.

22 For a member under Article 16, "final average salary"  
23 means the greater of: (i) the amount otherwise calculated  
24 under this subsection; or (ii) the average monthly (or annual)  
25 salary obtained by dividing the total salary calculated under  
26 Article 16 during the 72 consecutive months (or 6 consecutive

1 years) of service within the last 120 months (or 10 years) of  
2 service in which the total salary calculated under the Article  
3 was the highest by the number of months (or years) of service  
4 in that period.

5 (b-5) Beginning on January 1, 2011, for all purposes under  
6 this Code (including without limitation the calculation of  
7 benefits and employee contributions), the annual earnings,  
8 salary, or wages (based on the plan year) of a member or  
9 participant to whom this Section applies shall not exceed  
10 \$106,800; however, that amount shall annually thereafter be  
11 increased by the lesser of (i) 3% of that amount, including all  
12 previous adjustments, or (ii) one-half the annual unadjusted  
13 percentage increase (but not less than zero) in the consumer  
14 price index-u for the 12 months ending with the September  
15 preceding each November 1, including all previous adjustments;  
16 except that beginning in 2022 for purposes of Article 16 of  
17 this Code (including, without limitation, the calculation of  
18 benefits and employee contributions), that amount shall  
19 annually be increased by the greater of: (i) 3%; or (ii) the  
20 annual unadjusted percentage increase in the consumer price  
21 index-u for the 12 months ending with the September preceding  
22 each November 1, including all previous adjustments.

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

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

7 (c) A member or participant is entitled to a retirement  
8 annuity upon written application if he or she has attained age  
9 67 (age 65, with respect to service under Article 12 that is  
10 subject to this Section, for a member or participant under  
11 Article 12 who first becomes a member or participant under  
12 Article 12 on or after January 1, 2022 or who makes the  
13 election under item (i) of subsection (d-15) of this Section)  
14 and has at least 10 years of service credit and is otherwise  
15 eligible under the requirements of the applicable Article.

16 A member or participant who has attained age 62 (age 60,  
17 with respect to service under Article 12 that is subject to  
18 this Section, for a member or participant under Article 12 who  
19 first becomes a member or participant under Article 12 on or  
20 after January 1, 2022 or who makes the election under item (i)  
21 of subsection (d-15) of this Section) and has at least 10 years  
22 of service credit and is otherwise eligible under the  
23 requirements of the applicable Article may elect to receive  
24 the lower retirement annuity provided in subsection (d) of  
25 this Section.

26 (c-5) A person who first becomes a member or a participant

1 subject to this Section on or after July 6, 2017 (the effective  
2 date of Public Act 100-23), notwithstanding any other  
3 provision of this Code to the contrary, is entitled to a  
4 retirement annuity under Article 8 or Article 11 upon written  
5 application if he or she has attained age 65 and has at least  
6 10 years of service credit and is otherwise eligible under the  
7 requirements of Article 8 or Article 11 of this Code,  
8 whichever is applicable.

9 (c-10) Notwithstanding subsection (c), a member under  
10 Article 16 is entitled to a retirement annuity if he or she has  
11 attained age 60; has at least 35 years of service credit, not  
12 including any service credit for unused and uncompensated  
13 accumulated sick leave days; and is otherwise eligible under  
14 the requirements of Article 16.

15 Notwithstanding subsection (c), a member under Article 16  
16 is entitled to a retirement annuity upon written application  
17 if he or she has attained age 62; has at least 10 years of  
18 service credit, not including service credit for unused and  
19 uncompensated accumulated sick leave days; and is otherwise  
20 eligible under the requirements of Article 16.

21 Notwithstanding subsection (c), a member under Article 16  
22 is entitled to a retirement annuity upon written application  
23 if he or she has attained age 64; has at least 10 years of  
24 service credit, including any service credit for unused and  
25 uncompensated sick leave days; and is otherwise eligible under  
26 the requirements of Article 16.



1 (d) The retirement annuity of a member or participant who  
2 is retiring after attaining age 62 (age 60, with respect to  
3 service under Article 12 that is subject to this Section, for a  
4 member or participant under Article 12 who first becomes a  
5 member or participant under Article 12 on or after January 1,  
6 2022 or who makes the election under item (i) of subsection  
7 (d-15) of this Section) with at least 10 years of service  
8 credit shall be reduced by one-half of 1% for each full month  
9 that the member's age is under age 67 (age 65, with respect to  
10 service under Article 12 that is subject to this Section, for a  
11 member or participant under Article 12 who first becomes a  
12 member or participant under Article 12 on or after January 1,  
13 2022 or who makes the election under item (i) of subsection  
14 (d-15) of this Section). This subsection does not apply to a  
15 person who meets the requirements under subsection (c-10).

