



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB4007

Introduced 1/21/2022, by Sen. Dan McConchie

SYNOPSIS AS INTRODUCED:

5 ILCS 375/3	from Ch. 127, par. 523
5 ILCS 375/10	from Ch. 127, par. 530
40 ILCS 5/1-160	
40 ILCS 5/1-161	
40 ILCS 5/14-103.05	from Ch. 108 1/2, par. 14-103.05
40 ILCS 5/14-103.41	
40 ILCS 5/14-152.1	
40 ILCS 5/14-155.5 new	
40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125

Amends the Illinois Pension Code. Requires the State Employees' Retirement System of Illinois to prepare and implement a defined contribution plan by July 1, 2024 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. Provides that a person who first becomes an employee after the effective date of the amendatory Act is not required to participate in the System as a condition of employment. Provides that an employee may elect not to participate in the System by notifying the System in writing in a manner specified by the System. Provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". Makes conforming and other changes. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB102 25823 RPS 35166 b

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, 14 (including an
21 employee who has elected to receive an alternative retirement
22 cancellation payment under Section 14-108.5 of the Illinois
23 Pension Code in lieu of an annuity; an employee who, in lieu of

1 receiving an annuity under that Article, has retired under the
2 defined contribution plan established under Section 14-155.5
3 of that Article; or an employee who meets the criteria for
4 retirement, but in lieu of receiving an annuity under that
5 Article has elected to receive an accelerated pension benefit
6 payment under Section 14-147.5 of that Article), or 15
7 (including an employee who has retired under the optional
8 retirement program established under Section 15-158.2 or who
9 meets the criteria for retirement but in lieu of receiving an
10 annuity under that Article has elected to receive an
11 accelerated pension benefit payment under Section 15-185.5 of
12 the Article), ~~paragraph~~ paragraphs (2), (3), or (5) of Section
13 16-106 (including an employee who meets the criteria for
14 retirement, but in lieu of receiving an annuity under that
15 Article has elected to receive an accelerated pension benefit
16 payment under Section 16-190.5 of the Illinois Pension Code),
17 or Article 18 of the Illinois Pension Code; (2) any person who
18 was receiving group insurance coverage under this Act as of
19 March 31, 1978 by reason of his status as an annuitant, even
20 though the annuity in relation to which such coverage was
21 provided is a proportional annuity based on less than the
22 minimum period of service required for a retirement annuity in
23 the system involved; (3) any person not otherwise covered by
24 this Act who has retired as a participating member under
25 Article 2 of the Illinois Pension Code but is ineligible for
26 the retirement annuity under Section 2-119 of the Illinois

1 Pension Code; (4) the spouse of any person who is receiving a
2 retirement annuity under Article 18 of the Illinois Pension
3 Code and who is covered under a group health insurance program
4 sponsored by a governmental employer other than the State of
5 Illinois and who has irrevocably elected to waive his or her
6 coverage under this Act and to have his or her spouse
7 considered as the "annuitant" under this Act and not as a
8 "dependent"; or (5) an employee who retires, or has retired,
9 from a qualified position, as determined according to rules
10 promulgated by the Director, under a qualified local
11 government, a qualified rehabilitation facility, a qualified
12 domestic violence shelter or service, or a qualified child
13 advocacy center. (For definition of "retired employee", see
14 (p) post).

15 (b-5) (Blank).

16 (b-6) (Blank).

17 (b-7) (Blank).

18 (c) "Carrier" means (1) an insurance company, a
19 corporation organized under the Limited Health Service
20 Organization Act or the Voluntary Health Services Plans Act, a
21 partnership, or other nongovernmental organization, which is
22 authorized to do group life or group health insurance business
23 in Illinois, or (2) the State of Illinois as a self-insurer.

24 (d) "Compensation" means salary or wages payable on a
25 regular payroll by the State Treasurer on a warrant of the
26 State Comptroller out of any State, trust or federal fund, or

1 by the Governor of the State through a disbursing officer of
2 the State out of a trust or out of federal funds, or by any
3 Department out of State, trust, federal or other funds held by
4 the State Treasurer or the Department, to any person for
5 personal services currently performed, and ordinary or
6 accidental disability benefits under Articles 2, 14, 15
7 (including ordinary or accidental disability benefits under
8 the optional retirement program established under Section
9 15-158.2), paragraph ~~paragraphs~~ (2), (3), or (5) of Section
10 16-106, or Article 18 of the Illinois Pension Code, for
11 disability incurred after January 1, 1966, or benefits payable
12 under the Workers' Compensation or Occupational Diseases Act
13 or benefits payable under a sick pay plan established in
14 accordance with Section 36 of the State Finance Act.
15 "Compensation" also means salary or wages paid to an employee
16 of any qualified local government, qualified rehabilitation
17 facility, qualified domestic violence shelter or service, or
18 qualified child advocacy center.

19 (e) "Commission" means the State Employees Group Insurance
20 Advisory Commission authorized by this Act. Commencing July 1,
21 1984, "Commission" as used in this Act means the Commission on
22 Government Forecasting and Accountability as established by
23 the Legislative Commission Reorganization Act of 1984.

24 (f) "Contributory", when referred to as contributory
25 coverage, shall mean optional coverages or benefits elected by
26 the member toward the cost of which such member makes

1 contribution, or which are funded in whole or in part through
2 the acceptance of a reduction in earnings or the foregoing of
3 an increase in earnings by an employee, as distinguished from
4 noncontributory coverage or benefits which are paid entirely
5 by the State of Illinois without reduction of the member's
6 salary.

7 (g) "Department" means any department, institution, board,
8 commission, officer, court or any agency of the State
9 government receiving appropriations and having power to
10 certify payrolls to the Comptroller authorizing payments of
11 salary and wages against such appropriations as are made by
12 the General Assembly from any State fund, or against trust
13 funds held by the State Treasurer and includes boards of
14 trustees of the retirement systems created by Articles 2, 14,
15 15, 16, and 18 of the Illinois Pension Code. "Department" also
16 includes the Illinois Comprehensive Health Insurance Board,
17 the Board of Examiners established under the Illinois Public
18 Accounting Act, and the Illinois Finance Authority.

19 (h) "Dependent", when the term is used in the context of
20 the health and life plan, means a member's spouse and any child
21 (1) from birth to age 26 including an adopted child, a child
22 who lives with the member from the time of the placement for
23 adoption until entry of an order of adoption, a stepchild or
24 adjudicated child, or a child who lives with the member if such
25 member is a court appointed guardian of the child or (2) age 19
26 or over who has a mental or physical disability from a cause

1 originating prior to the age of 19 (age 26 if enrolled as an
2 adult child dependent). For the health plan only, the term
3 "dependent" also includes (1) any person enrolled prior to the
4 effective date of this Section who is dependent upon the
5 member to the extent that the member may claim such person as a
6 dependent for income tax deduction purposes and (2) any person
7 who has received after June 30, 2000 an organ transplant and
8 who is financially dependent upon the member and eligible to
9 be claimed as a dependent for income tax purposes. A member
10 requesting to cover any dependent must provide documentation
11 as requested by the Department of Central Management Services
12 and file with the Department any and all forms required by the
13 Department.

14 (i) "Director" means the Director of the Illinois
15 Department of Central Management Services.

