



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB2589

Introduced 2/15/2023, by Rep. Travis Weaver

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to implement a Tier 3 plan by July 1, 2024 that aggregates State and employee contributions in individual participant accounts which are used for payouts after retirement. Provides that a person who becomes a participant of a System on or after July 1, 2024 shall participate in the Tier 3 plan instead of the defined benefit plan. Authorizes a Tier 1 or Tier 2 participant to elect to participate in the Tier 3 plan instead of the defined benefit plan and to also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB103 30272 RPS 56700 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 (including an  
21 employee who, in lieu of receiving an annuity under that  
22 Article, has retired under the Tier 3 plan established under  
23 Section 2-165.5 of that Article), 14 (including an employee

1 who has elected to receive an alternative retirement  
2 cancellation payment under Section 14-108.5 of the Illinois  
3 Pension Code in lieu of an annuity; an employee who, in lieu of  
4 receiving an annuity under that Article, has retired under the  
5 Tier 3 plan established under Section 14-155.5 of that  
6 Article; or an employee who meets the criteria for retirement,  
7 but in lieu of receiving an annuity under that Article has  
8 elected to receive an accelerated pension benefit payment  
9 under Section 14-147.5 of that Article), or 15 (including an  
10 employee who has retired under the optional retirement program  
11 established under Section 15-158.2 or the Tier 3 plan  
12 established under Section 15-200.5 of the Illinois Pension  
13 Code or who meets the criteria for retirement but in lieu of  
14 receiving an annuity under that Article has elected to receive  
15 an accelerated pension benefit payment under Section 15-185.5  
16 of the Article), paragraph (2), (3), or (5) of Section 16-106  
17 (including an employee who meets the criteria for retirement,  
18 but in lieu of receiving an annuity under that Article has  
19 elected to receive an accelerated pension benefit payment  
20 under Section 16-190.5 of the Illinois Pension Code or an  
21 employee who, in lieu of receiving an annuity under that  
22 Article, has retired under the Tier 3 plan established under  
23 Section 16-205.5 of the Illinois Pension Code), or Article 18  
24 (including an employee who, in lieu of receiving an annuity  
25 under that Article, has retired under the Tier 3 plan  
26 established under Section 18-121.5 of that Article) of the

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

24 (b-5) (Blank).

25 (b-6) (Blank).

26 (b-7) (Blank).

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

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

1 advocacy center.

2 (e) "Commission" means the State Employees Group Insurance  
3 Advisory Commission authorized by this Act. Commencing July 1,  
4 1984, "Commission" as used in this Act means the Commission on  
5 Government Forecasting and Accountability as established by  
6 the Legislative Commission Reorganization Act of 1984.

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

16 (g) "Department" means any department, institution, board,  
17 commission, officer, court or any agency of the State  
18 government receiving appropriations and having power to  
19 certify payrolls to the Comptroller authorizing payments of  
20 salary and wages against such appropriations as are made by  
21 the General Assembly from any State fund, or against trust  
22 funds held by the State Treasurer and includes boards of  
23 trustees of the retirement systems created by Articles 2, 14,  
24 15, 16, and 18 of the Illinois Pension Code. "Department" also  
25 includes the Illinois Comprehensive Health Insurance Board,  
26 the Board of Examiners established under the Illinois Public

1 Accounting Act, and the Illinois Finance Authority.

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

23 (i) "Director" means the Director of the Illinois  
24 Department of Central Management Services.

25 (j) "Eligibility period" means the period of time a member  
26 has to elect enrollment in programs or to select benefits

1 without regard to age, sex or health.

2 (k) "Employee" means and includes each officer or employee  
3 in the service of a department who (1) receives his  
4 compensation for service rendered to the department on a  
5 warrant issued pursuant to a payroll certified by a department  
6 or on a warrant or check issued and drawn by a department upon  
7 a trust, federal or other fund or on a warrant issued pursuant  
8 to a payroll certified by an elected or duly appointed officer  
9 of the State or who receives payment of the performance of  
10 personal services on a warrant issued pursuant to a payroll  
11 certified by a Department and drawn by the Comptroller upon  
12 the State Treasurer against appropriations made by the General  
13 Assembly from any fund or against trust funds held by the State  
14 Treasurer, and (2) is employed full-time or part-time in a  
15 position normally requiring actual performance of duty during  
16 not less than 1/2 of a normal work period, as established by  
17 the Director in cooperation with each department, except that  
18 persons elected by popular vote will be considered employees  
19 during the entire term for which they are elected regardless  
20 of hours devoted to the service of the State, and (3) except  
21 that "employee" does not include any person who is not  
22 eligible by reason of such person's employment to participate  
23 in one of the State retirement systems under Articles 2, 14, 15  
24 (either the regular Article 15 system or the optional  
25 retirement program established under Section 15-158.2), or 18,  
26 or under paragraph (2), (3), or (5) of Section 16-106, of the



1 Illinois Pension Code, but such term does include persons who  
2 are employed during the 6-month qualifying period under  
3 Article 14 of the Illinois Pension Code. Such term also  
4 includes any person who (1) after January 1, 1966, is  
5 receiving ordinary or accidental disability benefits under  
6 Articles 2, 14, 15 (including ordinary or accidental  
7 disability benefits under the optional retirement program  
8 established under Section 15-158.2), paragraph (2), (3), or  
9 (5) of Section 16-106, or Article 18 of the Illinois Pension  
10 Code, for disability incurred after January 1, 1966, (2)  
11 receives total permanent or total temporary disability under  
12 the Workers' Compensation Act or Occupational Disease Act as a  
13 result of injuries sustained or illness contracted in the  
14 course of employment with the State of Illinois, or (3) is not  
15 otherwise covered under this Act and has retired as a  
16 participating member under Article 2 of the Illinois Pension  
17 Code but is ineligible for the retirement annuity under  
18 Section 2-119 of the Illinois Pension Code. However, a person  
19 who satisfies the criteria of the foregoing definition of  
20 "employee" except that such person is made ineligible to  
21 participate in the State Universities Retirement System by  
22 clause (4) of subsection (a) of Section 15-107 of the Illinois  
23 Pension Code is also an "employee" for the purposes of this  
24 Act. "Employee" also includes any person receiving or eligible  
25 for benefits under a sick pay plan established in accordance  
26 with Section 36 of the State Finance Act. "Employee" also

1 includes (i) each officer or employee in the service of a  
2 qualified local government, including persons appointed as  
3 trustees of sanitary districts regardless of hours devoted to  
4 the service of the sanitary district, (ii) each employee in  
5 the service of a qualified rehabilitation facility, (iii) each  
6 full-time employee in the service of a qualified domestic  
7 violence shelter or service, and (iv) each full-time employee  
8 in the service of a qualified child advocacy center, as  
9 determined according to rules promulgated by the Director.

10 (1) "Member" means an employee, annuitant, retired  
11 employee, or survivor. In the case of an annuitant or retired  
12 employee who first becomes an annuitant or retired employee on  
13 or after January 13, 2012 (the effective date of Public Act  
14 97-668), the individual must meet the minimum vesting  
15 requirements of the applicable retirement system in order to  
16 be eligible for group insurance benefits under that system. In  
17 the case of a survivor who is not entitled to occupational  
18 death benefits pursuant to an applicable retirement system or  
19 death benefits pursuant to the Illinois Workers' Compensation  
20 Act, and who first becomes a survivor on or after January 13,  
21 2012 (the effective date of Public Act 97-668), the deceased  
22 employee, annuitant, or retired employee upon whom the annuity  
23 is based must have been eligible to participate in the group  
24 insurance system under the applicable retirement system in  
25 order for the survivor to be eligible for group insurance  
26 benefits under that system.

1           In the case of a survivor who is entitled to occupational  
2 death benefits pursuant to the deceased employee's applicable  
3 retirement system or death benefits pursuant to the Illinois  
4 Workers' Compensation Act, and first becomes a survivor on or  
5 after January 1, 2022, the survivor is eligible for group  
6 health insurance benefits regardless of the deceased  
7 employee's minimum vesting requirements under the applicable  
8 retirement system, with a State contribution rate of 100%,  
9 until an unmarried child dependent reaches the age of 18, or  
10 the age of 22 if the dependent child is a full-time student, or  
11 until the adult survivor becomes eligible for benefits under  
12 the federal Medicare health insurance program (Title XVIII of  
13 the Social Security Act, as added by Public Law 89-97). In the  
14 case of a survivor currently receiving occupational death  
15 benefits pursuant to the deceased employee's applicable  
16 retirement system or has received death benefits pursuant to  
17 the Illinois Workers' Compensation Act, who first became a  
18 survivor prior to January 1, 2022, the survivor is eligible  
19 for group health insurance benefits regardless of the deceased  
20 employee's minimum vesting requirements under the applicable  
21 retirement system, with a State contribution rate of 100%,  
22 until an unmarried child dependent reaches the age of 18, or  
23 the age of 22 if the dependent child is a full-time student, or  
24 until the adult survivor becomes eligible for benefits under  
25 the federal Medicare health insurance program (Title XVIII of  
26 the Social Security Act, as added by Public Law 89-97). The

1 changes made by this amendatory Act of the 102nd General  
2 Assembly with respect to survivors who first became survivors  
3 prior to January 1, 2022 shall apply upon request of the  
4 survivor on or after the effective date of this amendatory Act  
5 of the 102nd General Assembly.

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

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

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

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

23 (q) "Survivor" means a person receiving an annuity as a  
24 survivor of an employee or of an annuitant. "Survivor" also  
25 includes: (1) the surviving dependent of a person who  
26 satisfies the definition of "employee" except that such person

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

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

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

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

26 (q-5) (Blank).

1 (q-6) (Blank).

2 (q-7) (Blank).