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

21 (d-10) Each person who first became a member or  
22 participant under Article 8 or Article 11 of this Code on or  
23 after January 1, 2011 and prior to July 6, 2017 (the effective  
24 date of Public Act 100-23) ~~this amendatory Act of the 100th~~  
25 ~~General Assembly~~ shall make an irrevocable election either:

26 (i) to be eligible for the reduced retirement age

1 provided in subsections (c-5) and (d-5) of this Section,  
2 the eligibility for which is conditioned upon the member  
3 or participant agreeing to the increases in employee  
4 contributions for age and service annuities provided in  
5 subsection (a-5) of Section 8-174 of this Code (for  
6 service under Article 8) or subsection (a-5) of Section  
7 11-170 of this Code (for service under Article 11); or

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

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

23 (d-15) Each person who first becomes a member or  
24 participant under Article 12 on or after January 1, 2011 and  
25 prior to January 1, 2022 shall make an irrevocable election  
26 either:

1           (i) to be eligible for the reduced retirement age  
2           specified in subsections (c) and (d) of this Section, the  
3           eligibility for which is conditioned upon the member or  
4           participant agreeing to the increase in employee  
5           contributions for service annuities specified in  
6           subsection (b) of Section 12-150; or

7           (ii) to not agree to item (i) of this subsection  
8           (d-15), in which case the member or participant shall not  
9           be eligible for the reduced retirement age specified in  
10          subsections (c) and (d) of this Section and shall not be  
11          subject to the increase in employee contributions for  
12          service annuities specified in subsection (b) of Section  
13          12-150.

14          The election provided for in this subsection shall be made  
15          between January 1, 2022 and April 1, 2022. A person subject to  
16          this subsection who makes the required election shall remain  
17          bound by that election. A person subject to this subsection  
18          who fails for any reason to make the required election within  
19          the time specified in this subsection shall be deemed to have  
20          made the election under item (ii).

21          (e) Any retirement annuity or supplemental annuity shall  
22          be subject to annual increases on the January 1 occurring  
23          either on or after the attainment of age 67 (age 65, with  
24          respect to service under Article 12 that is subject to this  
25          Section, for a member or participant under Article 12 who  
26          first becomes a member or participant under Article 12 on or

1 after January 1, 2022 or who makes the election under item (i)  
2 of subsection (d-15); and beginning on July 6, 2017 (the  
3 effective date of Public Act 100-23) ~~this amendatory Act of~~  
4 ~~the 100th General Assembly~~, age 65 with respect to service  
5 under Article 8 or Article 11 for eligible persons who: (i) are  
6 subject to subsection (c-5) of this Section; or (ii) made the  
7 election under item (i) of subsection (d-10) of this Section)  
8 or the first anniversary of the annuity start date, whichever  
9 is later. Except for retirement annuities under Article 16,  
10 each ~~Each~~ annual increase shall be calculated at 3% or  
11 one-half the annual unadjusted percentage increase (but not  
12 less than zero) in the consumer price index-u for the 12 months  
13 ending with the September preceding each November 1, whichever  
14 is less, of the originally granted retirement annuity. If the  
15 annual unadjusted percentage change in the consumer price  
16 index-u for the 12 months ending with the September preceding  
17 each November 1 is zero or there is a decrease, then the  
18 annuity shall not be increased.

19 For retirement annuities under Article 16, each annual  
20 increase shall be calculated at 3% or one-half the annual  
21 unadjusted percentage increase in the consumer price index-u  
22 for the 12 months ending with the September preceding each  
23 November 1, whichever is greater, of the originally granted  
24 retirement annuity.

25 For the purposes of Section 1-103.1 of this Code, the  
26 changes made to this Section by this amendatory Act of the

1 102nd General Assembly are applicable without regard to  
2 whether the employee was in active service on or after the  
3 effective date of this amendatory Act of the 102nd General  
4 Assembly.

5 For the purposes of Section 1-103.1 of this Code, the  
6 changes made to this Section by Public Act 102-263 ~~this~~  
7 ~~amendatory Act of the 102nd General Assembly~~ are applicable  
8 without regard to whether the employee was in active service  
9 on or after August 6, 2021 (the effective date of Public Act  
10 102-263) ~~this amendatory Act of the 102nd General Assembly.~~

11 For the purposes of Section 1-103.1 of this Code, the  
12 changes made to this Section by Public Act 100-23 ~~this~~  
13 ~~amendatory Act of the 100th General Assembly~~ are applicable  
14 without regard to whether the employee was in active service  
15 on or after July 6, 2017 (the effective date of Public Act  
16 100-23) ~~this amendatory Act of the 100th General Assembly.~~

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

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

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

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

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

24 If a person who first becomes a member of a retirement  
25 system or pension fund subject to this Section on or after  
26 January 1, 2012 and is receiving a retirement annuity or

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

17 (i) (Blank).

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

21 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
22 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; revised 9-28-21.)