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

19 (k) "Employee" means and includes each officer or employee
20 in the service of a department who (1) receives his
21 compensation for service rendered to the department on a
22 warrant issued pursuant to a payroll certified by a department
23 or on a warrant or check issued and drawn by a department upon
24 a trust, federal or other fund or on a warrant issued pursuant
25 to a payroll certified by an elected or duly appointed officer
26 of the State or who receives payment of the performance of

1 personal services on a warrant issued pursuant to a payroll
2 certified by a Department and drawn by the Comptroller upon
3 the State Treasurer against appropriations made by the General
4 Assembly from any fund or against trust funds held by the State
5 Treasurer, and (2) is employed full-time or part-time in a
6 position normally requiring actual performance of duty during
7 not less than 1/2 of a normal work period, as established by
8 the Director in cooperation with each department, except that
9 persons elected by popular vote will be considered employees
10 during the entire term for which they are elected regardless
11 of hours devoted to the service of the State, and (3) except
12 that "employee" does not include any person who is not
13 eligible by reason of such person's employment to participate
14 in one of the State retirement systems under Articles 2, 14, 15
15 (either the regular Article 15 system or the optional
16 retirement program established under Section 15-158.2), or 18,
17 or under paragraph (2), (3), or (5) of Section 16-106, of the
18 Illinois Pension Code, but such term does include persons who
19 are employed during the 6-month ~~6-month~~ qualifying period
20 under Article 14 of the Illinois Pension Code. Such term also
21 includes any person who (1) after January 1, 1966, is
22 receiving ordinary or accidental disability benefits under
23 Articles 2, 14, 15 (including ordinary or accidental
24 disability benefits under the optional retirement program
25 established under Section 15-158.2), paragraph ~~paragraphs~~ (2),
26 (3), or (5) of Section 16-106, or Article 18 of the Illinois

1 Pension Code, for disability incurred after January 1, 1966,
2 (2) receives total permanent or total temporary disability
3 under the Workers' Compensation Act or Occupational Disease
4 Act as a result of injuries sustained or illness contracted in
5 the course of employment with the State of Illinois, or (3) is
6 not otherwise covered under this Act and 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. However, a person
10 who satisfies the criteria of the foregoing definition of
11 "employee" except that such person is made ineligible to
12 participate in the State Universities Retirement System by
13 clause (4) of subsection (a) of Section 15-107 of the Illinois
14 Pension Code is also an "employee" for the purposes of this
15 Act. "Employee" also includes any person receiving or eligible
16 for benefits under a sick pay plan established in accordance
17 with Section 36 of the State Finance Act. "Employee" also
18 includes (i) each officer or employee in the service of a
19 qualified local government, including persons appointed as
20 trustees of sanitary districts regardless of hours devoted to
21 the service of the sanitary district, (ii) each employee in
22 the service of a qualified rehabilitation facility, (iii) each
23 full-time employee in the service of a qualified domestic
24 violence shelter or service, and (iv) each full-time employee
25 in the service of a qualified child advocacy center, as
26 determined according to rules promulgated by the Director.

1 (1) "Member" means an employee, annuitant, retired
2 employee, or survivor. In the case of an annuitant or retired
3 employee who first becomes an annuitant or retired employee on
4 or after January 13, 2012 (the effective date of Public Act
5 97-668), the individual must meet the minimum vesting
6 requirements of the applicable retirement system in order to
7 be eligible for group insurance benefits under that system. In
8 the case of a survivor who first becomes a survivor on or after
9 January 13, 2012 (the effective date of Public Act 97-668),
10 the deceased employee, annuitant, or retired employee upon
11 whom the annuity is based must have been eligible to
12 participate in the group insurance system under the applicable
13 retirement system in order for the survivor to be eligible for
14 group insurance benefits under that system.

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

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

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

23 (p) "Retired employee" means any person who would be an
24 annuitant as that term is defined herein but for the fact that
25 such person retired prior to January 1, 1966. Such term also
26 includes any person formerly employed by the University of

1 Illinois in the Cooperative Extension Service who would be an
2 annuitant but for the fact that such person was made
3 ineligible to participate in the State Universities Retirement
4 System by clause (4) of subsection (a) of Section 15-107 of the
5 Illinois Pension Code.

6 (q) "Survivor" means a person receiving an annuity as a
7 survivor of an employee or of an annuitant. "Survivor" also
8 includes: (1) the surviving dependent of a person who
9 satisfies the definition of "employee" except that such person
10 is made ineligible to participate in the State Universities
11 Retirement System by clause (4) of subsection (a) of Section
12 15-107 of the Illinois Pension Code; (2) the surviving
13 dependent of any person formerly employed by the University of
14 Illinois in the Cooperative Extension Service who would be an
15 annuitant except for the fact that such person was made
16 ineligible to participate in the State Universities Retirement
17 System by clause (4) of subsection (a) of Section 15-107 of the
18 Illinois Pension Code; (3) the surviving dependent of a person
19 who was an annuitant under this Act by virtue of receiving an
20 alternative retirement cancellation payment under Section
21 14-108.5 of the Illinois Pension Code; and (4) a person who
22 would be receiving an annuity as a survivor of an annuitant
23 except that the annuitant elected on or after June 4, 2018 to
24 receive an accelerated pension benefit payment under Section
25 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code
26 in lieu of receiving an annuity.

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

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

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

9 (q-5) (Blank).

10 (q-6) (Blank).

11 (q-7) (Blank).

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

15 (s) "Unit of local government" means any county,
16 municipality, township, school district (including a
17 combination of school districts under the Intergovernmental
18 Cooperation Act), special district or other unit, designated
19 as a unit of local government by law, which exercises limited
20 governmental powers or powers in respect to limited
21 governmental subjects, any not-for-profit association with a
22 membership that primarily includes townships and township
23 officials, that has duties that include provision of research
24 service, dissemination of information, and other acts for the
25 purpose of improving township government, and that is funded
26 wholly or partly in accordance with Section 85-15 of the

1 Township Code; any not-for-profit corporation or association,
2 with a membership consisting primarily of municipalities, that
3 operates its own utility system, and provides research,
4 training, dissemination of information, or other acts to
5 promote cooperation between and among municipalities that
6 provide utility services and for the advancement of the goals
7 and purposes of its membership; the Southern Illinois
8 Collegiate Common Market, which is a consortium of higher
9 education institutions in Southern Illinois; the Illinois
10 Association of Park Districts; and any hospital provider that
11 is owned by a county that has 100 or fewer hospital beds and
12 has not already joined the program. "Qualified local
13 government" means a unit of local government approved by the
14 Director and participating in a program created under
15 subsection (i) of Section 10 of this Act.

16 (t) "Qualified rehabilitation facility" means any
17 not-for-profit organization that is accredited by the
18 Commission on Accreditation of Rehabilitation Facilities or
19 certified by the Department of Human Services (as successor to
20 the Department of Mental Health and Developmental
21 Disabilities) to provide services to persons with disabilities
22 and which receives funds from the State of Illinois for
23 providing those services, approved by the Director and
24 participating in a program created under subsection (j) of
25 Section 10 of this Act.

26 (u) "Qualified domestic violence shelter or service" means

1 any Illinois domestic violence shelter or service and its
2 administrative offices funded by the Department of Human
3 Services (as successor to the Illinois Department of Public
4 Aid), approved by the Director and participating in a program
5 created under subsection (k) of Section 10.

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

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

8 (2) is receiving a monthly benefit or retirement
9 annuity under Article 16 of the Illinois Pension Code or
10 would be receiving such monthly benefit or retirement
11 annuity except that the benefit recipient elected on or
12 after June 4, 2018 to receive an accelerated pension
13 benefit payment under Section 16-190.5 of the Illinois
14 Pension Code in lieu of receiving an annuity; and

15 (3) either (i) has at least 8 years of creditable
16 service under Article 16 of the Illinois Pension Code, or
17 (ii) was enrolled in the health insurance program offered
18 under that Article on January 1, 1996, or (iii) is the
19 survivor of a benefit recipient who had at least 8 years of
20 creditable service under Article 16 of the Illinois
21 Pension Code or was enrolled in the health insurance
22 program offered under that Article on June 21, 1995 (the
23 effective date of Public Act 89-25), or (iv) is a
24 recipient or survivor of a recipient of a disability
25 benefit under Article 16 of the Illinois Pension Code.