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

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

1 Association of Park Districts; and any hospital provider that  
2 is owned by a county that has 100 or fewer hospital beds and  
3 has not already joined the program. "Qualified local  
4 government" means a unit of local government approved by the  
5 Director and participating in a program created under  
6 subsection (i) of Section 10 of this Act.

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

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

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

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

25 (2) is receiving a monthly benefit or retirement  
26 annuity under Article 16 of the Illinois Pension Code or

1 would be receiving such monthly benefit or retirement  
2 annuity except that the benefit recipient elected on or  
3 after June 4, 2018 to receive an accelerated pension  
4 benefit payment under Section 16-190.5 of the Illinois  
5 Pension Code in lieu of receiving an annuity; and

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

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

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

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



1 (iii) age 19 or over who has a mental or physical  
2 disability from a cause originating prior to the age of 19  
3 (age 26 if enrolled as an adult child).

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

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

17 (y) (Blank).

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

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

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

1 of the Illinois Pension Code in lieu of receiving an  
2 annuity; and

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

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

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

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

1 an adult child).

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

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

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

22 (Source: P.A. 101-242, eff. 8-9-19; 102-558, eff. 8-20-21;  
23 102-714, eff. 4-29-22; 102-813, eff 5-13-22.)

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

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

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

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

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

16 (a-1) (Blank).

17 (a-2) (Blank).

18 (a-3) (Blank).

19 (a-4) (Blank).

20 (a-5) (Blank).

21 (a-6) (Blank).

22 (a-7) (Blank).

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

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

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

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

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

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

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

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

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

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

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



1 credit for the purposes of this Act.

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

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

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

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

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

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

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

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

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

24           (i) Any unit of local government within the State of  
25 Illinois may apply to the Director to have its employees,  
26 annuitants, and their dependents provided group health

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

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

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

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

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

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

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

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

26 Monthly payments by the unit of local government or its

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 Section 10. The Illinois Pension Code is amended by  
13 changing Sections 1-160, 1-161, 2-162, 14-103.41, 14-152.1,  
14 15-108.1, 15-108.2, 15-198, 16-106.41, 16-203, 18-124, 18-125,  
15 18-125.1, 18-127, 18-128.01, 18-133, 18-169, 20-121, 20-123,  
16 20-124, and 20-125 and by adding Sections 2-105.3, 2-165.5,  
17 14-103.44, 14-103.45, 14-155.5, 15-108.3, 15-200.5, 16-106.42,  
18 16-106.43, 16-205.5, 18-110.1, 18-110.2, 18-110.3, and  
19 18-121.5 as follows:

20 (40 ILCS 5/1-160)

21 (Text of Section from P.A. 102-719)

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

23 (a) The provisions of this Section apply to a person who,  
24 on or after January 1, 2011, first becomes a member or a

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

23 The provisions of this Section do not apply to service  
24 under a Tier 3 plan established under Article 14, 15, or 16 of  
25 this Code.

26 This Section does not apply to a person who first becomes a

1 noncovered employee under Article 14 on or after the  
2 implementation date of the plan created under Section 1-161  
3 for that Article, unless that person elects under subsection  
4 (b) of Section 1-161 to instead receive the benefits provided  
5 under this Section and the applicable provisions of that  
6 Article.

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

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

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

24 (b) "Final average salary" means, except as otherwise  
25 provided in this subsection, the average monthly (or annual)  
26 salary obtained by dividing the total salary or earnings



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

11 (1) (Blank).

12 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
13 annual salary for any 4 consecutive years within the last  
14 10 years of service immediately preceding the date of  
15 withdrawal".

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

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

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

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

21 A member of the Teachers' Retirement System of the State  
22 of Illinois who retires on or after June 1, 2021 and for whom  
23 the 2020-2021 school year is used in the calculation of the  
24 member's final average salary shall use the higher of the  
25 following for the purpose of determining the member's final  
26 average salary:

1 (A) the amount otherwise calculated under the first  
2 paragraph of this subsection; or

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

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

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

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

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

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

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

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

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

23 (d-5) The retirement annuity payable under Article 8 or  
24 Article 11 to an eligible person subject to subsection (c-5)  
25 of this Section who is retiring at age 60 with at least 10  
26 years of service credit shall be reduced by one-half of 1% for

1 each full month that the member's age is under age 65.

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

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

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

23 The election provided for in this subsection shall be made  
24 between October 1, 2017 and November 15, 2017. A person  
25 subject to this subsection who makes the required election  
26 shall remain bound by that election. A person subject to this

1 subsection who fails for any reason to make the required  
2 election within the time specified in this subsection shall be  
3 deemed to have made the election under item (ii).

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

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

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

21 The election provided for in this subsection shall be made  
22 between January 1, 2022 and April 1, 2022. A person subject to  
23 this subsection who makes the required election shall remain  
24 bound by that election. A person subject to this subsection  
25 who fails for any reason to make the required election within  
26 the time specified in this subsection shall be deemed to have

1 made the election under item (ii).

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

24 For the purposes of Section 1-103.1 of this Code, the  
25 changes made to this Section by Public Act 102-263 are  
26 applicable without regard to whether the employee was in

1 active service on or after August 6, 2021 (the effective date  
2 of Public Act 102-263).

3 For the purposes of Section 1-103.1 of this Code, the  
4 changes made to this Section by Public Act 100-23 are  
5 applicable without regard to whether the employee was in  
6 active service on or after July 6, 2017 (the effective date of  
7 Public Act 100-23).

8 (f) The initial survivor's or widow's annuity of an  
9 otherwise eligible survivor or widow of a retired member or  
10 participant who first became a member or participant on or  
11 after January 1, 2011 shall be in the amount of 66 2/3% of the  
12 retired member's or participant's retirement annuity at the  
13 date of death. In the case of the death of a member or  
14 participant who has not retired and who first became a member  
15 or participant on or after January 1, 2011, eligibility for a  
16 survivor's or widow's annuity shall be determined by the  
17 applicable Article of this Code. The initial benefit shall be  
18 66 2/3% of the earned annuity without a reduction due to age. A  
19 child's annuity of an otherwise eligible child shall be in the  
20 amount prescribed under each Article if applicable. Any  
21 survivor's or widow's annuity shall be increased (1) on each  
22 January 1 occurring on or after the commencement of the  
23 annuity if the deceased member died while receiving a  
24 retirement annuity or (2) in other cases, on each January 1  
25 occurring after the first anniversary of the commencement of  
26 the annuity. Each annual increase shall be calculated at 3% or



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

9 (g) The benefits in Section 14-110 apply if the person is a  
10 fire fighter in the fire protection service of a department, a  
11 security employee of the Department of Corrections or the  
12 Department of Juvenile Justice, or a security employee of the  
13 Department of Innovation and Technology, as those terms are  
14 defined in subsection (b) and subsection (c) of Section  
15 14-110. A person who meets the requirements of this Section is  
16 entitled to an annuity calculated under the provisions of  
17 Section 14-110, in lieu of the regular or minimum retirement  
18 annuity, only if the person has withdrawn from service with  
19 not less than 20 years of eligible creditable service and has  
20 attained age 60, regardless of whether the attainment of age  
21 60 occurs while the person is still in service.

22 (g-5) The benefits in Section 14-110 apply if the person  
23 is a State policeman, investigator for the Secretary of State,  
24 conservation police officer, investigator for the Department  
25 of Revenue or the Illinois Gaming Board, investigator for the  
26 Office of the Attorney General, Commerce Commission police

1 officer, or arson investigator, as those terms are defined in  
2 subsection (b) and subsection (c) of Section 14-110. A person  
3 who meets the requirements of this Section is entitled to an  
4 annuity calculated under the provisions of Section 14-110, in  
5 lieu of the regular or minimum retirement annuity, only if the  
6 person has withdrawn from service with not less than 20 years  
7 of eligible creditable service and has attained age 55,  
8 regardless of whether the attainment of age 55 occurs while  
9 the person is still in service.

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

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

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

17 (i) (Blank).

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

21 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
22 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-719, eff.  
23 5-6-22.)

24 (Text of Section from P.A. 102-813)

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

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

25 The provisions of this Section do not apply to service  
26 under a Tier 3 plan established under Article 14, 15, or 16 of

1 this Code.

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

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

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

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

26 (b) "Final average salary" means, except as otherwise

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

13 (1) (Blank).

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

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

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

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

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

23 A member of the Teachers' Retirement System of the State  
24 of Illinois who retires on or after June 1, 2021 and for whom  
25 the 2020-2021 school year is used in the calculation of the  
26 member's final average salary shall use the higher of the

1 following for the purpose of determining the member's final  
2 average salary:

3 (A) the amount otherwise calculated under the first  
4 paragraph of this subsection; or

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

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

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

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

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

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



1 this Section.

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

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

25 (d-5) The retirement annuity payable under Article 8 or  
26 Article 11 to an eligible person subject to subsection (c-5)

1 of this Section who is retiring at age 60 with at least 10  
2 years of service credit shall be reduced by one-half of 1% for  
3 each full month that the member's age is under age 65.

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

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

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

25 The election provided for in this subsection shall be made  
26 between October 1, 2017 and November 15, 2017. A person

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

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

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

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

23 The election provided for in this subsection shall be made  
24 between January 1, 2022 and April 1, 2022. A person subject to  
25 this subsection who makes the required election shall remain  
26 bound by that election. A person subject to this subsection

1 who fails for any reason to make the required election within  
2 the time specified in this subsection shall be deemed to have  
3 made the election under item (ii).