23 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

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

25 (a) An amount to be determined by the board, equal to the



1 sum of:

2 1. The total amount of money paid to an employee for  
3 personal services or official duties as an employee  
4 (except those employed as independent contractors) paid  
5 out of the general fund, or out of any special funds  
6 controlled by the municipality, or by any instrumentality  
7 thereof, or participating instrumentality, including  
8 compensation, fees, allowances (but not including amounts  
9 associated with a vehicle allowance payable to an employee  
10 who first becomes a participating employee on or after the  
11 effective date of this amendatory Act of the 100th General  
12 Assembly), or other emolument paid for official duties  
13 (but not including automobile maintenance, travel expense,  
14 or reimbursements for expenditures incurred in the  
15 performance of duties) and, for fee offices, the fees or  
16 earnings of the offices to the extent such fees are paid  
17 out of funds controlled by the municipality, or  
18 instrumentality or participating instrumentality; and

19 2. The money value, as determined by rules prescribed  
20 by the governing body of the municipality, or  
21 instrumentality thereof, of any board, lodging, fuel,  
22 laundry, and other allowances provided an employee in lieu  
23 of money.

24 (b) For purposes of determining benefits payable under  
25 this fund payments to a person who is engaged in an  
26 independently established trade, occupation, profession or

1 business and who is paid for his service on a basis other than  
2 a monthly or other regular salary, are not earnings.

3 (c) If a disabled participating employee is eligible to  
4 receive Workers' Compensation for an accidental injury and the  
5 participating municipality or instrumentality which employed  
6 the participating employee when injured continues to pay the  
7 participating employee regular salary or other compensation or  
8 pays the employee an amount in excess of the Workers'  
9 Compensation amount, then earnings shall be deemed to be the  
10 total payments, including an amount equal to the Workers'  
11 Compensation payments. These payments shall be subject to  
12 employee contributions and allocated as if paid to the  
13 participating employee when the regular payroll amounts would  
14 have been paid if the participating employee had continued  
15 working, and creditable service shall be awarded for this  
16 period.

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

22 (e) If a participating employee is paid pursuant to "An  
23 Act to provide for the continuation of compensation for law  
24 enforcement officers, correctional officers and firemen who  
25 suffer disabling injury in the line of duty", approved  
26 September 6, 1973, as amended, the payments shall be deemed

1 earnings, and the participating employee shall be awarded  
2 creditable service for this period.

3 (f) Additional compensation received by a person while  
4 serving as a supervisor of assessments, assessor, deputy  
5 assessor or member of a board of review from the State of  
6 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
7 Code shall not be earnings for purposes of this Article and  
8 shall not be included in the contribution formula or  
9 calculation of benefits for such person pursuant to this  
10 Article.

11 (g) Notwithstanding any other provision of this Article,  
12 calendar year earnings for Tier 2 regular employees to whom  
13 this Section applies shall not exceed the amount determined by  
14 the Public Pension Division of the Department of Insurance as  
15 required in this subsection; however, that amount shall  
16 annually thereafter be increased by the lesser of (i) 3% of  
17 that amount, including all previous adjustments, or (ii)  
18 one-half the annual unadjusted percentage increase (but not  
19 less than zero) in the consumer price index-u for the 12 months  
20 ending with the September preceding each November 1, including  
21 all previous adjustments; except that beginning in 2022, for  
22 Tier 2 regular employees who are employees of an educational  
23 employer, that amount shall annually be increased by the  
24 greater of: (i) 3%; or (ii) the annual unadjusted percentage  
25 increase in the consumer price index-u for the 12 months  
26 ending with the September preceding each November 1, including

1 all previous adjustments.

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

11 For the purposes of Section 1-103.1 of this Code, the  
12 changes made to this Section, Section 7-141, and Section 7-142  
13 by this amendatory Act of the 102nd General Assembly are  
14 applicable without regard to whether the Tier 2 regular  
15 employee was in active service on or after the effective date  
16 of this amendatory Act of the 102nd General Assembly.

17 (Source: P.A. 102-210, eff. 1-1-22.)

18 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

20 (a) For retirement and survivor annuities, the monthly  
21 earnings obtained by dividing the total earnings received by  
22 the employee during the period of either (1) for Tier 1 regular  
23 employees, the 48 consecutive months of service within the  
24 last 120 months of service in which his total earnings were the  
25 highest, (2) for Tier 2 regular employees who are not

1 employees of an educational employer, the 96 consecutive  
2 months of service within the last 120 months of service in  
3 which his total earnings were the highest, (3) for Tier 2  
4 regular employees who are employees of an educational  
5 employer, the 72 consecutive months of service within the last  
6 120 months of service in which total earnings were the  
7 highest, or (4) ~~(3)~~ the employee's total period of service, by  
8 the number of months of service in such period.