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

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

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

13 "TRS dependent beneficiary" does not include, as indicated
14 under paragraph (2) of this subsection (w), a dependent of the
15 survivor of a TRS benefit recipient who first becomes a
16 dependent of a survivor of a TRS benefit recipient on or after
17 January 13, 2012 (the effective date of Public Act 97-668)
18 unless that dependent would have been eligible for coverage as
19 a dependent of the deceased TRS benefit recipient upon whom
20 the survivor benefit is based.

21 (x) "Military leave" refers to individuals in basic
22 training for reserves, special/advanced training, annual
23 training, emergency call up, activation by the President of
24 the United States, or any other training or duty in service to
25 the United States Armed Forces.

26 (y) (Blank).

1 (z) "Community college benefit recipient" means a person
2 who:

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

4 (2) is receiving a monthly survivor's annuity or
5 retirement annuity under Article 15 of the Illinois
6 Pension Code or would be receiving such monthly survivor's
7 annuity or retirement annuity except that the benefit
8 recipient elected on or after June 4, 2018 to receive an
9 accelerated pension benefit payment under Section 15-185.5
10 of the Illinois Pension Code in lieu of receiving an
11 annuity; and

12 (3) either (i) was a full-time employee of a community
13 college district or an association of community college
14 boards created under the Public Community College Act
15 (other than an employee whose last employer under Article
16 15 of the Illinois Pension Code was a community college
17 district subject to Article VII of the Public Community
18 College Act) and was eligible to participate in a group
19 health benefit plan as an employee during the time of
20 employment with a community college district (other than a
21 community college district subject to Article VII of the
22 Public Community College Act) or an association of
23 community college boards, or (ii) is the survivor of a
24 person described in item (i).

25 (aa) "Community college dependent beneficiary" means a
26 person who:

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

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

11 "Community college dependent beneficiary" does not
12 include, as indicated under paragraph (2) of this subsection
13 (aa), a dependent of the survivor of a community college
14 benefit recipient who first becomes a dependent of a survivor
15 of a community college benefit recipient on or after January
16 13, 2012 (the effective date of Public Act 97-668) unless that
17 dependent would have been eligible for coverage as a dependent
18 of the deceased community college benefit recipient upon whom
19 the survivor annuity is based.

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

26 (cc) "Placement for adoption" means the assumption and

1 retention by a member of a legal obligation for total or
2 partial support of a child in anticipation of adoption of the
3 child. The child's placement with the member terminates upon
4 the termination of such legal obligation.

5 (Source: P.A. 101-242, eff. 8-9-19; 102-558, eff. 8-20-21;
6 revised 12-2-21.)

7 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

9 (a) The State shall pay the cost of basic non-contributory
10 group life insurance and, subject to member paid contributions
11 set by the Department or required by this Section and except as
12 provided in this Section, the basic program of group health
13 benefits on each eligible member, except a member, not
14 otherwise covered by this Act, who has retired as a
15 participating member under Article 2 of the Illinois Pension
16 Code but is ineligible for the retirement annuity under
17 Section 2-119 of the Illinois Pension Code, and part of each
18 eligible member's and retired member's premiums for health
19 insurance coverage for enrolled dependents as provided by
20 Section 9. The State shall pay the cost of the basic program of
21 group health benefits only after benefits are reduced by the
22 amount of benefits covered by Medicare for all members and
23 dependents who are eligible for benefits under Social Security
24 or the Railroad Retirement system or who had sufficient
25 Medicare-covered government employment, except that such

1 reduction in benefits shall apply only to those members and
2 dependents who (1) first become eligible for such Medicare
3 coverage on or after July 1, 1992; or (2) are
4 Medicare-eligible members or dependents of a local government
5 unit which began participation in the program on or after July
6 1, 1992; or (3) remain eligible for, but no longer receive
7 Medicare coverage which they had been receiving on or after
8 July 1, 1992. The Department may determine the aggregate level
9 of the State's contribution on the basis of actual cost of
10 medical services adjusted for age, sex or geographic or other
11 demographic characteristics which affect the costs of such
12 programs.

13 The cost of participation in the basic program of group
14 health benefits for the dependent or survivor of a living or
15 deceased retired employee who was formerly employed by the
16 University of Illinois in the Cooperative Extension Service
17 and would be an annuitant but for the fact that he or she was
18 made ineligible to participate in the State Universities
19 Retirement System by clause (4) of subsection (a) of Section
20 15-107 of the Illinois Pension Code shall not be greater than
21 the cost of participation that would otherwise apply to that
22 dependent or survivor if he or she were the dependent or
23 survivor of an annuitant under the State Universities
24 Retirement System.

25 (a-1) (Blank).

26 (a-2) (Blank).

1 (a-3) (Blank).

2 (a-4) (Blank).

3 (a-5) (Blank).

4 (a-6) (Blank).

5 (a-7) (Blank).

6 (a-8) Any annuitant, survivor, or retired employee may
7 waive or terminate coverage in the program of group health
8 benefits. Any such annuitant, survivor, or retired employee
9 who has waived or terminated coverage may enroll or re-enroll
10 in the program of group health benefits only during the annual
11 benefit choice period, as determined by the Director; except
12 that in the event of termination of coverage due to nonpayment
13 of premiums, the annuitant, survivor, or retired employee may
14 not re-enroll in the program.

15 (a-8.5) Beginning on the effective date of this amendatory
16 Act of the 97th General Assembly, the Director of Central
17 Management Services shall, on an annual basis, determine the
18 amount that the State shall contribute toward the basic
19 program of group health benefits on behalf of annuitants
20 (including individuals who (i) participated in the General
21 Assembly Retirement System, the State Employees' Retirement
22 System of Illinois, the State Universities Retirement System,
23 the Teachers' Retirement System of the State of Illinois, or
24 the Judges Retirement System of Illinois and (ii) qualify as
25 annuitants under subsection (b) of Section 3 of this Act),
26 survivors (including individuals who (i) receive an annuity as

1 a survivor of an individual who participated in the General
2 Assembly Retirement System, the State Employees' Retirement
3 System of Illinois, the State Universities Retirement System,
4 the Teachers' Retirement System of the State of Illinois, or
5 the Judges Retirement System of Illinois and (ii) qualify as
6 survivors under subsection (q) of Section 3 of this Act), and
7 retired employees (as defined in subsection (p) of Section 3
8 of this Act). The remainder of the cost of coverage for each
9 annuitant, survivor, or retired employee, as determined by the
10 Director of Central Management Services, shall be the
11 responsibility of that annuitant, survivor, or retired
12 employee.

13 Contributions required of annuitants, survivors, and
14 retired employees shall be the same for all retirement systems
15 and shall also be based on whether an individual has made an
16 election under Section 15-135.1 of the Illinois Pension Code.
17 Contributions may be based on annuitants', survivors', or
18 retired employees' Medicare eligibility, but may not be based
19 on Social Security eligibility.

20 (a-9) No later than May 1 of each calendar year, the
21 Director of Central Management Services shall certify in
22 writing to the Executive Secretary of the State Employees'
23 Retirement System of Illinois the amounts of the Medicare
24 supplement health care premiums and the amounts of the health
25 care premiums for all other retirees who are not Medicare
26 eligible.