4 (e) Any retirement annuity or supplemental annuity shall  
5 be subject to annual increases on the January 1 occurring  
6 either on or after the attainment of age 67 (age 65, with  
7 respect to service under Article 12 that is subject to this  
8 Section, for a member or participant under Article 12 who  
9 first becomes a member or participant under Article 12 on or  
10 after January 1, 2022 or who makes the election under item (i)  
11 of subsection (d-15); and beginning on July 6, 2017 (the  
12 effective date of Public Act 100-23), age 65 with respect to  
13 service under Article 8 or Article 11 for eligible persons  
14 who: (i) are subject to subsection (c-5) of this Section; or  
15 (ii) made the election under item (i) of subsection (d-10) of  
16 this Section) or the first anniversary of the annuity start  
17 date, whichever is later. Each annual increase shall be  
18 calculated at 3% or one-half the annual unadjusted percentage  
19 increase (but not less than zero) in the consumer price  
20 index-u for the 12 months ending with the September preceding  
21 each November 1, whichever is less, of the originally granted  
22 retirement annuity. If the annual unadjusted percentage change  
23 in the consumer price index-u 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 Section 1-103.1 of this Code, the

1 changes made to this Section by Public Act 102-263 are  
2 applicable without regard to whether the employee was in  
3 active service on or after August 6, 2021 (the effective date  
4 of Public Act 102-263).

5 For the purposes of Section 1-103.1 of this Code, the  
6 changes made to this Section by Public Act 100-23 are  
7 applicable without regard to whether the employee was in  
8 active service on or after July 6, 2017 (the effective date of  
9 Public Act 100-23).

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

1 occurring after the first anniversary of the commencement of  
2 the annuity. Each annual increase shall be calculated at 3% or  
3 one-half the annual unadjusted percentage increase (but not  
4 less than zero) in the consumer price index-u for the 12 months  
5 ending with the September preceding each November 1, whichever  
6 is less, of the originally granted survivor's annuity. If the  
7 annual unadjusted percentage change in the consumer price  
8 index-u for the 12 months ending with the September preceding  
9 each November 1 is zero or there is a decrease, then the  
10 annuity shall not be increased.

11 (g) The benefits in Section 14-110 apply only if the  
12 person is a State policeman, a fire fighter in the fire  
13 protection service of a department, a conservation police  
14 officer, an investigator for the Secretary of State, an arson  
15 investigator, a Commerce Commission police officer,  
16 investigator for the Department of Revenue or the Illinois  
17 Gaming Board, a security employee of the Department of  
18 Corrections or the Department of Juvenile Justice, or a  
19 security employee of the Department of Innovation and  
20 Technology, as those terms are defined in subsection (b) and  
21 subsection (c) of Section 14-110. A person who meets the  
22 requirements of this Section is entitled to an annuity  
23 calculated under the provisions of Section 14-110, in lieu of  
24 the regular or minimum retirement annuity, only if the person  
25 has withdrawn from service with not less than 20 years of  
26 eligible creditable service and has attained age 60,

1 regardless of whether the attainment of age 60 occurs while  
2 the person is still in service.

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

17 If a person who first becomes a member of a retirement  
18 system or pension fund subject to this Section on or after  
19 January 1, 2012 and is receiving a retirement annuity or  
20 retirement pension under that system or fund and accepts on a  
21 contractual basis a position to provide services to a  
22 governmental entity from which he or she has retired, then  
23 that person's annuity or retirement pension earned as an  
24 active employee of the employer shall be suspended during that  
25 contractual service. A person receiving an annuity or  
26 retirement pension under this Code shall notify the pension

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

10 (i) (Blank).

11 (j) In the case of a conflict between the provisions of  
12 this Section and any other provision of this Code, the  
13 provisions of this Section shall control.

14 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
15 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff.  
16 5-13-22.)

17 (Text of Section from P.A. 102-956)

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

19 (a) The provisions of this Section apply to a person who,  
20 on or after January 1, 2011, first becomes a member or a  
21 participant under any reciprocal retirement system or pension  
22 fund established under this Code, other than a retirement  
23 system or pension fund established under Article 2, 3, 4, 5, 6,  
24 7, 15, or 18 of this Code, notwithstanding any other provision  
25 of this Code to the contrary, but do not apply to any



1 self-managed plan established under this Code or to any  
2 participant of the retirement plan established under Section  
3 22-101; except that this Section applies to a person who  
4 elected to establish alternative credits by electing in  
5 writing after January 1, 2011, but before August 8, 2011,  
6 under Section 7-145.1 of this Code. Notwithstanding anything  
7 to the contrary in this Section, for purposes of this Section,  
8 a person who is a Tier 1 regular employee as defined in Section  
9 7-109.4 of this Code or who participated in a retirement  
10 system under Article 15 prior to January 1, 2011 shall be  
11 deemed a person who first became a member or participant prior  
12 to January 1, 2011 under any retirement system or pension fund  
13 subject to this Section. The changes made to this Section by  
14 Public Act 98-596 are a clarification of existing law and are  
15 intended to be retroactive to January 1, 2011 (the effective  
16 date of Public Act 96-889), notwithstanding the provisions of  
17 Section 1-103.1 of this Code.

18 The provisions of this Section do not apply to service  
19 under a Tier 3 plan established under Article 14, 15, or 16 of  
20 this Code.

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

1 Article.

2 This Section does not apply to a person who first becomes a  
3 member or participant under Article 16 on or after the  
4 implementation date of the plan created under Section 1-161  
5 for that Article, unless that person elects under subsection  
6 (b) of Section 1-161 to instead receive the benefits provided  
7 under this Section and the applicable provisions of that  
8 Article.

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

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

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

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

6 (1) (Blank).

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

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

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

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

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

16 A member of the Teachers' Retirement System of the State  
17 of Illinois who retires on or after June 1, 2021 and for whom  
18 the 2020-2021 school year is used in the calculation of the  
19 member's final average salary shall use the higher of the  
20 following for the purpose of determining the member's final  
21 average salary:

22 (A) the amount otherwise calculated under the first  
23 paragraph of this subsection; or

24 (B) an amount calculated by the Teachers' Retirement  
25 System of the State of Illinois using the average of the  
26 monthly (or annual) salary obtained by dividing the total

1 salary or earnings calculated under Article 16 applicable  
2 to the member or participant during the 96 months (or 8  
3 years) of service within the last 120 months (or 10 years)  
4 of service in which the total salary or earnings  
5 calculated under the Article was the highest by the number  
6 of months (or years) of service in that period.

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

18 For the purposes of this Section, "consumer price index-u"  
19 means the index published by the Bureau of Labor Statistics of  
20 the United States Department of Labor that measures the  
21 average change in prices of goods and services purchased by  
22 all urban consumers, United States city average, all items,  
23 1982-84 = 100. The new amount resulting from each annual  
24 adjustment shall be determined by the Public Pension Division  
25 of the Department of Insurance and made available to the  
26 boards of the retirement systems and pension funds by November

1 1 of each year.

2 (c) A member or participant is entitled to a retirement  
3 annuity upon written application if he or she has attained age  
4 67 (age 65, with respect to service under Article 12 that is  
5 subject to this Section, for a member or participant under  
6 Article 12 who first becomes a member or participant under  
7 Article 12 on or after January 1, 2022 or who makes the  
8 election under item (i) of subsection (d-15) of this Section)  
9 and has at least 10 years of service credit and is otherwise  
10 eligible under the requirements of the applicable Article.

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

21 (c-5) A person who first becomes a member or a participant  
22 subject to this Section on or after July 6, 2017 (the effective  
23 date of Public Act 100-23), notwithstanding any other  
24 provision of this Code to the contrary, is entitled to a  
25 retirement annuity under Article 8 or Article 11 upon written  
26 application if he or she has attained age 65 and has at least

1 10 years of service credit and is otherwise eligible under the  
2 requirements of Article 8 or Article 11 of this Code,  
3 whichever is applicable.

4 (d) The retirement annuity of a member or participant who  
5 is retiring after attaining age 62 (age 60, with respect to  
6 service under Article 12 that is subject to this Section, for a  
7 member or participant under Article 12 who first becomes a  
8 member or participant under Article 12 on or after January 1,  
9 2022 or who makes the election under item (i) of subsection  
10 (d-15) of this Section) with at least 10 years of service  
11 credit shall be reduced by one-half of 1% for each full month  
12 that the member's age is under age 67 (age 65, with respect to  
13 service under Article 12 that is subject to this Section, for a  
14 member or participant under Article 12 who first becomes a  
15 member or participant under Article 12 on or after January 1,  
16 2022 or who makes the election under item (i) of subsection  
17 (d-15) of this Section).

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

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

1 either:

2 (i) to be eligible for the reduced retirement age  
3 provided in subsections (c-5) and (d-5) of this Section,  
4 the eligibility for which is conditioned upon the member  
5 or participant agreeing to the increases in employee  
6 contributions for age and service annuities provided in  
7 subsection (a-5) of Section 8-174 of this Code (for  
8 service under Article 8) or subsection (a-5) of Section  
9 11-170 of this Code (for service under Article 11); or

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

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

25 (d-15) Each person who first becomes a member or  
26 participant under Article 12 on or after January 1, 2011 and

1 prior to January 1, 2022 shall make an irrevocable election  
2 either:

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

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

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

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



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

19 For the purposes of Section 1-103.1 of this Code, the  
20 changes made to this Section by Public Act 102-263 are  
21 applicable without regard to whether the employee was in  
22 active service on or after August 6, 2021 (the effective date  
23 of Public Act 102-263).

24 For the purposes of Section 1-103.1 of this Code, the  
25 changes made to this Section by Public Act 100-23 are  
26 applicable without regard to whether the employee was in

1 active service on or after July 6, 2017 (the effective date of  
2 Public Act 100-23).

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

1 index-u for the 12 months ending with the September preceding  
2 each November 1 is zero or there is a decrease, then the  
3 annuity shall not be increased.