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

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

18 (d) In computing the final rate of earnings: (1) the  
19 earnings rate for all periods of prior service shall be  
20 considered equal to the average earnings rate for the last 3  
21 calendar years of prior service for which creditable service  
22 is received under Section 7-139 or, if there is less than 3  
23 years of creditable prior service, the average for the total  
24 prior service period for which creditable service is received  
25 under Section 7-139; (2) for out of state service and  
26 authorized leave, the earnings rate shall be the rate upon

1 which service credits are granted; (3) periods of military  
2 leave shall not be considered; (4) the earnings rate for all  
3 periods of disability shall be considered equal to the rate of  
4 earnings upon which the employee's disability benefits are  
5 computed for such periods; (5) the earnings to be considered  
6 for each of the final three months of the final earnings period  
7 for persons who first became participants before January 1,  
8 2012 and the earnings to be considered for each of the final 24  
9 months for participants who first become participants on or  
10 after January 1, 2012 shall not exceed 125% of the highest  
11 earnings of any other month in the final earnings period; and  
12 (6) the annual amount of final rate of earnings shall be the  
13 monthly amount multiplied by the number of months of service  
14 normally required by the position in a year.

15 (Source: P.A. 102-210, eff. 1-1-22.)

16 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

17 Sec. 7-141. Retirement annuities; conditions. Retirement  
18 annuities shall be payable as hereinafter set forth:

19 (a) A participating employee who, regardless of cause, is  
20 separated from the service of all participating municipalities  
21 and instrumentalities thereof and participating  
22 instrumentalities shall be entitled to a retirement annuity  
23 provided:

24 1. He is at least age 55 if he is a Tier 1 regular  
25 employee; ~~7~~ he is age 62 if he is a Tier 2 regular

1        employee; he is age 60 if he has at least 35 years of  
2        creditable service (not including any service for unused  
3        and uncompensated sick leave), is a Tier 2 regular  
4        employee, and is an employee of an educational employer; 7  
5        or, in the case of a person who is eligible to have his  
6        annuity calculated under Section 7-142.1, he is at least  
7        age 50;

8            2. He is not entitled to receive earnings for  
9        employment in a position requiring him, or entitling him  
10       to elect, to be a participating employee;

11           3. The amount of his annuity, before the application  
12       of paragraph (b) of Section 7-142 is at least \$10 per  
13       month;

14           4. If he first became a participating employee after  
15       December 31, 1961 and is a Tier 1 regular employee, he has  
16       at least 8 years of service, or, if he is a Tier 2 regular  
17       member, he has at least 10 years of service. This service  
18       requirement shall not apply to any participating employee,  
19       regardless of participation date, if the General Assembly  
20       terminates the Fund.

21       (b) Retirement annuities shall be payable:

22           1. As provided in Section 7-119;

23           2. Except as provided in item 3, upon receipt by the  
24       fund of a written application. The effective date may be  
25       not more than one year prior to the date of the receipt by  
26       the fund of the application;

1           3. Upon attainment of the required age of distribution  
2           under Section 401(a)(9) of the Internal Revenue Code of  
3           1986, as amended, if the member (i) is no longer in  
4           service, and (ii) is otherwise entitled to an annuity  
5           under this Article;

6           4. To the beneficiary of the deceased annuitant for  
7           the unpaid amount accrued to date of death, if any.

8           (Source: P.A. 102-210, Article 5, Section 5-5, eff. 7-30-21;  
9           102-210, Article 10, Section 10-5, eff. 1-1-22; revised  
10          9-28-21.)

11          (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

12          Sec. 7-142. Retirement annuities - Amount.

13          (a) The amount of a retirement annuity shall be the sum of  
14          the following, determined in accordance with the actuarial  
15          tables in effect at the time of the grant of the annuity:

16               1. For Tier 1 regular employees with 8 or more years of  
17               service or for Tier 2 regular employees, an annuity  
18               computed pursuant to subparagraphs a or b of this  
19               subparagraph 1, whichever is the higher, and for employees  
20               with less than 8 or 10 years of service, respectively, the  
21               annuity computed pursuant to subparagraph a:

22                     a. The monthly annuity which can be provided from  
23                     the total accumulated normal, municipality and prior  
24                     service credits, as of the attained age of the  
25                     employee on the date the annuity begins provided that



1 such annuity shall not exceed 75% of the final rate of  
2 earnings of the employee.

3 b. (i) The monthly annuity amount determined as  
4 follows by multiplying (a)  $1\frac{2}{3}\%$  for annuitants with  
5 not more than 15 years or (b)  $1\frac{2}{3}\%$  for the first 15  
6 years and 2% for each year in excess of 15 years for  
7 annuitants with more than 15 years by the number of  
8 years plus fractional years, prorated on a basis of  
9 months, of creditable service and multiply the product  
10 thereof by the employee's final rate of earnings.

11 (ii) For the sole purpose of computing the formula  
12 (and not for the purposes of the limitations  
13 hereinafter stated) \$125 shall be considered the final  
14 rate of earnings in all cases where the final rate of  
15 earnings is less than such amount.

16 (iii) The monthly annuity computed in accordance  
17 with this subparagraph b, shall not exceed an amount  
18 equal to 75% of the final rate of earnings.