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

3 The Director of Central Management Services shall provide
4 to the Executive Secretary of the State Employees' Retirement
5 System of Illinois such information, statistics, and other
6 data as he or she may require to review the premium amounts
7 certified by the Director of Central Management Services.

8 The Department of Central Management Services, or any
9 successor agency designated to procure healthcare contracts
10 pursuant to this Act, is authorized to establish funds,
11 separate accounts provided by any bank or banks as defined by
12 the Illinois Banking Act, or separate accounts provided by any
13 savings and loan association or associations as defined by the
14 Illinois Savings and Loan Act of 1985 to be held by the
15 Director, outside the State treasury, for the purpose of
16 receiving the transfer of moneys from the Local Government
17 Health Insurance Reserve Fund. The Department may promulgate
18 rules further defining the methodology for the transfers. Any
19 interest earned by moneys in the funds or accounts shall inure
20 to the Local Government Health Insurance Reserve Fund. The
21 transferred moneys, and interest accrued thereon, shall be
22 used exclusively for transfers to administrative service
23 organizations or their financial institutions for payments of
24 claims to claimants and providers under the self-insurance
25 health plan. The transferred moneys, and interest accrued
26 thereon, shall not be used for any other purpose including,

1 but not limited to, reimbursement of administration fees due
2 the administrative service organization pursuant to its
3 contract or contracts with the Department.

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

11 (a-15) For purposes of determining State contributions
12 under this Section, service established under a defined
13 contribution plan under Section 14-155.5 of the Illinois
14 Pension Code shall be included in determining an employee's
15 creditable service. Any credit terminated as part of a
16 transfer of contributions to a defined contribution plan under
17 Section 14-155.5 of the Illinois Pension Code shall also be
18 included in determining an employee's creditable service.

19 (b) State employees who become eligible for this program
20 on or after January 1, 1980 in positions normally requiring
21 actual performance of duty not less than 1/2 of a normal work
22 period but not equal to that of a normal work period, shall be
23 given the option of participating in the available program. If
24 the employee elects coverage, the State shall contribute on
25 behalf of such employee to the cost of the employee's benefit
26 and any applicable dependent supplement, that sum which bears

1 the same percentage as that percentage of time the employee
2 regularly works when compared to normal work period.

3 (c) The basic non-contributory coverage from the basic
4 program of group health benefits shall be continued for each
5 employee not in pay status or on active service by reason of
6 (1) leave of absence due to illness or injury, (2) authorized
7 educational leave of absence or sabbatical leave, or (3)
8 military leave. This coverage shall continue until expiration
9 of authorized leave and return to active service, but not to
10 exceed 24 months for leaves under item (1) or (2). This
11 24-month limitation and the requirement of returning to active
12 service shall not apply to persons receiving ordinary or
13 accidental disability benefits or retirement benefits through
14 the appropriate State retirement system or benefits under the
15 Workers' Compensation or Occupational Disease Act.

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

22 (e) Where the person is in non-pay status for a period in
23 excess of 30 days or on leave of absence, other than by reason
24 of disability, educational or sabbatical leave, or military
25 leave, such person may continue coverage only by making
26 personal payment equal to the amount normally contributed by

1 the State on such person's behalf. Such payments and coverage
2 may be continued: (1) until such time as the person returns to
3 a status eligible for coverage at State expense, but not to
4 exceed 24 months or (2) until such person's employment or
5 annuitant status with the State is terminated (exclusive of
6 any additional service imposed pursuant to law).

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

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

21 (h) Those persons occupying positions with any department
22 as a result of emergency appointments pursuant to Section 8b.8
23 of the Personnel Code who are not considered employees under
24 this Act shall be given the option of participating in the
25 programs of group life insurance, health benefits and other
26 employee benefits. Such persons electing coverage may

1 participate only by making payment equal to the amount
2 normally contributed by the State for similarly situated
3 employees. Such amounts shall be determined by the Director.
4 Such payments and coverage may be continued until such time as
5 the person becomes an employee pursuant to this Act or such
6 person's appointment is terminated.

7 (i) Any unit of local government within the State of
8 Illinois may apply to the Director to have its employees,
9 annuitants, and their dependents provided group health
10 coverage under this Act on a non-insured basis. To
11 participate, a unit of local government must agree to enroll
12 all of its employees, who may select coverage under any group
13 health benefits plan made available by the Department under
14 the health benefits program established under this Section or
15 a health maintenance organization that has contracted with the
16 State to be available as a health care provider for employees
17 as defined in this Act. A unit of local government must remit
18 the entire cost of providing coverage under the health
19 benefits program established under this Section or, for
20 coverage under a health maintenance organization, an amount
21 determined by the Director based on an analysis of the sex,
22 age, geographic location, or other relevant demographic
23 variables for its employees, except that the unit of local
24 government shall not be required to enroll those of its
25 employees who are covered spouses or dependents under the
26 State group health benefits plan or another group policy or

1 plan providing health benefits as long as (1) an appropriate
2 official from the unit of local government attests that each
3 employee not enrolled is a covered spouse or dependent under
4 this plan or another group policy or plan, and (2) at least 50%
5 of the employees are enrolled and the unit of local government
6 remits the entire cost of providing coverage to those
7 employees, except that a participating school district must
8 have enrolled at least 50% of its full-time employees who have
9 not waived coverage under the district's group health plan by
10 participating in a component of the district's cafeteria plan.
11 A participating school district is not required to enroll a
12 full-time employee who has waived coverage under the
13 district's health plan, provided that an appropriate official
14 from the participating school district attests that the
15 full-time employee has waived coverage by participating in a
16 component of the district's cafeteria plan. For the purposes
17 of this subsection, "participating school district" includes a
18 unit of local government whose primary purpose is education as
19 defined by the Department's rules.

20 Employees of a participating unit of local government who
21 are not enrolled due to coverage under another group health
22 policy or plan may enroll in the event of a qualifying change
23 in status, special enrollment, special circumstance as defined
24 by the Director, or during the annual Benefit Choice Period. A
25 participating unit of local government may also elect to cover
26 its annuitants. Dependent coverage shall be offered on an

1 optional basis, with the costs paid by the unit of local
2 government, its employees, or some combination of the two as
3 determined by the unit of local government. The unit of local
4 government shall be responsible for timely collection and
5 transmission of dependent premiums.

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

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

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

23 In the case of coverage of local government employees
24 under a health maintenance organization, the Director shall
25 annually determine for each participating unit of local
26 government the maximum monthly amount the unit may contribute

1 toward that coverage, based on an analysis of (i) the age, sex,
2 geographic location, and other relevant demographic variables
3 of the unit's employees and (ii) the cost to cover those
4 employees under the State group health benefits plan. The
5 Director may similarly determine the maximum monthly amount
6 each unit of local government may contribute toward coverage
7 of its employees' dependents under a health maintenance
8 organization.

9 Monthly payments by the unit of local government or its
10 employees for group health benefits plan or health maintenance
11 organization coverage shall be deposited in the Local
12 Government Health Insurance Reserve Fund.