4 (g) The benefits in Section 14-110 apply only if the  
5 person is a State policeman, a fire fighter in the fire  
6 protection service of a department, a conservation police  
7 officer, an investigator for the Secretary of State, an  
8 investigator for the Office of the Attorney General, an arson  
9 investigator, a Commerce Commission police officer,  
10 investigator for the Department of Revenue or the Illinois  
11 Gaming Board, a security employee of the Department of  
12 Corrections or the Department of Juvenile Justice, or a  
13 security employee of the Department of Innovation and  
14 Technology, as those terms are defined in subsection (b) and  
15 subsection (c) of Section 14-110. A person who meets the  
16 requirements of this Section is entitled to an annuity  
17 calculated under the provisions of Section 14-110, in lieu of  
18 the regular or minimum retirement annuity, only if the person  
19 has withdrawn from service with not less than 20 years of  
20 eligible creditable service and has attained age 60,  
21 regardless of whether the attainment of age 60 occurs while  
22 the person is still in service.

23 (h) If a person who first becomes a member or a participant  
24 of a retirement system or pension fund subject to this Section  
25 on or after January 1, 2011 is receiving a retirement annuity  
26 or retirement pension under that system or fund and becomes a

1 member or participant under any other system or fund created  
2 by this Code and is employed on a full-time basis, except for  
3 those members or participants exempted from the provisions of  
4 this Section under subsection (a) of this Section, then the  
5 person's retirement annuity or retirement pension under that  
6 system or fund shall be suspended during that employment. Upon  
7 termination of that employment, the person's retirement  
8 annuity or retirement pension payments shall resume and be  
9 recalculated if recalculation is provided for under the  
10 applicable Article of this Code.

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

1 contractual employment, the person's retirement annuity or  
2 retirement pension payments shall resume and, if appropriate,  
3 be recalculated under the applicable provisions of this Code.

4 (i) (Blank).

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

8 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
9 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-956, eff.  
10 5-27-22.)

11 (40 ILCS 5/1-161)

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

14 (a) Notwithstanding any other provision of this Code to  
15 the contrary, the provisions of this Section apply to a person  
16 who first becomes a member or a participant under Article 14,  
17 15, or 16 on or after the implementation date under this  
18 Section for the applicable Article and who does not make the  
19 election under subsection (b) or (c), whichever applies. The  
20 provisions of this Section also apply to a person who makes the  
21 election under subsection (c-5). However, the provisions of  
22 this Section do not apply to any participant in a self-managed  
23 plan, nor to a covered employee under Article 14. The  
24 provisions of this Section do not apply to service under a Tier  
25 3 plan established under Article 14, 15, or 16 of this Code.

1           As used in this Section and Section 1-160, the  
2 "implementation date" under this Section means the earliest  
3 date upon which the board of a retirement system authorizes  
4 members of that system to begin participating in accordance  
5 with this Section, as determined by the board of that  
6 retirement system. Each of the retirement systems subject to  
7 this Section shall endeavor to make such participation  
8 available as soon as possible after the effective date of this  
9 Section and shall establish an implementation date by board  
10 resolution.

11           (b) In lieu of the benefits provided under this Section, a  
12 member or participant, except for a participant under Article  
13 15, may irrevocably elect the benefits under Section 1-160 and  
14 the benefits otherwise applicable to that member or  
15 participant. The election must be made within 30 days after  
16 becoming a member or participant. Each retirement system shall  
17 establish procedures for making this election.

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

23           (c-5) A non-covered participant under Article 14 to whom  
24 Section 1-160 applies, a Tier 2 member under Article 15, or a  
25 participant under Article 16 to whom Section 1-160 applies may  
26 irrevocably elect to receive the benefits under this Section

1 in lieu of the benefits under Section 1-160 or the benefits  
2 otherwise available to a Tier 2 member under Article 15,  
3 whichever is applicable. Each retirement System shall  
4 establish procedures for making this election.

5 (d) "Final average salary" means the average monthly (or  
6 annual) salary obtained by dividing the total salary or  
7 earnings calculated under the Article applicable to the member  
8 or participant during the last 120 months (or 10 years) of  
9 service in which the total salary or earnings calculated under  
10 the applicable Article was the highest by the number of months  
11 (or years) of service in that period. For the purposes of a  
12 person to whom this Section applies, in this Code, "final  
13 average salary" shall be substituted for "final average  
14 compensation" in Article 14.

15 (e) Beginning on the implementation date, for all purposes  
16 under this Code (including without limitation the calculation  
17 of benefits and employee contributions), the annual earnings,  
18 salary, compensation, or wages (based on the plan year) of a  
19 member or participant to whom this Section applies shall not  
20 at any time exceed the federal Social Security Wage Base then  
21 in effect.

22 (f) A member or participant is entitled to a retirement  
23 annuity upon written application if he or she has attained the  
24 normal retirement age determined by the Social Security  
25 Administration for that member or participant's year of birth,  
26 but no earlier than 67 years of age, and has at least 10 years

1 of service credit and is otherwise eligible under the  
2 requirements of the applicable Article.

3 (g) The amount of the retirement annuity to which a member  
4 or participant is entitled shall be computed by multiplying  
5 1.25% for each year of service credit by his or her final  
6 average salary.

7 (h) Any retirement annuity or supplemental annuity shall  
8 be subject to annual increases on the first anniversary of the  
9 annuity start date. Each annual increase shall be one-half the  
10 annual unadjusted percentage increase (but not less than zero)  
11 in the consumer price index-w for the 12 months ending with the  
12 September preceding each November 1 of the originally granted  
13 retirement annuity. If the annual unadjusted percentage change  
14 in the consumer price index-w for the 12 months ending with the  
15 September preceding each November 1 is zero or there is a  
16 decrease, then the annuity shall not be increased.

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



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

13           (j) In lieu of any other employee contributions, except  
14 for the contribution to the defined contribution plan under  
15 subsection (k) of this Section, each employee shall contribute  
16 6.2% of his her or salary to the retirement system. However,  
17 the employee contribution under this subsection shall not  
18 exceed the amount of the total normal cost of the benefits for  
19 all members making contributions under this Section (except  
20 for the defined contribution plan under subsection (k) of this  
21 Section), expressed as a percentage of payroll and certified  
22 on or before January 15 of each year by the board of trustees  
23 of the retirement system. If the board of trustees of the  
24 retirement system certifies that the 6.2% employee  
25 contribution rate exceeds the normal cost of the benefits  
26 under this Section (except for the defined contribution plan

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

20 (k) In accordance with each retirement system's  
21 implementation date, each retirement system under Article 14,  
22 15, or 16 shall prepare and implement a defined contribution  
23 plan for members or participants who are subject to this  
24 Section. The defined contribution plan developed under this  
25 subsection shall be a plan that aggregates employer and  
26 employee contributions in individual participant accounts

1 which, after meeting any other requirements, are used for  
2 payouts after retirement in accordance with this subsection  
3 and any other applicable laws.

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

7 (2) For each participant in the defined contribution  
8 plan who has been employed with the same employer for at  
9 least one year, employer contributions shall be paid into  
10 that participant's accounts at a rate expressed as a  
11 percentage of salary. This rate may be set for individual  
12 employees, but shall be no higher than 6% of salary and  
13 shall be no lower than 2% of salary.

14 (3) Employer contributions shall vest when those  
15 contributions are paid into a member's or participant's  
16 account.

17 (4) The defined contribution plan shall provide a  
18 variety of options for investments. These options shall  
19 include investments handled by the Illinois State Board of  
20 Investment as well as private sector investment options.

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

24 (6) To the extent authorized under federal law and as  
25 authorized by the retirement system, the defined  
26 contribution plan shall allow former participants in the

1 plan to transfer or roll over employee and employer  
2 contributions, and the earnings thereon, into other  
3 qualified retirement plans.

4 (7) Each retirement system shall reduce the employee  
5 contributions credited to the member's defined  
6 contribution plan account by an amount determined by that  
7 retirement system to cover the cost of offering the  
8 benefits under this subsection and any applicable  
9 administrative fees.

10 (8) No person shall begin participating in the defined  
11 contribution plan until it has attained qualified plan  
12 status and received all necessary approvals from the U.S.  
13 Internal Revenue Service.

14 (1) In the case of a conflict between the provisions of  
15 this Section and any other provision of this Code, the  
16 provisions of this Section shall control.

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

18 (40 ILCS 5/2-105.3 new)

19 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier  
20 3 participant.

21 "Tier 1 participant": A participant who first became a  
22 participant before January 1, 2011.

23 In the case of a Tier 1 participant who elects to  
24 participate in the Tier 3 plan under Section 2-165.5 of this  
25 Code, that participant shall be deemed a Tier 1 participant

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

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

5 In the case of a Tier 2 participant who elects to  
6 participate in the Tier 3 plan under Section 2-165.5 of this  
7 Code, that Tier 2 member shall be deemed a Tier 2 member only  
8 with respect to service performed or established before the  
9 effective date of that election.

10 "Tier 3 participant": A participant who first becomes a  
11 participant on or after July 1, 2024 or a Tier 1 or Tier 2  
12 participant who elects to participate in the Tier 3 plan under  
13 Section 2-165.5 of this Code, but only with respect to service  
14 performed on or after the effective date of that election.

15 (40 ILCS 5/2-162)

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

18 Sec. 2-162. Application and expiration of new benefit  
19 increases.

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

1 increase", however, does not include any benefit increase  
2 resulting from the changes made to this Article by this  
3 amendatory Act of the 103rd General Assembly.

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

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

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

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

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

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

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

20 (40 ILCS 5/2-165.5 new)

21 Sec. 2-165.5. Tier 3 plan.

22 (a) By July 1, 2024, the System shall prepare and  
23 implement a Tier 3 plan. The Tier 3 plan developed under this  
24 Section shall be a plan that aggregates State and employee  
25 contributions in individual participant accounts that, after

1 meeting any other requirements, are used for payouts after  
2 retirement in accordance with this Section and any other  
3 applicable laws. In developing, preparing, and implementing  
4 the Tier 3 plan and adopting rules concerning the Tier 3 plan,  
5 the System shall utilize the framework of the self-managed  
6 plan offered under Article 15 and shall endeavor to adapt the  
7 benefits and structure of the self-managed plan. The System  
8 shall consult with the State Universities Retirement System in  
9 developing the Tier 3 plan.