19 (iv) For employees who have less than 35 years of  
20 service, the annuity computed in accordance with this  
21 subparagraph b (as reduced by application of  
22 subparagraph (iii) above) shall be reduced by 0.25%  
23 thereof (0.5% if service was terminated before January  
24 1, 1988 or if the employee is a Tier 2 regular  
25 employee) for each month or fraction thereof (1) that  
26 the employee's age is less than 60 years for Tier 1

1 regular employees, (2) that the employee's age is less  
2 than 67 years for Tier 2 regular employees, or (3) if  
3 the employee has at least 30 years of service credit,  
4 that the employee's service credit is less than 35  
5 years, whichever is less, on the date the annuity  
6 begins. The following persons are not subject to this  
7 subparagraph (iv): a Tier 2 regular employee who is an  
8 employee of an educational employer, has attained age  
9 60, and has at least 35 years of creditable service,  
10 not including any creditable service for accumulated  
11 unused sick leave; a Tier 2 regular employee who is an  
12 employee of an educational employer, has attained age  
13 62, and has at least 10 years of creditable service,  
14 not including any creditable service for accumulated  
15 unused sick leave; and a Tier 2 regular employee who is  
16 an employee of an educational employer, has attained  
17 age 64, and has at least 10 years of creditable  
18 service, including any creditable service for  
19 accumulated unused sick leave.

20 2. The annuity which can be provided from the total  
21 accumulated additional credits as of the attained age of  
22 the employee on the date the annuity begins.

23 (b) If payment of an annuity begins prior to the earliest  
24 age at which the employee will become eligible for an old age  
25 insurance benefit under the Federal Social Security Act, he  
26 may elect that the annuity payments from this fund shall

1 exceed those payable after his attaining such age by an  
2 amount, computed as determined by rules of the Board, but not  
3 in excess of his estimated Social Security Benefit, determined  
4 as of the effective date of the annuity, provided that in no  
5 case shall the total annuity payments made by this fund exceed  
6 in actuarial value the annuity which would have been payable  
7 had no such election been made.

8 (c) Beginning January 1, 1984 and each January 1  
9 thereafter, the retirement annuity of a Tier 1 regular  
10 employee shall be increased by 3% each year, not compounded.  
11 This increase shall be computed from the effective date of the  
12 retirement annuity, the first increase being 0.25% of the  
13 monthly amount times the number of months from the effective  
14 date to January 1. This increase shall not be applicable to  
15 annuitants who are not in service on or after September 8,  
16 1971.

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

1 an employee of an educational employer shall be calculated at  
2 the greater of 3% or one-half the annual unadjusted percentage  
3 increase (but not less than zero) in the consumer price  
4 index-u for the 12 months ending with the September preceding  
5 each November 1 of the originally granted retirement annuity.

6 If the annual unadjusted percentage change in the consumer  
7 price index-u for the 12 months ending with the September  
8 preceding each November 1 is zero or there is a decrease, then  
9 the annuity shall not be increased.

10 (d) Any elected county officer who was entitled to receive  
11 a stipend from the State on or after July 1, 2009 and on or  
12 before June 30, 2010 may establish earnings credit for the  
13 amount of stipend not received, if the elected county official  
14 applies in writing to the fund within 6 months after the  
15 effective date of this amendatory Act of the 96th General  
16 Assembly and pays to the fund an amount equal to (i) employee  
17 contributions on the amount of stipend not received, (ii)  
18 employer contributions determined by the Board equal to the  
19 employer's normal cost of the benefit on the amount of stipend  
20 not received, plus (iii) interest on items (i) and (ii) at the  
21 actuarially assumed rate.

22 (Source: P.A. 102-210, eff. 1-1-22.)

23 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

24 Sec. 15-111. Earnings.

25 (a) "Earnings": Subject to Section 15-111.5, an amount

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

12 With respect to transition pay paid by the University of  
13 Illinois to a person who was a participating employee employed  
14 in the fire department of the University of Illinois's  
15 Champaign-Urbana campus immediately prior to the elimination  
16 of that fire department:

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

20 (2) "Earnings" includes transition pay paid to the  
21 employee before the effective date of this amendatory Act  
22 of the 91st General Assembly only if (i) employee  
23 contributions under Section 15-157 have been withheld from  
24 that transition pay or (ii) the employee pays to the  
25 System before January 1, 2001 an amount representing  
26 employee contributions under Section 15-157 on that

1 transition pay. Employee contributions under item (ii) may  
2 be paid in a lump sum, by withholding from additional  
3 transition pay accruing before January 1, 2001, or in any  
4 other manner approved by the System. Upon payment of the  
5 employee contributions on transition pay, the  
6 corresponding employer contributions become an obligation  
7 of the State.

8 (b) For a Tier 2 member, the annual earnings shall not  
9 exceed \$106,800; however, that amount shall annually  
10 thereafter be increased by the lesser of (i) 3% of that amount,  
11 including all previous adjustments, or (ii) one half the  
12 annual unadjusted percentage increase (but not less than zero)  
13 in the consumer price index-u for the 12 months ending with the  
14 September preceding each November 1, including all previous  
15 adjustments; except that beginning in 2022, that amount shall  
16 annually be increased by the greater of: (i) 3% of that amount;  
17 or (ii) the annual unadjusted percentage increase in the  
18 consumer price index-u for the 12 months ending with the  
19 September preceding each November 1, including all previous  
20 adjustments.