13 The Local Government Health Insurance Reserve Fund is
14 hereby created as a nonappropriated trust fund to be held
15 outside the State Treasury, with the State Treasurer as
16 custodian. The Local Government Health Insurance Reserve Fund
17 shall be a continuing fund not subject to fiscal year
18 limitations. The Local Government Health Insurance Reserve
19 Fund is not subject to administrative charges or charge-backs,
20 including but not limited to those authorized under Section 8h
21 of the State Finance Act. All revenues arising from the
22 administration of the health benefits program established
23 under this Section shall be deposited into the Local
24 Government Health Insurance Reserve Fund. Any interest earned
25 on moneys in the Local Government Health Insurance Reserve
26 Fund shall be deposited into the Fund. All expenditures from

1 this Fund shall be used for payments for health care benefits
2 for local government and rehabilitation facility employees,
3 annuitants, and dependents, and to reimburse the Department or
4 its administrative service organization for all expenses
5 incurred in the administration of benefits. No other State
6 funds may be used for these purposes.

7 A local government employer's participation or desire to
8 participate in a program created under this subsection shall
9 not limit that employer's duty to bargain with the
10 representative of any collective bargaining unit of its
11 employees.

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

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

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

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

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

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

7 (k) Any domestic violence shelter or service within the
8 State of Illinois may apply to the Director to have its
9 employees, annuitants, and their dependents provided group
10 health coverage under this Act on a non-insured basis. To
11 participate, a domestic violence shelter or service must agree
12 to enroll all of its employees and pay the entire cost of
13 providing such coverage for its employees. The domestic
14 violence shelter shall not be required to enroll those of its
15 employees who are covered spouses or dependents under this
16 plan or another group policy or plan providing health benefits
17 as long as (1) an appropriate official from the domestic
18 violence shelter attests that each employee not enrolled is a
19 covered spouse or dependent under this plan or another group
20 policy or plan and (2) at least 50% of the employees are
21 enrolled and the domestic violence shelter remits the entire
22 cost of providing coverage to those employees. Employees of a
23 participating domestic violence shelter who are not enrolled
24 due to coverage under another group health policy or plan may
25 enroll in the event of a qualifying change in status, special
26 enrollment, or special circumstance as defined by the Director

1 or during the annual Benefit Choice Period. A participating
2 domestic violence shelter may also elect to cover its
3 annuitants. Dependent coverage shall be offered on an optional
4 basis, with employees, or some combination of the 2 as
5 determined by the domestic violence shelter or service. The
6 domestic violence shelter or service shall be responsible for
7 timely collection and transmission of dependent premiums.

8 The Director shall annually determine rates of payment,
9 subject to the following constraints:

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

21 (2) In subsequent years, a further adjustment shall be
22 made to reflect the actual prior years' claims experience
23 of the employees of the domestic violence shelter or
24 service.

25 Monthly payments by the domestic violence shelter or
26 service or its employees for group health insurance shall be

1 deposited in the Local Government Health Insurance Reserve
2 Fund.

3 (1) A public community college or entity organized
4 pursuant to the Public Community College Act may apply to the
5 Director initially to have only annuitants not covered prior
6 to July 1, 1992 by the district's health plan provided health
7 coverage under this Act on a non-insured basis. The community
8 college must execute a 2-year contract to participate in the
9 Local Government Health Plan. Any annuitant may enroll in the
10 event of a qualifying change in status, special enrollment,
11 special circumstance as defined by the Director, or during the
12 annual Benefit Choice Period.

13 The Director shall annually determine monthly rates of
14 payment subject to the following constraints: for those
15 community colleges with annuitants only enrolled, first year
16 rates shall be equal to the average cost to cover claims for a
17 State member adjusted for demographics, Medicare
18 participation, and other factors; and in the second year, a
19 further adjustment of rates shall be made to reflect the
20 actual first year's claims experience of the covered
21 annuitants.

22 (1-5) The provisions of subsection (1) become inoperative
23 on July 1, 1999.

24 (m) The Director shall adopt any rules deemed necessary
25 for implementation of this amendatory Act of 1989 (Public Act
26 86-978).

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

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

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

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

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

20 (Source: P.A. 102-19, eff. 7-1-21.)

21 Section 10. The Illinois Pension Code is amended by
22 changing Sections 1-160, 1-161, 14-103.05, 14-103.41,
23 14-104.3, 14-152.1, 20-121, 20-123, 20-124, and 20-125 and by
24 adding Section 14-155.5 as follows:

1 (40 ILCS 5/1-160)

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

3 (a) The provisions of this Section apply to a person who,
4 on or after January 1, 2011, first becomes a member or a
5 participant under any reciprocal retirement system or pension
6 fund established under this Code, other than a retirement
7 system or pension fund established under Article 2, 3, 4, 5, 6,
8 7, 15, or 18 of this Code, notwithstanding any other provision
9 of this Code to the contrary, but do not apply to any
10 self-managed plan established under this Code or to any
11 participant of the retirement plan established under Section
12 22-101; except that this Section applies to a person who
13 elected to establish alternative credits by electing in
14 writing after January 1, 2011, but before August 8, 2011,
15 under Section 7-145.1 of this Code. Notwithstanding anything
16 to the contrary in this Section, for purposes of this Section,
17 a person who is a Tier 1 regular employee as defined in Section
18 7-109.4 of this Code or who participated in a retirement
19 system under Article 15 prior to January 1, 2011 shall be
20 deemed a person who first became a member or participant prior
21 to January 1, 2011 under any retirement system or pension fund
22 subject to this Section. The changes made to this Section by
23 Public Act 98-596 are a clarification of existing law and are
24 intended to be retroactive to January 1, 2011 (the effective
25 date of Public Act 96-889), notwithstanding the provisions of
26 Section 1-103.1 of this Code.

1 This Section does not apply to a person who first becomes a
2 noncovered employee under Article 14 on or after the
3 implementation date of the plan created under Section 1-161
4 for that Article, unless that person elects under subsection
5 (b) of Section 1-161 to instead receive the benefits provided
6 under this Section and the applicable provisions of that
7 Article.

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

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

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

25 This Section does not apply to a person who participates
26 in a defined contribution plan established under Section

1 14-155.5.

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

15 (1) (Blank).

16 (2) In Articles 8, 9, 10, 11, and 12, "highest average
17 annual salary for any 4 consecutive years within the last
18 10 years of service immediately preceding the date of
19 withdrawal".

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

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

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

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

25 A member of the Teachers' Retirement System of the State
26 of Illinois who retires on or after June 1, 2021 and for whom

1 the 2020-2021 school year is used in the calculation of the
2 member's final average salary shall use the higher of the
3 following for the purpose of determining the member's final
4 average salary:

5 (A) the amount otherwise calculated under the first
6 paragraph of this subsection; or

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

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 (age 65, with respect to service under Article 12 that is
14 subject to this Section, for a member or participant under
15 Article 12 who first becomes a member or participant under
16 Article 12 on or after January 1, 2022 or who makes the
17 election under item (i) of subsection (d-15) of this Section)
18 and has at least 10 years of service credit and is otherwise
19 eligible under the requirements of the applicable Article.

20 A member or participant who has attained age 62 (age 60,
21 with respect to service under Article 12 that is subject to
22 this Section, for a member or participant under Article 12 who
23 first becomes a member or participant under Article 12 on or
24 after January 1, 2022 or who makes the election under item (i)
25 of subsection (d-15) of this Section) and has at least 10 years
26 of service credit and is otherwise eligible under the

1 requirements of the applicable Article may elect to receive
2 the lower retirement annuity provided in subsection (d) of
3 this Section.

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

13 (d) The retirement annuity of a member or participant who
14 is retiring after attaining age 62 (age 60, with respect to
15 service under Article 12 that is subject to this Section, for a
16 member or participant under Article 12 who first becomes a
17 member or participant under Article 12 on or after January 1,
18 2022 or who makes the election under item (i) of subsection
19 (d-15) of this Section) with at least 10 years of service
20 credit shall be reduced by one-half of 1% for each full month
21 that the member's age is under age 67 (age 65, with respect to
22 service under Article 12 that is subject to this Section, for a
23 member or participant under Article 12 who first becomes a
24 member or participant under Article 12 on or after January 1,
25 2022 or who makes the election under item (i) of subsection
26 (d-15) of this Section).