10 As used in this Section, "defined benefit plan" means the  
11 retirement plan available under this Article to Tier 1 or Tier  
12 2 participants who have not made the election authorized under  
13 this Section.

14 (1) All persons who begin to participate in this  
15 System on or after July 1, 2024 shall participate in the  
16 Tier 3 plan rather than the defined benefit plan.

17 (2) A participant in the Tier 3 plan shall pay  
18 employee contributions at a rate of 8% of salary.

19 (3) State contributions shall be paid into the  
20 accounts of all participants in the Tier 3 plan at a rate  
21 of 7.6% of salary.

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



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

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

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

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

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

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

1       benefit plan.

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

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

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

13       (c) In no event shall the System, its staff, its  
14 authorized representatives, or the Board be liable for any  
15 information given to an employee under this Section. The  
16 System may coordinate with the Illinois Department of Central  
17 Management Services and other retirement systems administering  
18 a Tier 3 plan in accordance with this amendatory Act of the  
19 103rd General Assembly to provide information concerning the  
20 impact of the Tier 3 plan set forth in this Section.

21       (c-5) The System shall solicit proposals to provide  
22 administrative services and funding vehicles for the Tier 3  
23 plan from insurance and annuity companies and mutual fund  
24 companies, banks, trust companies, or other financial  
25 institutions authorized to do business in this State. In  
26 reviewing the proposals received and approving and contracting

1 with no fewer than 2 and no more than 7 companies, the Board of  
2 Trustees of the System shall consider, among other things, the  
3 following criteria:

4 (1) the nature and extent of the benefits that would  
5 be provided to the participants;

6 (2) the reasonableness of the benefits in relation to  
7 the premium charged;

8 (3) the suitability of the benefits to the needs and  
9 interests of the participating employees and the employer;

10 (4) the ability of the company to provide benefits  
11 under the contract and the financial stability of the  
12 company; and

13 (5) the efficacy of the contract in the recruitment  
14 and retention of employees.

15 The System shall periodically review each approved  
16 company. A company may continue to provide administrative  
17 services and funding vehicles for the Tier 3 plan only so long  
18 as it continues to be an approved company under contract with  
19 the Board.

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

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

1 participants about the plan, to the Governor and the General  
2 Assembly on or before January 15, 2024.

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

6 (40 ILCS 5/14-103.41)

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

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

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

19 (40 ILCS 5/14-103.44 new)

20 Sec. 14-103.44. Tier 2 member. "Tier 2 member": A member  
21 of this System who first becomes a member under this Article on  
22 or after January 1, 2011 and who is not a Tier 1 member.

23 In the case of a Tier 2 member who elects to participate in  
24 the Tier 3 plan under Section 14-155.5 of this Code, that Tier

1 2 member shall be deemed a Tier 2 member only with respect to  
2 service performed or established before the effective date of  
3 that election.

4 (40 ILCS 5/14-103.45 new)

5 Sec. 14-103.45. Tier 3 member. "Tier 3 member": A member  
6 of this System who first becomes a member on or after July 1,  
7 2024 or a Tier 1 or Tier 2 member who elects to participate in  
8 the Tier 3 plan under Section 14-155.5 of this Code, but only  
9 with respect to service performed on or after the effective  
10 date of that election.

11 (40 ILCS 5/14-152.1)

12 Sec. 14-152.1. Application and expiration of new benefit  
13 increases.

14 (a) As used in this Section, "new benefit increase" means  
15 an increase in the amount of any benefit provided under this  
16 Article, or an expansion of the conditions of eligibility for  
17 any benefit under this Article, that results from an amendment  
18 to this Code that takes effect after June 1, 2005 (the  
19 effective date of Public Act 94-4). "New benefit increase",  
20 however, does not include any benefit increase resulting from  
21 the changes made to Article 1 or this Article by Public Act  
22 96-37, Public Act 100-23, Public Act 100-587, Public Act  
23 100-611, Public Act 101-10, Public Act 101-610, Public Act  
24 102-210, Public Act 102-856, Public Act 102-956, or this

1 amendatory Act of the 103rd General Assembly ~~this amendatory~~  
2 ~~Act of the 102nd General Assembly.~~

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

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

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

1 made.

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

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

18 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
19 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff.  
20 1-1-23; 102-956, eff. 5-27-22.)

21 (40 ILCS 5/14-155.5 new)

22 Sec. 14-155.5. Tier 3 plan.

23 (a) By July 1, 2024, the System shall prepare and  
24 implement a Tier 3 plan. The Tier 3 plan developed under this  
25 Section shall be a plan that aggregates State and employee



1 contributions in individual participant accounts that, after  
2 meeting any other requirements, are used for payouts after  
3 retirement in accordance with this Section and any other  
4 applicable laws. In developing, preparing, and implementing  
5 the Tier 3 plan and adopting rules concerning the Tier 3 plan,  
6 the System shall utilize the framework of the self-managed  
7 plan offered under Article 15 and shall endeavor to adapt the  
8 benefits and structure of the self-managed plan. The System  
9 shall consult with the State Universities Retirement System in  
10 developing the Tier 3 plan.

11 As used in this Section, "defined benefit plan" means the  
12 retirement plan available under this Article to Tier 1 or Tier  
13 2 members who have not made the election authorized under this  
14 Section.

15 (1) All persons who begin to participate in this  
16 System on or after July 1, 2024 shall participate in the  
17 Tier 3 plan rather than the defined benefit plan.

18 (2) A non-covered employee who participates in the  
19 Tier 3 plan shall pay employee contributions at a rate of  
20 8% of compensation. A covered employee who participates in  
21 the Tier 3 plan shall pay employee contributions at a rate  
22 of 3% of compensation.

23 (3) State contributions shall be paid into the  
24 accounts of non-covered employees who participate in the  
25 Tier 3 plan at a rate of 7.6% of compensation, less the  
26 amount determined annually by the Board to cover the cost

1 of offering the defined disability benefits available to  
2 other participants under this Article if the Tier 3 plan  
3 offers such benefits. State contributions shall be paid  
4 into the accounts of covered employees who participate in  
5 the Tier 3 plan at a rate of 3% of compensation.

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

11 (5) The Tier 3 plan may provide for participants in  
12 the plan to be eligible for the defined disability  
13 benefits available to other participants under this  
14 Article. If it does, for non-covered employees, the System  
15 shall reduce the State contributions credited to the  
16 member's Tier 3 plan account by an amount, not to exceed 1%  
17 of compensation, determined annually by the Board to cover  
18 the cost of offering such benefits. For covered employees,  
19 the State shall contribute an amount, not to exceed 1% of  
20 compensation, determined annually by the Board to cover  
21 the cost of offering such benefits, which is in addition  
22 to the 3% State contribution credited to the member's Tier  
23 3 plan account.

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

1 as private sector investment options.

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

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

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

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

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

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

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

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

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

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

8 (c) In no event shall the System, its staff, its  
9 authorized representatives, or the Board be liable for any  
10 information given to an employee under this Section. The  
11 System may coordinate with the Illinois Department of Central  
12 Management Services and other retirement systems administering  
13 a Tier 3 plan in accordance with this amendatory Act of the  
14 103rd General Assembly to provide information concerning the  
15 impact of the Tier 3 plan set forth in this Section.

16 (c-5) The System shall solicit proposals to provide  
17 administrative services and funding vehicles for the Tier 3  
18 plan from insurance and annuity companies and mutual fund  
19 companies, banks, trust companies, or other financial  
20 institutions authorized to do business in this State. In  
21 reviewing the proposals received and approving and contracting  
22 with no fewer than 2 and no more than 7 companies, the Board of  
23 Trustees of the System shall consider, among other things, the  
24 following criteria:

25 (1) the nature and extent of the benefits that would  
26 be provided to the participants;

1           (2) the reasonableness of the benefits in relation to  
2           the premium charged;

3           (3) the suitability of the benefits to the needs and  
4           interests of the participating employees and the employer;

5           (4) the ability of the company to provide benefits  
6           under the contract and the financial stability of the  
7           company; and

8           (5) the efficacy of the contract in the recruitment  
9           and retention of employees.

10          The System shall periodically review each approved  
11          company. A company may continue to provide administrative  
12          services and funding vehicles for the Tier 3 plan only so long  
13          as it continues to be an approved company under contract with  
14          the Board.

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

19          (e) The System shall report on its progress under this  
20          Section, including the available details of the Tier 3 plan  
21          and the System's plans for informing eligible Tier 1 and Tier 2  
22          members about the plan, to the Governor and the General  
23          Assembly on or before January 15, 2024.

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

1 (40 ILCS 5/15-108.1)

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

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

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

19 (40 ILCS 5/15-108.2)

20 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person  
21 who first becomes a participant under this Article on or after  
22 January 1, 2011 and before the implementation date, as defined  
23 under subsection (a) of Section 1-161, determined by the  
24 Board, other than a person in the self-managed plan

1 established under Section 15-158.2 or a person who makes the  
2 election under subsection (c) of Section 1-161, unless the  
3 person is otherwise a Tier 1 member. The changes made to this  
4 Section by this amendatory Act of the 98th General Assembly  
5 are a correction of existing law and are intended to be  
6 retroactive to the effective date of Public Act 96-889,  
7 notwithstanding the provisions of Section 1-103.1 of this  
8 Code.

9 In the case of a Tier 2 member who elects to participate in  
10 the Tier 3 plan under Section 15-200.5 of this Code, that Tier  
11 2 member shall be deemed a Tier 2 member only with respect to  
12 service performed or established before the effective date of  
13 that election.