21 For the purposes of this Section, "consumer price index u"  
22 means the index published by the Bureau of Labor Statistics of  
23 the United States Department of Labor that measures the  
24 average change in prices of goods and services purchased by  
25 all urban consumers, United States city average, all items,  
26 1982-84 = 100. The new amount resulting from each annual

1 adjustment shall be determined by the Public Pension Division  
2 of the Department of Insurance and made available to the  
3 boards of the retirement systems and pension funds by November  
4 1 of each year.

5 For the purposes of Section 1-103.1 of this Code, the  
6 changes made to this Section, Section 15-135, and Section  
7 15-136 by this amendatory Act of the 102nd General Assembly  
8 are applicable without regard to whether the employee was in  
9 active service on or after the effective date of this  
10 amendatory Act of the 102nd General Assembly.

11 (c) With each submission of payroll information in the  
12 manner prescribed by the System, the employer shall certify  
13 that the payroll information is correct and complies with all  
14 applicable State and federal laws.

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

16 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

17 Sec. 15-112. Final rate of earnings. "Final rate of  
18 earnings":

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

20 For an employee who is paid on an hourly basis or who  
21 receives an annual salary in installments during 12 months of  
22 each academic year, the average annual earnings during the 48  
23 consecutive calendar month period ending with the last day of  
24 final termination of employment or the 4 consecutive academic  
25 years of service in which the employee's earnings were the

1 highest, whichever is greater. For any other employee, the  
2 average annual earnings during the 4 consecutive academic  
3 years of service in which his or her earnings were the highest.  
4 For an employee with less than 48 months or 4 consecutive  
5 academic years of service, the average earnings during his or  
6 her entire period of service. The earnings of an employee with  
7 more than 36 months of service under item (a) of Section  
8 15-113.1 prior to the date of becoming a participant are, for  
9 such period, considered equal to the average earnings during  
10 the last 36 months of such service.

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

12 For an employee who is paid on an hourly basis or who  
13 receives an annual salary in installments during 12 months of  
14 each academic year, the average annual earnings obtained by  
15 dividing by 6 ~~8~~ the total earnings of the employee during the  
16 72 ~~96~~ consecutive months in which the total earnings were the  
17 highest within the last 120 months prior to termination.

18 For any other employee, the average annual earnings during  
19 the 6 ~~8~~ consecutive academic years within the 10 years prior to  
20 termination in which the employee's earnings were the highest.  
21 For an employee with less than 72 ~~96~~ consecutive months or 6 ~~8~~  
22 consecutive academic years of service, whichever is necessary,  
23 the average earnings during his or her entire period of  
24 service.

25 (c) For an employee on leave of absence with pay, or on  
26 leave of absence without pay who makes contributions during



1 such leave, earnings are assumed to be equal to the basic  
2 compensation on the date the leave began.

3 (d) For an employee on disability leave, earnings are  
4 assumed to be equal to the basic compensation on the date  
5 disability occurs or the average earnings during the 24 months  
6 immediately preceding the month in which disability occurs,  
7 whichever is greater.

8 (e) For a Tier 1 member who retires on or after the  
9 effective date of this amendatory Act of 1997 with at least 20  
10 years of service as a firefighter or police officer under this  
11 Article, the final rate of earnings shall be the annual rate of  
12 earnings received by the participant on his or her last day as  
13 a firefighter or police officer under this Article, if that is  
14 greater than the final rate of earnings as calculated under  
15 the other provisions of this Section.

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

24 (g) In the determination of the final rate of earnings for  
25 an employee, that part of an employee's earnings for any  
26 academic year beginning after June 30, 1997, which exceeds the

1 employee's earnings with that employer for the preceding year  
2 by more than 20 percent shall be excluded; in the event that an  
3 employee has more than one employer this limitation shall be  
4 calculated separately for the earnings with each employer. In  
5 making such calculation, only the basic compensation of  
6 employees shall be considered, without regard to vacation or  
7 overtime or to contracts for summer employment.

8 (h) The following are not considered as earnings in  
9 determining final rate of earnings: (1) severance or  
10 separation pay, (2) retirement pay, (3) payment for unused  
11 sick leave, and (4) payments from an employer for the period  
12 used in determining final rate of earnings for any purpose  
13 other than (i) services rendered, (ii) leave of absence or  
14 vacation granted during that period, and (iii) vacation of up  
15 to 56 work days allowed upon termination of employment; except  
16 that, if the benefit has been collectively bargained between  
17 the employer and the recognized collective bargaining agent  
18 pursuant to the Illinois Educational Labor Relations Act,  
19 payment received during a period of up to 2 academic years for  
20 unused sick leave may be considered as earnings in accordance  
21 with the applicable collective bargaining agreement, subject  
22 to the 20% increase limitation of this Section. Any unused  
23 sick leave considered as earnings under this Section shall not  
24 be taken into account in calculating service credit under  
25 Section 15-113.4.