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

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

11 (i) to be eligible for the reduced retirement age
12 provided in subsections (c-5) and (d-5) of this Section,
13 the eligibility for which is conditioned upon the member
14 or participant agreeing to the increases in employee
15 contributions for age and service annuities provided in
16 subsection (a-5) of Section 8-174 of this Code (for
17 service under Article 8) or subsection (a-5) of Section
18 11-170 of this Code (for service under Article 11); or

19 (ii) to not agree to item (i) of this subsection
20 (d-10), in which case the member or participant shall
21 continue to be subject to the retirement age provisions in
22 subsections (c) and (d) of this Section and the employee
23 contributions for age and service annuity as provided in
24 subsection (a) of Section 8-174 of this Code (for service
25 under Article 8) or subsection (a) of Section 11-170 of
26 this Code (for service under Article 11).

1 The election provided for in this subsection shall be made
2 between October 1, 2017 and November 15, 2017. A person
3 subject to this subsection who makes the required election
4 shall remain bound by that election. A person subject to this
5 subsection who fails for any reason to make the required
6 election within the time specified in this subsection shall be
7 deemed to have made the election under item (ii).

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

12 (i) to be eligible for the reduced retirement age
13 specified in subsections (c) and (d) of this Section, the
14 eligibility for which is conditioned upon the member or
15 participant agreeing to the increase in employee
16 contributions for service annuities specified in
17 subsection (b) of Section 12-150; or

18 (ii) to not agree to item (i) of this subsection
19 (d-15), in which case the member or participant shall not
20 be eligible for the reduced retirement age specified in
21 subsections (c) and (d) of this Section and shall not be
22 subject to the increase in employee contributions for
23 service annuities specified in subsection (b) of Section
24 12-150.

25 The election provided for in this subsection shall be made
26 between January 1, 2022 and April 1, 2022. A person subject to

1 this subsection who makes the required election shall remain
2 bound by that election. A person subject to this subsection
3 who fails for any reason to make the required election within
4 the time specified in this subsection shall be deemed to have
5 made the election under item (ii).

6 (e) Any retirement annuity or supplemental annuity shall
7 be subject to annual increases on the January 1 occurring
8 either on or after the attainment of age 67 (age 65, with
9 respect to service under Article 12 that is subject to this
10 Section, for a member or participant under Article 12 who
11 first becomes a member or participant under Article 12 on or
12 after January 1, 2022 or who makes the election under item (i)
13 of subsection (d-15); and beginning on July 6, 2017 (the
14 effective date of Public Act 100-23) ~~this amendatory Act of~~
15 ~~the 100th General Assembly~~, age 65 with respect to service
16 under Article 8 or Article 11 for eligible persons who: (i) are
17 subject to subsection (c-5) of this Section; or (ii) made the
18 election under item (i) of subsection (d-10) of this Section)
19 or the first anniversary of the annuity start date, whichever
20 is later. Each annual increase shall be calculated at 3% or
21 one-half the annual unadjusted percentage increase (but not
22 less than zero) in the consumer price index-u for the 12 months
23 ending with the September preceding each November 1, whichever
24 is less, of the originally granted retirement annuity. If the
25 annual unadjusted percentage change in the consumer price
26 index-u for the 12 months ending with the September preceding

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

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

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

15 (f) The initial survivor's or widow's annuity of an
16 otherwise eligible survivor or widow of a retired member or
17 participant who first became a member or participant on or
18 after January 1, 2011 shall be in the amount of 66 2/3% of the
19 retired member's or participant's retirement annuity at the
20 date of death. In the case of the death of a member or
21 participant who has not retired and who first became a member
22 or participant on or after January 1, 2011, eligibility for a
23 survivor's or widow's annuity shall be determined by the
24 applicable Article of this Code. The initial benefit shall be
25 66 2/3% of the earned annuity without a reduction due to age. A
26 child's annuity of an otherwise eligible child shall be in the

1 amount prescribed under each Article if applicable. Any
2 survivor's or widow's annuity shall be increased (1) on each
3 January 1 occurring on or after the commencement of the
4 annuity if the deceased member died while receiving a
5 retirement annuity or (2) in other cases, on each January 1
6 occurring after the first anniversary of the commencement of
7 the annuity. 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 survivor's 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 (g) The benefits in Section 14-110 apply only if the
17 person is a State policeman, a fire fighter in the fire
18 protection service of a department, a conservation police
19 officer, an investigator for the Secretary of State, an arson
20 investigator, a Commerce Commission police officer,
21 investigator for the Department of Revenue or the Illinois
22 Gaming Board, a security employee of the Department of
23 Corrections or the Department of Juvenile Justice, or a
24 security employee of the Department of Innovation and
25 Technology, as those terms are defined in subsection (b) and
26 subsection (c) of Section 14-110. A person who meets the

1 requirements of this Section is entitled to an annuity
2 calculated under the provisions of Section 14-110, in lieu of
3 the regular or minimum retirement annuity, only if the person
4 has withdrawn from service with not less than 20 years of
5 eligible creditable service and has attained age 60,
6 regardless of whether the attainment of age 60 occurs while
7 the person is still in service.

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

22 If a person who first becomes a member of a retirement
23 system or pension fund subject to this Section on or after
24 January 1, 2012 and is receiving a retirement annuity or
25 retirement pension under that system or fund and accepts on a
26 contractual basis a position to provide services to a

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

15 (i) (Blank).

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

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

21 (40 ILCS 5/1-161)

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

24 (a) Notwithstanding any other provision of this Code to
25 the contrary, the provisions of this Section apply to a person

1 who first becomes a member or a participant under Article 14,
2 15, or 16 on or after the implementation date under this
3 Section for the applicable Article and who does not make the
4 election under subsection (b) or (c), whichever applies. The
5 provisions of this Section also apply to a person who makes the
6 election under subsection (c-5). However, the provisions of
7 this Section do not apply to any participant in a self-managed
8 plan or a defined contribution plan established under Section
9 14-155.5, nor to a covered employee under Article 14.

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

20 (b) In lieu of the benefits provided under this Section, a
21 member or participant, except for a participant under Article
22 15, may irrevocably elect the benefits under Section 1-160 and
23 the benefits otherwise applicable to that member or
24 participant. The election must be made within 30 days after
25 becoming a member or participant. Each retirement system shall
26 establish procedures for making this election.

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

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

14 (d) "Final average salary" means the average monthly (or
15 annual) salary obtained by dividing the total salary or
16 earnings calculated under the Article applicable to the member
17 or participant during the last 120 months (or 10 years) of
18 service in which the total salary or earnings calculated under
19 the applicable Article was the highest by the number of months
20 (or years) of service in that period. For the purposes of a
21 person to whom this Section applies, in this Code, "final
22 average salary" shall be substituted for "final average
23 compensation" in Article 14.

24 (e) Beginning on the implementation date, for all purposes
25 under this Code (including without limitation the calculation
26 of benefits and employee contributions), the annual earnings,

1 salary, compensation, or wages (based on the plan year) of a
2 member or participant to whom this Section applies shall not
3 at any time exceed the federal Social Security Wage Base then
4 in effect.

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

12 (g) The amount of the retirement annuity to which a member
13 or participant is entitled shall be computed by multiplying
14 1.25% for each year of service credit by his or her final
15 average salary.