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

15 (40 ILCS 5/15-108.3 new)

16 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A person  
17 who first becomes a participant under this Article on or after  
18 July 1, 2024 or a Tier 1 or Tier 2 member who elects to  
19 participate in the Tier 3 plan under Section 15-200.5 of this  
20 Code, but only with respect to service performed on or after  
21 the effective date of that election.

22 (40 ILCS 5/15-198)

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



1           (a) As used in this Section, "new benefit increase" means  
2 an increase in the amount of any benefit provided under this  
3 Article, or an expansion of the conditions of eligibility for  
4 any benefit under this Article, that results from an amendment  
5 to this Code that takes effect after June 1, 2005 (the  
6 effective date of Public Act 94-4). "New benefit increase",  
7 however, does not include any benefit increase resulting from  
8 the changes made to Article 1 or this Article by Public Act  
9 100-23, Public Act 100-587, Public Act 100-769, Public Act  
10 101-10, Public Act 101-610, Public Act 102-16, or this  
11 amendatory Act of the 103rd General Assembly ~~or this~~  
12 ~~amendatory Act of the 102nd General Assembly.~~

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

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

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

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

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

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

1 benefit increase was in effect.

2 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
3 101-610, eff. 1-1-20; 102-16, eff. 6-17-21.)

4 (40 ILCS 5/15-200.5 new)

5 Sec. 15-200.5. Tier 3 plan.

6 (a) By July 1, 2024, the System shall prepare and  
7 implement a Tier 3 plan. The Tier 3 plan developed under this  
8 Section shall be a plan that aggregates State and employee  
9 contributions in individual participant accounts that, after  
10 meeting any other requirements, are used for payouts after  
11 retirement in accordance with this Section and any other  
12 applicable laws. In developing, preparing, and implementing  
13 the Tier 3 plan and adopting rules concerning the Tier 3 plan,  
14 the System shall utilize the framework of the self-managed  
15 plan and shall endeavor to adapt the benefits and structure of  
16 the self-managed plan.

17 As used in this Section, "defined benefit plan" means the  
18 traditional benefit package or the portable benefit package  
19 available under this Article to Tier 1 or Tier 2 members who  
20 have not made the election authorized under this Section and  
21 do not participate in the self-managed plan under Section  
22 15-158.2.

23 (1) All persons who begin to participate in this  
24 System on or after July 1, 2024 shall participate in the  
25 Tier 3 plan rather than the defined benefit plan or the

1 self-managed plan under Section 15-158.2.

2 (2) A participant in the Tier 3 plan shall pay  
3 employee contributions at a rate of 8% of earnings.

4 (3) State contributions shall be paid into the  
5 accounts of all participants in the Tier 3 plan at a rate  
6 of 7.6% of earnings, less the amount determined annually  
7 by the Board to cover the cost of offering the defined  
8 disability benefits available to other participants under  
9 this Article if the Tier 3 plan offers such benefits.

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

15 (5) The Tier 3 plan may provide for participants in  
16 the plan to be eligible for the defined disability  
17 benefits available to other participants under this  
18 Article. If it does, the System shall reduce the employee  
19 contributions credited to the member's Tier 3 plan account  
20 by an amount, not to exceed 1% of earnings, determined  
21 annually by the Board to cover the cost of offering such  
22 benefits.

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

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

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

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

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

26           (1) Service credit under the Tier 3 plan may be used

1       for determining retirement eligibility under the defined  
2       benefit plan.

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

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

1 organizations, private counsel, and financial advisors.

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

14 (c) In no event shall the System, its staff, its  
15 authorized representatives, or the Board be liable for any  
16 information given to an employee under this Section. The  
17 System may coordinate with the Illinois Department of Central  
18 Management Services and other retirement systems administering  
19 a Tier 3 plan in accordance with this amendatory Act of the  
20 103rd General Assembly to provide information concerning the  
21 impact of the Tier 3 plan set forth in this Section.

22 (c-5) The System, in consultation with the employers,  
23 shall solicit proposals to provide administrative services and  
24 funding vehicles for the Tier 3 plan from insurance and  
25 annuity companies and mutual fund companies, banks, trust  
26 companies, or other financial institutions authorized to do

1 business in this State. In reviewing the proposals received  
2 and approving and contracting with no fewer than 2 and no more  
3 than 7 companies, the Board of Trustees of the System shall  
4 consider, among other things, the following criteria:

5 (1) the nature and extent of the benefits that would  
6 be provided to the participants;

7 (2) the reasonableness of the benefits in relation to  
8 the premium charged;

9 (3) the suitability of the benefits to the needs and  
10 interests of the participating employees and the employer;

11 (4) the ability of the company to provide benefits  
12 under the contract and the financial stability of the  
13 company; and

14 (5) the efficacy of the contract in the recruitment  
15 and retention of employees.

16 The System, in consultation with the employers, shall  
17 periodically review each approved company. A company may  
18 continue to provide administrative services and funding  
19 vehicles for the Tier 3 plan only so long as it continues to be  
20 an approved company under contract with the Board.

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

25 (e) The System shall report on its progress under this  
26 Section, including the available details of the Tier 3 plan



1 and the System's plans for informing eligible Tier 1 and Tier 2  
2 members about the plan, to the Governor and the General  
3 Assembly on or before January 15, 2024.

4 (40 ILCS 5/16-106.41)

5 Sec. 16-106.41. Tier 1 member. "Tier 1 member": A member  
6 under this Article who first became a member or participant  
7 before January 1, 2011 under any reciprocal retirement system  
8 or pension fund established under this Code other than a  
9 retirement system or pension fund established under Article 2,  
10 3, 4, 5, 6, or 18 of this Code.

11 In the case of a Tier 1 member who elects to participate in  
12 the Tier 3 plan under Section 16-205.5 of this Code, that Tier  
13 1 member shall be deemed a Tier 1 member only with respect to  
14 service performed or established before the effective date of  
15 that election.

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

17 (40 ILCS 5/16-106.42 new)

18 Sec. 16-106.42. Tier 2 member. "Tier 2 member": A member  
19 of the System who first becomes a member under this Article on  
20 or after January 1, 2011 and who is not a Tier 1 member.

21 In the case of a Tier 2 member who elects to participate in  
22 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2  
23 member shall be deemed a Tier 2 member only with respect to  
24 service performed or established before the effective date of

1 that election.

2 (40 ILCS 5/16-106.43 new)

3 Sec. 16-106.43. Tier 3 member. "Tier 3 member": A member  
4 of the System who first becomes a member under this Article on  
5 or after July 1, 2024 or a Tier 1 or Tier 2 member who elects  
6 to participate in the Tier 3 plan under Section 16-205.5 of  
7 this Code, but only with respect to service performed on or  
8 after the effective date of that election.

9 (40 ILCS 5/16-203)

10 Sec. 16-203. Application and expiration of new benefit  
11 increases.

12 (a) As used in this Section, "new benefit increase" means  
13 an increase in the amount of any benefit provided under this  
14 Article, or an expansion of the conditions of eligibility for  
15 any benefit under this Article, that results from an amendment  
16 to this Code that takes effect after June 1, 2005 (the  
17 effective date of Public Act 94-4). "New benefit increase",  
18 however, does not include any benefit increase resulting from  
19 the changes made to Article 1 or this Article by Public Act  
20 95-910, Public Act 100-23, Public Act 100-587, Public Act  
21 100-743, Public Act 100-769, Public Act 101-10, Public Act  
22 101-49, Public Act 102-16, Public Act 102-871, or this  
23 amendatory Act of the 103rd General Assembly ~~Public Act 102-16~~  
24 ~~this amendatory Act of the 102nd General Assembly.~~

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

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

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

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

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

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

16 (Source: P.A. 101-10, eff. 6-5-19; 101-49, eff. 7-12-19;  
17 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-558, eff.  
18 8-20-21; 102-813, eff. 5-13-22; 102-871, eff. 5-13-22; revised  
19 7-26-22.)

20 (40 ILCS 5/16-205.5 new)

21 Sec. 16-205.5. Tier 3 plan.

22 (a) By July 1, 2024, the System shall prepare and  
23 implement a Tier 3 plan. The Tier 3 plan developed under this  
24 Section shall be a plan that aggregates State and employee  
25 contributions in individual participant accounts that, after

1 meeting any other requirements, are used for payouts after  
2 retirement in accordance with this Section and any other  
3 applicable laws. In developing, preparing, and implementing  
4 the Tier 3 plan and adopting rules concerning the Tier 3 plan,  
5 the System shall utilize the framework of the self-managed  
6 plan offered under Article 15 and shall endeavor to adapt the  
7 benefits and structure of the self-managed plan. The System  
8 shall consult with the State Universities Retirement System in  
9 developing the Tier 3 plan.

10 As used in this Section, "defined benefit plan" means the  
11 retirement plan available under this Article to Tier 1 or Tier  
12 2 members who have not made the election authorized under this  
13 Section.

14 (1) All persons who begin to participate in this  
15 System on or after July 1, 2024 shall participate in the  
16 Tier 3 plan rather than the defined benefit plan.

17 (2) A participant in the Tier 3 plan shall pay  
18 employee contributions at a rate of 8% of salary.

19 (3) State contributions shall be paid into the  
20 accounts of all participants in the Tier 3 plan at a rate  
21 of 7.6% of salary, less the amount determined annually by  
22 the Board to cover the cost of offering the defined  
23 disability benefits available to other participants under  
24 this Article if the Tier 3 plan offers such benefits.

25 (4) The Tier 3 plan shall require 5 years of  
26 participation in the Tier 3 plan before vesting in State

1 contributions. If the participant fails to vest in them,  
2 the State contributions, and the earnings thereon, shall  
3 be forfeited.