26 (i) Intermittent periods of service shall be considered as

1 consecutive in determining final rate of earnings.

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

3 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

4 Sec. 15-135. Retirement annuities; conditions.

5 (a) This subsection (a) applies only to a Tier 1 member. A  
6 participant who retires in one of the following specified  
7 years with the specified amount of service is entitled to a  
8 retirement annuity at any age under the retirement program  
9 applicable to the participant:

10 35 years if retirement is in 1997 or before;

11 34 years if retirement is in 1998;

12 33 years if retirement is in 1999;

13 32 years if retirement is in 2000;

14 31 years if retirement is in 2001;

15 30 years if retirement is in 2002 or later.

16 A participant with 8 or more years of service after  
17 September 1, 1941, is entitled to a retirement annuity on or  
18 after attainment of age 55.

19 A participant with at least 5 but less than 8 years of  
20 service after September 1, 1941, is entitled to a retirement  
21 annuity on or after attainment of age 62.

22 A participant who has at least 25 years of service in this  
23 system as a police officer or firefighter is entitled to a  
24 retirement annuity on or after the attainment of age 50, if  
25 Rule 4 of Section 15-136 is applicable to the participant.

1           (a-5) A Tier 2 member is entitled to a retirement annuity  
2 upon written application if he or she has attained age 60; has  
3 at least 35 years of service credit, not including any service  
4 credit for unused and uncompensated accumulated sick leave  
5 days; and is otherwise eligible under the requirements of this  
6 Article.

7           A Tier 2 member is entitled to a retirement annuity upon  
8 written application if he or she has attained age 62; has at  
9 least 10 years of service credit, not including service credit  
10 for unused and uncompensated accumulated sick leave days; and  
11 is otherwise eligible under the requirements of this Article.

12           A Tier 2 member is entitled to a retirement annuity upon  
13 written application if he or she has attained age 64; has at  
14 least 10 years of service credit, including any service credit  
15 for unused and uncompensated sick leave days; and is otherwise  
16 eligible under the requirements of this Article.

17 ~~A Tier 2 member is entitled to a retirement annuity upon~~  
18 ~~written application if he or she has attained age 67 and has at~~  
19 ~~least 10 years of service credit and is otherwise eligible~~  
20 ~~under the requirements of this Article. A Tier 2 member who has~~  
21 ~~attained age 62 and has at least 10 years of service credit and~~  
22 ~~is otherwise eligible under the requirements of this Article~~  
23 ~~may elect to receive the lower retirement annuity provided in~~  
24 ~~subsection (b-5) of Section 15-136 of this Article.~~

25           (a-10) A Tier 2 member who has at least 20 years of service  
26 in this system as a police officer or firefighter is entitled

1 to a retirement annuity upon written application on or after  
2 the attainment of age 60 if Rule 4 of Section 15-136 is  
3 applicable to the participant. The changes made to this  
4 subsection by this amendatory Act of the 101st General  
5 Assembly apply retroactively to January 1, 2011.

6 (b) The annuity payment period shall begin on the date  
7 specified by the participant or the recipient of a disability  
8 retirement annuity submitting a written application. For a  
9 participant, the date on which the annuity payment period  
10 begins shall not be prior to termination of employment or more  
11 than one year before the application is received by the board;  
12 however, if the participant is not an employee of an employer  
13 participating in this System or in a participating system as  
14 defined in Article 20 of this Code on April 1 of the calendar  
15 year next following the calendar year in which the participant  
16 attains the age specified under Section 401(a)(9) of the  
17 Internal Revenue Code of 1986, as amended, the annuity payment  
18 period shall begin on that date regardless of whether an  
19 application has been filed. For a recipient of a disability  
20 retirement annuity, the date on which the annuity payment  
21 period begins shall not be prior to the discontinuation of the  
22 disability retirement annuity under Section 15-153.2.

23 (c) An annuity is not payable if the amount provided under  
24 Section 15-136 is less than \$10 per month.

25 (Source: P.A. 101-610, eff. 1-1-20; 102-210, eff. 7-30-21.)

1 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

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

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

26 (ii) an annuity from employer contributions of an

1 amount equal to that which can be provided on an  
2 actuarially equivalent basis from the accumulated normal  
3 contributions made by the participant under Section  
4 15-113.6 and Section 15-113.7 plus 1.4 times all other  
5 accumulated normal contributions made by the participant;  
6 and

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

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

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

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

1 terminates before the effective date of this amendatory Act.