16 (h) Any retirement annuity or supplemental annuity shall
17 be subject to annual increases on the first anniversary of the
18 annuity start date. Each annual increase shall be one-half the
19 annual unadjusted percentage increase (but not less than zero)
20 in the consumer price index-w for the 12 months ending with the
21 September preceding each November 1 of the originally granted
22 retirement annuity. If the annual unadjusted percentage change
23 in the consumer price index-w for the 12 months ending with the
24 September preceding each November 1 is zero or there is a
25 decrease, then the annuity shall not be increased.

26 For the purposes of this Section, "consumer price index-w"

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

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

22 (j) In lieu of any other employee contributions, except
23 for the contribution to the defined contribution plan under
24 subsection (k) of this Section, each employee shall contribute
25 6.2% of his her or salary to the retirement system. However,
26 the employee contribution under this subsection shall not

1 exceed the amount of the total normal cost of the benefits for
2 all members making contributions under this Section (except
3 for the defined contribution plan under subsection (k) of this
4 Section), expressed as a percentage of payroll and certified
5 on or before January 15 of each year by the board of trustees
6 of the retirement system. If the board of trustees of the
7 retirement system certifies that the 6.2% employee
8 contribution rate exceeds the normal cost of the benefits
9 under this Section (except for the defined contribution plan
10 under subsection (k) of this Section), then on or before
11 December 1 of that year, the board of trustees shall certify
12 the amount of the normal cost of the benefits under this
13 Section (except for the defined contribution plan under
14 subsection (k) of this Section), expressed as a percentage of
15 payroll, to the State Actuary and the Commission on Government
16 Forecasting and Accountability, and the employee contribution
17 under this subsection shall be reduced to that amount
18 beginning July 1 of that year. Thereafter, if the normal cost
19 of the benefits under this Section (except for the defined
20 contribution plan under subsection (k) of this Section),
21 expressed as a percentage of payroll and certified on or
22 before January 1 of each year by the board of trustees of the
23 retirement system, exceeds 6.2% of salary, then on or before
24 January 15 of that year, the board of trustees shall certify
25 the normal cost to the State Actuary and the Commission on
26 Government Forecasting and Accountability, and the employee

1 contributions shall revert back to 6.2% of salary beginning
2 January 1 of the following year.

3 (k) In accordance with each retirement system's
4 implementation date, each retirement system under Article 14,
5 15, or 16 shall prepare and implement a defined contribution
6 plan for members or participants who are subject to this
7 Section. The defined contribution plan developed under this
8 subsection shall be a plan that aggregates employer and
9 employee contributions in individual participant accounts
10 which, after meeting any other requirements, are used for
11 payouts after retirement in accordance with this subsection
12 and any other applicable laws.

13 (1) Each member or participant shall contribute a
14 minimum of 4% of his or her salary to the defined
15 contribution plan.

16 (2) For each participant in the defined contribution
17 plan who has been employed with the same employer for at
18 least one year, employer contributions shall be paid into
19 that participant's accounts at a rate expressed as a
20 percentage of salary. This rate may be set for individual
21 employees, but shall be no higher than 6% of salary and
22 shall be no lower than 2% of salary.

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

26 (4) The defined contribution plan shall provide a

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

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

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

13 (7) Each retirement system shall reduce the employee
14 contributions credited to the member's defined
15 contribution plan account by an amount determined by that
16 retirement system to cover the cost of offering the
17 benefits under this subsection and any applicable
18 administrative fees.

19 (8) No person shall begin participating in the defined
20 contribution plan until it has attained qualified plan
21 status and received all necessary approvals from the U.S.
22 Internal Revenue Service.

23 (1) 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.)

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

2 Sec. 14-103.05. Employee.

3 (a) Except as provided in subsection (e), any ~~Any~~ person
4 employed by a Department who receives salary for personal
5 services rendered to the Department on a warrant issued
6 pursuant to a payroll voucher certified by a Department and
7 drawn by the State Comptroller upon the State Treasurer,
8 including an elected official described in subparagraph (d) of
9 Section 14-104, shall become an employee for purpose of
10 membership in the Retirement System on the first day of such
11 employment.

12 A person entering service on or after January 1, 1972 and
13 prior to January 1, 1984 shall become a member as a condition
14 of employment and shall begin making contributions as of the
15 first day of employment.

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

22 A person employed by the Chicago Metropolitan Agency for
23 Planning on the effective date of this amendatory Act of the
24 95th General Assembly who was a member of this System as an
25 employee of the Chicago Area Transportation Study and makes an

1 election under Section 14-104.13 to participate in this System
2 for his or her employment with the Chicago Metropolitan Agency
3 for Planning.

4 The qualifying period of 6 months of service is not
5 applicable to: (1) a person who has been granted credit for
6 service in a position covered by the State Universities
7 Retirement System, the Teachers' Retirement System of the
8 State of Illinois, the General Assembly Retirement System, or
9 the Judges Retirement System of Illinois unless that service
10 has been forfeited under the laws of those systems; (2) a
11 person entering service on or after July 1, 1991 in a
12 noncovered position; (3) a person to whom Section 14-108.2a or
13 14-108.2b applies; or (4) a person to whom subsection (a-5) of
14 this Section applies.

15 (a-5) Except as provided in subsection (e), a A person
16 entering service on or after December 1, 2010 and before the
17 effective date of this amendatory Act of the 102nd General
18 Assembly shall become a member as a condition of employment
19 and shall begin making contributions as of the first day of
20 employment. A person serving in the qualifying period on
21 December 1, 2010 will become a member on December 1, 2010 and
22 shall begin making contributions as of December 1, 2010.

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

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

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

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

7 (3.1) any person serving as a commissioner of an
8 ethics commission created under the State Officials and
9 Employees Ethics Act unless that person elects to
10 participate in this system with respect to that service as
11 a commissioner;

12 (3.2) any person serving as a part-time employee in
13 any of the following positions: Legislative Inspector
14 General, Special Legislative Inspector General, employee
15 of the Office of the Legislative Inspector General,
16 Executive Director of the Legislative Ethics Commission,
17 or staff of the Legislative Ethics Commission, regardless
18 of whether he or she is in active service on or after July
19 8, 2004 (the effective date of Public Act 93-685), unless
20 that person elects to participate in this System with
21 respect to that service; in this item (3.2), a "part-time
22 employee" is a person who is not required to work at least
23 35 hours per week;

24 (3.3) any person who has made an election under
25 Section 1-123 and who is serving either as legal counsel
26 in the Office of the Governor or as Chief Deputy Attorney

1 General;

2 (4) except as provided in Section 14-108.2 or
3 14-108.2c, any person who is covered or eligible to be
4 covered by the Teachers' Retirement System of the State of
5 Illinois, the State Universities Retirement System, or the
6 Judges Retirement System of Illinois;

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

9 (6) any person who becomes an employee after June 30,
10 1979 as a public service employment program participant
11 under the Federal Comprehensive Employment and Training
12 Act and whose wages or fringe benefits are paid in whole or
13 in part by funds provided under such Act;

14 (7) enrollees of the Illinois Young Adult Conservation
15 Corps program, administered by the Department of Natural
16 Resources, authorized grantee pursuant to Title VIII of
17 the "Comprehensive Employment and Training Act of 1973",
18 29 USC 993, as now or hereafter amended;

19 (8) enrollees and temporary staff of programs
20 administered by the Department of Natural Resources under
21 the Youth Conservation Corps Act of 1970;

22 (9) any person who is a member of any professional
23 licensing or disciplinary board created under an Act
24 administered by the Department of Professional Regulation
25 or a successor agency or created or re-created after the
26 effective date of this amendatory Act of 1997, and who