4 (5) The Tier 3 plan may provide for participants in  
5 the plan to be eligible for the defined disability  
6 benefits available to other participants under this  
7 Article. If it does, the System shall reduce the employee  
8 contributions credited to the member's Tier 3 plan account  
9 by an amount, not to exceed 1% of salary, determined  
10 annually by the Board to cover the cost of offering such  
11 benefits.

12 (6) The Tier 3 plan shall provide a variety of options  
13 for investments. These options shall include investments  
14 in a fund created by the System and managed in accordance  
15 with legal and fiduciary standards, as well as investment  
16 options otherwise available.

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

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

26 (9) The System shall reduce the employee contributions

1 credited to the member's Tier 3 plan account by an amount  
2 determined by the System to cover the cost of offering  
3 these benefits and any applicable administrative fees.

4 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
5 member of this System may elect, in writing, to cease accruing  
6 benefits in the defined benefit plan and begin accruing  
7 benefits for future service in the Tier 3 plan. An active Tier  
8 1 or Tier 2 member who elects to cease accruing benefits in his  
9 or her defined benefit plan shall be prohibited from  
10 purchasing service credit on or after the date of his or her  
11 election. A Tier 1 or Tier 2 member making the irrevocable  
12 election provided under this subsection shall not receive  
13 interest accruals to his or her benefit under paragraph (A) of  
14 subsection (a) of Section 16-133 of this Code on or after the  
15 date of his or her election. The election to participate in the  
16 Tier 3 plan is voluntary and irrevocable.

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

20 (2) The System shall make a good faith effort to  
21 contact all active Tier 1 and Tier 2 members who are  
22 eligible to participate in the Tier 3 plan. The System  
23 shall mail information describing the option to join the  
24 Tier 3 plan to each of these employees to his or her last  
25 known address on file with the System. If the employee is  
26 not responsive to other means of contact, it is sufficient

1 for the System to publish the details of the option on its  
2 website.

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

19 (b-5) A Tier 1 or Tier 2 member who elects to participate  
20 in the Tier 3 plan may irrevocably elect to terminate all  
21 participation in the defined benefit plan. Upon that election,  
22 the System shall transfer to the member's individual account  
23 an amount equal to the amount of contribution refund that the  
24 member would be eligible to receive if the member terminated  
25 employment on that date and elected a refund of contributions,  
26 including regular interest for the respective years. The



1 System shall make the transfer as a tax-free transfer in  
2 accordance with Internal Revenue Service guidelines, for  
3 purposes of funding the amount credited to the member's  
4 individual account.

5 (c) In no event shall the System, its staff, its  
6 authorized representatives, or the Board be liable for any  
7 information given to an employee under this Section. The  
8 System may coordinate with the Illinois Department of Central  
9 Management Services and other retirement systems administering  
10 a Tier 3 plan in accordance with this amendatory Act of the  
11 103rd General Assembly to provide information concerning the  
12 impact of the Tier 3 plan set forth in this Section.

13 (c-5) The System, in consultation with the employers,  
14 shall solicit proposals to provide administrative services and  
15 funding vehicles for the Tier 3 plan from insurance and  
16 annuity companies and mutual fund companies, banks, trust  
17 companies, or other financial institutions authorized to do  
18 business in this State. In reviewing the proposals received  
19 and approving and contracting with no fewer than 2 and no more  
20 than 7 companies, the Board of Trustees of the System shall  
21 consider, among other things, the following criteria:

22 (1) the nature and extent of the benefits that would  
23 be provided to the participants;

24 (2) the reasonableness of the benefits in relation to  
25 the premium charged;

26 (3) the suitability of the benefits to the needs and

1 interests of the participating employees and the employer;

2 (4) the ability of the company to provide benefits  
3 under the contract and the financial stability of the  
4 company; and

5 (5) the efficacy of the contract in the recruitment  
6 and retention of employees.

7 The System, in consultation with the employers, shall  
8 periodically review each approved company. A company may  
9 continue to provide administrative services and funding  
10 vehicles for the Tier 3 plan only so long as it continues to be  
11 an approved company under contract with the Board.

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

16 (e) The System shall report on its progress under this  
17 Section, including the available details of the Tier 3 plan  
18 and the System's plans for informing eligible Tier 1 and Tier 2  
19 members about the plan, to the Governor and the General  
20 Assembly on or before January 15, 2024.

21 (40 ILCS 5/18-110.1 new)

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

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

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

5 (40 ILCS 5/18-110.2 new)

6 Sec. 18-110.2. Tier 2 participant. "Tier 2 participant":  
7 A participant who first becomes a participant of this System  
8 on or after January 1, 2011.

9 In the case of a Tier 2 participant who elects to  
10 participate in the Tier 3 plan under Section 18-121.5 of this  
11 Code, that Tier 2 participant shall be deemed a Tier 2  
12 participant only with respect to service performed or  
13 established before the effective date of that election.

14 (40 ILCS 5/18-110.3 new)

15 Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A  
16 participant who first becomes a participant of this System on  
17 or after July 1, 2024 or a Tier 1 or Tier 2 participant who  
18 elects to participate in the Tier 3 plan under Section  
19 18-121.5 of this Code, but only with respect to service  
20 performed on or after the effective date of that election.

21 (40 ILCS 5/18-121.5 new)

22 Sec. 18-121.5. Tier 3 plan.

23 (a) By July 1, 2024, the System shall prepare and

1 implement a Tier 3 plan. The Tier 3 plan developed under this  
2 Section shall be a plan that aggregates State and employee  
3 contributions in individual participant accounts that, after  
4 meeting any other requirements, are used for payouts after  
5 retirement in accordance with this Section and any other  
6 applicable laws. In developing, preparing, and implementing  
7 the Tier 3 plan and adopting rules concerning the Tier 3 plan,  
8 the System shall utilize the framework of the self-managed  
9 plan offered under Article 15 and shall endeavor to adapt the  
10 benefits and structure of the self-managed plan. The System  
11 shall consult with the State Universities Retirement System in  
12 developing the Tier 3 plan.

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

17 (1) All persons who begin to participate in this  
18 System on or after July 1, 2024 shall participate in the  
19 Tier 3 plan rather than the defined benefit plan.

20 (2) A participant in the Tier 3 plan shall pay  
21 employee contributions at a rate of 8% of salary.

22 (3) State contributions shall be paid into the  
23 accounts of all participants in the Tier 3 plan at a rate  
24 of 7.6% of salary, less the amount determined annually by  
25 the Board to cover the cost of offering the defined  
26 disability benefits available to other participants under

1 this Article if the Tier 3 plan offers such benefits.

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

7 (5) The Tier 3 plan may provide for participants in  
8 the plan to be eligible for the defined disability  
9 benefits available to other participants under this  
10 Article. If it does, the System shall reduce the employee  
11 contributions credited to the member's Tier 3 plan account  
12 by an amount, not to exceed 1% of salary, determined  
13 annually by the Board to cover the cost of offering such  
14 benefits.

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

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

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

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

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

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

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

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

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

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

1       (c) In no event shall the System, its staff, its  
2 authorized representatives, or the Board be liable for any  
3 information given to an employee under this Section. The  
4 System may coordinate with the Illinois Department of Central  
5 Management Services and other retirement systems administering  
6 a Tier 3 plan in accordance with this amendatory Act of the  
7 103rd General Assembly to provide information concerning the  
8 impact of the Tier 3 plan set forth in this Section.

9       (c-5) The System shall solicit proposals to provide  
10 administrative services and funding vehicles for the Tier 3  
11 plan from insurance and annuity companies and mutual fund  
12 companies, banks, trust companies, or other financial  
13 institutions authorized to do business in this State. In  
14 reviewing the proposals received and approving and contracting  
15 with no fewer than 2 and no more than 7 companies, the Board of  
16 Trustees of the System shall consider, among other things, the  
17 following criteria:

18           (1) the nature and extent of the benefits that would  
19 be provided to the participants;

20           (2) the reasonableness of the benefits in relation to  
21 the premium charged;

22           (3) the suitability of the benefits to the needs and  
23 interests of the participating employees and the employer;

24           (4) the ability of the company to provide benefits  
25 under the contract and the financial stability of the  
26 company; and



1           (5) the efficacy of the contract in the recruitment  
2           and retention of employees.

3           The System shall periodically review each approved  
4           company. A company may continue to provide administrative  
5           services and funding vehicles for the Tier 3 plan only so long  
6           as it continues to be an approved company under contract with  
7           the Board.

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

12           (e) The System shall report on its progress under this  
13           Section, including the available details of the Tier 3 plan  
14           and the System's plans for informing eligible Tier 1 and Tier 2  
15           participants about the plan, to the Governor and the General  
16           Assembly on or before January 15, 2024.

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

20           (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

21           Sec. 18-124. Retirement annuities - conditions for  
22           eligibility.

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

1 A participant whose employment as a judge is terminated,  
2 regardless of age or cause is entitled to a retirement annuity  
3 beginning on the date specified in a written application  
4 subject to the following:

5 (1) the date the annuity begins is subsequent to the  
6 date of final termination of employment, or the date 30  
7 days prior to the receipt of the application by the board  
8 for annuities based on disability, or one year before the  
9 receipt of the application by the board for annuities  
10 based on attained age;

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

14 (3) the participant has at least 10 years of service  
15 credit except that a participant terminating service after  
16 June 30 1975, with at least 6 years of service credit,  
17 shall be entitled to a retirement annuity at age 62 or  
18 over;

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

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

25 A participant who has at least 8 years of creditable  
26 service is entitled to a retirement annuity when he or she has

1 attained age 67.

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

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

7 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

8 Sec. 18-125. Retirement annuity amount.

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

13 (b) Except as provided in subsection (b-5), effective July  
14 1, 1971, the retirement annuity for any participant in service  
15 on or after such date shall be 3 1/2% of final average salary,  
16 as defined in this Section, for each of the first 10 years of  
17 service, and 5% of such final average salary for each year of  
18 service in excess of 10.