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

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

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



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

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

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

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

1 (b) For a Tier 1 member, the retirement annuity provided  
2 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for  
3 each month the participant is under age 60 at the time of  
4 retirement. However, this reduction shall not apply in the  
5 following cases:

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

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

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

19 (b-5) (Blank). ~~The retirement annuity of a Tier 2 member~~  
20 ~~who is retiring under Rule 1 or 3 after attaining age 62 with~~  
21 ~~at least 10 years of service credit shall be reduced by 1/2 of~~  
22 ~~1% for each full month that the member's age is under age 67.~~

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

1 and as such benefit limits shall be adjusted by the  
2 Commissioner of Internal Revenue, and (2) 80% of final rate of  
3 earnings.

4 (d) A Tier 1 member whose status as an employee terminates  
5 after August 14, 1969 shall receive automatic increases in his  
6 or her retirement annuity as follows:

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

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

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

3 Beginning January 1, 1990, all automatic annual increases  
4 payable under this Section shall be calculated as a percentage  
5 of the total annuity payable at the time of the increase,  
6 including all increases previously granted under this Article.

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

10 (d-5) A retirement annuity of a Tier 2 member shall  
11 receive annual increases on the January 1 occurring either on  
12 or after the attainment of age 67 or the first anniversary of  
13 the annuity start date, whichever is later. Each annual  
14 increase shall be calculated at 3% or one half the annual  
15 unadjusted percentage increase (but not less than zero) in the  
16 consumer price index-u for the 12 months ending with the  
17 September preceding each November 1, whichever is greater  
18 ~~less~~, of the originally granted retirement 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 (e) If, on January 1, 1987, or the date the retirement  
24 annuity payment period begins, whichever is later, the sum of  
25 the retirement annuity provided under Rule 1 or Rule 2 of this  
26 Section and the automatic annual increases provided under the

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

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

21 (g) If, (1) by law, a function of a governmental unit, as  
22 defined by Section 20-107 of this Code, is transferred in  
23 whole or in part to an employer, and (2) a participant  
24 transfers employment from such governmental unit to such  
25 employer within 6 months after the transfer of the function,  
26 and (3) the sum of (A) the annuity payable to the participant

1 under Rule 1, 2, or 3 of this Section (B) all proportional  
2 annuities payable to the participant by all other retirement  
3 systems covered by Article 20, and (C) the initial primary  
4 insurance amount to which the participant is entitled under  
5 the Social Security Act, is less than the retirement annuity  
6 which would have been payable if all of the participant's  
7 pension credits validated under Section 20-109 had been  
8 validated under this system, a supplemental annuity equal to  
9 the difference in such amounts shall be payable to the  
10 participant.

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

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

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

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

2 (40 ILCS 5/15-198)

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

5 (a) As used in this Section, "new benefit increase" means  
6 an increase in the amount of any benefit provided under this  
7 Article, or an expansion of the conditions of eligibility for  
8 any benefit under this Article, that results from an amendment  
9 to this Code that takes effect after June 1, 2005 (the  
10 effective date of Public Act 94-4). "New benefit increase",  
11 however, does not include any benefit increase resulting from  
12 the changes made to Article 1 or this Article by Public Act  
13 100-23, Public Act 100-587, Public Act 100-769, Public Act  
14 101-10, Public Act 101-610, Public Act 102-16, or this  
15 amendatory Act of the 102nd General Assembly ~~or this~~  
16 ~~amendatory Act of the 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 Insurance. A new benefit increase created by  
8 a Public Act that does not include the additional funding  
9 required under this subsection is null and void. If the Public  
10 Pension Division determines that the additional funding  
11 provided for a new benefit increase under this subsection is  
12 or has become inadequate, it may so certify to the Governor and  
13 the State Comptroller and, in the absence of corrective action  
14 by the General Assembly, the new benefit increase shall expire  
15 at the end of the fiscal year in which the certification is  
16 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. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
8 101-610, eff. 1-1-20; 102-16, eff. 6-17-21.)

9 (40 ILCS 5/16-203)

10 Sec. 16-203. 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 June 1, 2005 (the  
17 effective date of Public Act 94-4). "New benefit increase",  
18 however, does not include any benefit increase resulting from  
19 the changes made to Article 1 or this Article by Public Act  
20 95-910, Public Act 100-23, Public Act 100-587, Public Act  
21 100-743, Public Act 100-769, Public Act 101-10, ~~or~~ Public Act  
22 101-49, ~~or~~ Public Act 102-16, or this amendatory Act of the  
23 102nd General Assembly ~~this amendatory Act of the 102nd~~  
24 ~~General Assembly.~~

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

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

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

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

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

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

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

15 (Source: P.A. 101-10, eff. 6-5-19; 101-49, eff. 7-12-19;  
16 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-558, eff.  
17 8-20-21; revised 10-15-21.)

18 Section 90. The State Mandates Act is amended by adding  
19 Section 8.46 as follows:

20 (30 ILCS 805/8.46 new)

21 Sec. 8.46. Exempt mandate. Notwithstanding Sections 6 and  
22 8 of this Act, no reimbursement by the State is required for  
23 the implementation of any mandate created by this amendatory  
24 Act of the 102nd General Assembly.

1           Section 99. Effective date. This Act takes effect upon  
2           becoming law.