1 receives per diem compensation rather than a salary,
2 notwithstanding that such per diem compensation is paid by
3 warrant issued pursuant to a payroll voucher; such persons
4 have never been included in the membership of this System,
5 and this amendatory Act of 1987 (P.A. 84-1472) is not
6 intended to effect any change in the status of such
7 persons;

8 (10) any person who is a member of the Illinois Health
9 Care Cost Containment Council, and receives per diem
10 compensation rather than a salary, notwithstanding that
11 such per diem compensation is paid by warrant issued
12 pursuant to a payroll voucher; such persons have never
13 been included in the membership of this System, and this
14 amendatory Act of 1987 is not intended to effect any
15 change in the status of such persons;

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

21 (12) a person employed by the State Board of Higher
22 Education in a position with the Illinois Century Network
23 as of June 30, 2004, who remains continuously employed
24 after that date by the Department of Central Management
25 Services in a position with the Illinois Century Network
26 and participates in the Article 15 system with respect to

1 that employment;

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

4 (14) any person, other than the Director of Employment
5 Security, who first becomes a member of the Board of
6 Review of the Department of Employment Security on or
7 after January 1, 2012;

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

10 (16) any person who first becomes a member of the
11 Illinois Liquor Control Commission on or after January 1,
12 2012;

13 (17) any person who first becomes a member of the
14 Secretary of State Merit Commission on or after January 1,
15 2012;

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

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

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

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

26 (22) any person who first becomes a member of the

1 Illinois State Police Merit Board on or after January 1,
2 2012;

3 (23) any person who first becomes a member of the
4 Illinois State Toll Highway Authority on or after January
5 1, 2012; or

6 (24) any person who first becomes a member of the
7 Illinois State Board of Elections on or after January 1,
8 2012.

9 (c) An individual who represents or is employed as an
10 officer or employee of a statewide labor organization that
11 represents members of this System may participate in the
12 System and shall be deemed an employee, provided that (1) the
13 individual has previously earned creditable service under this
14 Article, (2) the individual files with the System an
15 irrevocable election to become a participant within 6 months
16 after the effective date of this amendatory Act of the 94th
17 General Assembly, and (3) the individual does not receive
18 credit for that employment under any other provisions of this
19 Code. An employee under this subsection (c) is responsible for
20 paying to the System both (i) employee contributions based on
21 the actual compensation received for service with the labor
22 organization and (ii) employer contributions based on the
23 percentage of payroll certified by the board; all or any part
24 of these contributions may be paid on the employee's behalf or
25 picked up for tax purposes (if authorized under federal law)
26 by the labor organization.

1 A person who is an employee as defined in this subsection
2 (c) may establish service credit for similar employment prior
3 to becoming an employee under this subsection by paying to the
4 System for that employment the contributions specified in this
5 subsection, plus interest at the effective rate from the date
6 of service to the date of payment. However, credit shall not be
7 granted under this subsection (c) for any such prior
8 employment for which the applicant received credit under any
9 other provision of this Code or during which the applicant was
10 on a leave of absence.

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

17 A person who is an employee as described in this
18 subsection (d) may establish service credit for employment as
19 a Human Rights Commissioner that occurred on or after June 1,
20 2019 and before establishing service under this subsection by
21 paying to the System for that employment the contributions
22 specified in paragraph (1) of subsection (a) of Section
23 14-133, plus regular interest from the date of service to the
24 date of payment.

25 (e) Notwithstanding any other provision of this Article, a
26 person who first becomes an employee after the effective date

1 of this amendatory Act of the 102nd General Assembly is not
2 required, as a condition of employment or otherwise, to
3 participate in this System. An employee may elect not to
4 participate in this System by notifying the System in a manner
5 specified by the System.

6 (Source: P.A. 101-10, eff. 6-5-19; 102-538, eff. 8-20-21.)

7 (40 ILCS 5/14-103.41)

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

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

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

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

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

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

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

9 (40 ILCS 5/14-152.1)

10 Sec. 14-152.1. 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 96-37, Public Act 100-23, Public Act 100-587, Public Act
21 100-611, Public Act 101-10, Public Act 101-610, Public Act
22 102-210, or this amendatory Act of the 102nd General Assembly
23 ~~or this amendatory Act of the 102nd General Assembly.~~

24 (b) Notwithstanding any other provision of this Code or
25 any subsequent amendment to this Code, every new benefit

1 increase is subject to this Section and shall be deemed to be
2 granted only in conformance with and contingent upon
3 compliance with the provisions of this Section.

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

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

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

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

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

14 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
15 101-610, eff. 1-1-20; 102-210, eff. 7-30-21.)

16 (40 ILCS 5/14-155.5 new)

17 Sec. 14-155.5. Defined contribution plan.

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

22 (b) By July 1, 2024, the System shall prepare and
23 implement a defined contribution plan. The defined
24 contribution plan developed under this Section shall be a plan
25 that aggregates State and employee contributions in individual

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

4 (1) Participation in the defined contribution plan for
5 persons who elect to participate shall begin on July 1,
6 2024.

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

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

1 disability benefits available to other participants under
2 this Article. If it does, the System shall reduce the
3 employee contributions credited to the member's defined
4 contribution plan account by an amount determined by the
5 System to cover the cost of offering such benefits.

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

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

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

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

25 (b) Under the defined contribution plan, an active Tier 1
26 or Tier 2 member of this System may elect, in writing, to cease

1 accruing benefits in the defined benefit plan and begin
2 accruing benefits for future service in the defined
3 contribution plan. The election to participate in the defined
4 contribution plan is voluntary and irrevocable and must be
5 made on or before December 31, 2023.

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

9 (2) On or before December 31, 2022, the System shall
10 notify all active Tier 1 and Tier 2 members who are
11 eligible to participate in the defined contribution plan.
12 The System shall mail information describing the option to
13 join the defined contribution plan to each of these
14 employees to his or her last known address on file with the
15 System. If the employee is not responsive to other means
16 of contact, it is sufficient for the System to publish the
17 details of the option on its website.

18 (3) If a person becomes an active participant of this
19 System on or after January 1, 2023, the System shall
20 notify the participant within one month after he or she
21 became an active participant that he or she is eligible to
22 participate in the defined contribution plan. The notice
23 shall be provided in the manner specified in paragraph (2)
24 of this subsection.

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

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

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

1 credited to the member's individual account.

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

10 (e) 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 (f) 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 members about the plan, to the
19 Governor and the General Assembly on or before January 15,
20 2024.

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

24 (h) 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 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

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

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

23 (a-5) For persons who participate in a defined
24 contribution plan established under Article 14 of this Code to
25 whom the provisions of this Article apply, the pension credits

1 established under the defined contribution plan may be
2 considered in determining eligibility for or the amount of the
3 defined benefit retirement annuity that is payable by any
4 other participating system.

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

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

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

24 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

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

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

23 For persons who participate in a defined contribution plan
24 established under Article 14 of this Code to whom the
25 provisions of this Article apply, the pension credits
26 established under the defined contribution plan may be

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

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

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

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

14 Sec. 20-124. Maximum benefits.

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

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

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

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

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

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

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

23 (c) In the case of a participant in a defined contribution
24 plan established under Article 14 of this Code to whom the
25 provisions of this Article apply:

26 (i) For purposes of calculating the combined

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

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

10 (iii) Benefits payable under a defined contribution
11 plan established under Article 14 of this Code are not
12 subject to proportionate reduction under this Section.

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

14 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

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

1 Code.

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

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

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