19 For purposes of this Section, final average salary for a  
20 Tier 1 participant who first serves as a judge before August  
21 10, 2009 (the effective date of Public Act 96-207) shall be:

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

25 (2) for a participant who terminates service after

1 June 30, 1975 and before July 1, 1982, the salary on the  
2 last day of employment as a judge.

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

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

10 (5) for a participant who terminates service on or  
11 after July 14, 1995 (the effective date of Public Act  
12 89-136), the salary on the last day of employment as a  
13 judge, or the highest salary received by the participant  
14 for employment as a judge in a position held by the  
15 participant for at least 4 consecutive years, whichever is  
16 greater.

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

22 For a Tier 1 participant who first serves as a judge on or  
23 after August 10, 2009 (the effective date of Public Act  
24 96-207) ~~and before January 1, 2011 (the effective date of~~  
25 ~~Public Act 96-889)~~, final average salary shall be the average  
26 monthly salary obtained by dividing the total salary of the

1 participant during the period of: (1) the 48 consecutive  
2 months of service within the last 120 months of service in  
3 which the total compensation was the highest, or (2) the total  
4 period of service, if less than 48 months, by the number of  
5 months of service in that period.

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

8 (b-5) Notwithstanding any other provision of this Article,  
9 for a Tier 2 participant ~~who first serves as a judge on or~~  
10 ~~after January 1, 2011 (the effective date of Public Act~~  
11 ~~96-889)~~, the annual retirement annuity is 3% of the  
12 participant's final average salary for each year of service.  
13 The maximum retirement annuity payable shall be 60% of the  
14 participant's final average salary.

15 For a Tier 2 participant ~~who first serves as a judge on or~~  
16 ~~after January 1, 2011 (the effective date of Public Act~~  
17 ~~96-889)~~, final average salary shall be the average monthly  
18 salary obtained by dividing the total salary of the judge  
19 during the 96 consecutive months of service within the last  
20 120 months of service in which the total salary was the highest  
21 by the number of months of service in that period; however,  
22 beginning January 1, 2011, the annual salary may not exceed  
23 \$106,800, except that that amount shall annually thereafter be  
24 increased by the lesser of (i) 3% of that amount, including all  
25 previous adjustments, or (ii) the annual unadjusted percentage  
26 increase (but not less than zero) in the consumer price

1 index-u for the 12 months ending with the September preceding  
2 each November 1. "Consumer price index-u" means the index  
3 published by the Bureau of Labor Statistics of the United  
4 States Department of Labor that measures the average change in  
5 prices of goods and services purchased by all urban consumers,  
6 United States city average, all items, 1982-84 = 100. The new  
7 amount resulting from each annual adjustment shall be  
8 determined by the Public Pension Division of the Department of  
9 Insurance and made available to the Board by November 1st of  
10 each year.

11 (c) The retirement annuity for a participant who retires  
12 prior to age 60 with less than 28 years of service in the  
13 System shall be reduced 1/2 of 1% for each month that the  
14 participant's age is under 60 years at the time the annuity  
15 commences. However, for a participant who retires on or after  
16 December 10, 1999 (the effective date of Public Act 91-653),  
17 the percentage reduction in retirement annuity imposed under  
18 this subsection shall be reduced by 5/12 of 1% for every month  
19 of service in this System in excess of 20 years, and therefore  
20 a participant with at least 26 years of service in this System  
21 may retire at age 55 without any reduction in annuity.

22 The reduction in retirement annuity imposed by this  
23 subsection shall not apply in the case of retirement on  
24 account of disability.

25 (d) Notwithstanding any other provision of this Article,  
26 for a Tier 2 participant ~~who first serves as a judge on or~~

1 ~~after January 1, 2011 (the effective date of Public Act~~  
2 ~~96-889)~~ and who is retiring after attaining age 62, the  
3 retirement annuity shall be reduced by 1/2 of 1% for each month  
4 that the participant's age is under age 67 at the time the  
5 annuity commences.

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

7 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

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

17 Notwithstanding any other provision of this Article, a  
18 retirement annuity for a Tier 2 participant ~~who first serves~~  
19 ~~as a judge on or after January 1, 2011 (the effective date of~~  
20 ~~Public Act 96-889)~~ shall be increased in January of the year  
21 next following the year in which the first anniversary of  
22 retirement occurs, but in no event prior to age 67, and in  
23 January of each year thereafter, by an amount equal to 3% or  
24 the annual percentage increase in the consumer price index-u  
25 as determined by the Public Pension Division of the Department

1 of Insurance under subsection (b-5) of Section 18-125,  
2 whichever is less, of the retirement annuity then being paid.

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

11 This Section is applicable to all participants (other than  
12 Tier 3 participants who do not have any service credit as a  
13 Tier 1 or Tier 2 participant) in service after June 30, 1969  
14 unless a participant has elected, prior to September 1, 1969,  
15 in a written direction filed with the board not to be subject  
16 to the provisions of this Section. Any participant in service  
17 on or after July 1, 1992 shall have the option of electing  
18 prior to April 1, 1993, in a written direction filed with the  
19 board, to be covered by the provisions of the 1969 amendatory  
20 Act. Such participant shall be required to make the aforesaid  
21 additional contributions with compound interest at 4% per  
22 annum.

23 Any participant who has become eligible to receive the  
24 maximum rate of annuity and who resumes service as a judge  
25 after receiving a retirement annuity under this Article shall  
26 have the amount of his or her retirement annuity increased by



1 3% of the originally granted annuity amount for each year of  
2 such resumed service, beginning in January of the year next  
3 following the date of such resumed service, upon subsequent  
4 termination of such resumed service.

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

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

10 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

11 Sec. 18-127. Retirement annuity - suspension on  
12 reemployment.

13 (a) A participant receiving a retirement annuity who is  
14 regularly employed for compensation by an employer other than  
15 a county, in any capacity, shall have his or her retirement  
16 annuity payments suspended during such employment. Upon  
17 termination of such employment, retirement annuity payments at  
18 the previous rate shall be resumed.

19 If such a participant resumes service as a judge, he or she  
20 shall receive credit for any additional service. Upon  
21 subsequent retirement, his or her retirement annuity shall be  
22 the amount previously granted, plus the amount earned by the  
23 additional judicial service under the provisions in effect  
24 during the period of such additional service. However, if the  
25 participant was receiving the maximum rate of annuity at the

1 time of re-employment, he or she may elect, in a written  
2 direction filed with the board, not to receive any additional  
3 service credit during the period of re-employment. In such  
4 case, contributions shall not be required during the period of  
5 re-employment. Any such election shall be irrevocable.

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

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

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

23 (e) A participant receiving a retirement annuity under  
24 this Article who serves as a part-time employee in any of the  
25 following positions: Legislative Inspector General, Special  
26 Legislative Inspector General, employee of the Office of the

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

16 (f) A participant receiving a retirement annuity under  
17 this Article who has made an election under Section 1-123 and  
18 who is serving either as legal counsel in the Office of the  
19 Governor or as Chief Deputy Attorney General shall not be  
20 deemed to be regularly employed for compensation by an  
21 employer other than a county, nor to have resumed service as a  
22 judge, on the basis of that service, and the retirement  
23 annuity payments and other benefits of that person under this  
24 Code shall not be suspended, diminished, or otherwise impaired  
25 solely as a consequence of that service. This subsection (f)  
26 applies without regard to whether the person is in service as a

1 judge under this Article on or after the effective date of this  
2 amendatory Act of the 93rd General Assembly.

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

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

16 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)  
17 Sec. 18-128.01. Amount of survivor's annuity.

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

23 (b) Upon the death of an active participant, his or her  
24 surviving spouse shall receive a survivor's annuity of 66 2/3%  
25 of the annuity earned by the participant as of the date of his

1 or her death, determined without regard to whether the  
2 participant had attained age 60 as of that time, or 7 1/2% of  
3 the last salary of the decedent, whichever is greater.

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

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

20 (e) The changes made in the survivor's annuity provisions  
21 by Public Act 82-306 shall apply to the survivors of a deceased  
22 participant or annuitant whose death occurs on or after August  
23 21, 1981.

24 (f) Beginning January 1, 1990, every survivor's annuity  
25 shall be increased (1) on each January 1 occurring on or after  
26 the commencement of the annuity if the deceased member died

1 while receiving a retirement annuity, or (2) in other cases,  
2 on each January 1 occurring on or after the first anniversary  
3 of the commencement of the annuity, by an amount equal to 3% of  
4 the current amount of the annuity, including any previous  
5 increases under this Article. Such increases shall apply  
6 without regard to whether the deceased member was in service  
7 on or after the effective date of this amendatory Act of 1991,  
8 but shall not accrue for any period prior to January 1, 1990.

9 (g) Notwithstanding any other provision of this Article,  
10 the initial survivor's annuity for a survivor of a Tier 2  
11 participant ~~who first serves as a judge after January 1, 2011~~  
12 ~~(the effective date of Public Act 96-889)~~ shall be in the  
13 amount of 66 2/3% of the annuity received or earned by the  
14 decedent, and shall be increased (1) on each January 1  
15 occurring on or after the commencement of the annuity if the  
16 deceased participant died while receiving a retirement  
17 annuity, or (2) in other cases, on each January 1 occurring on  
18 or after the first anniversary of the commencement of the  
19 annuity, but in no event prior to age 67, by an amount equal to  
20 3% or the annual unadjusted percentage increase in the  
21 consumer price index-u as determined by the Public Pension  
22 Division of the Department of Insurance under subsection (b-5)  
23 of Section 18-125, whichever is less, of the survivor's  
24 annuity then being paid.

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

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

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

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

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

11 (2) A participant who continues to serve as a judge  
12 after becoming eligible to receive the maximum rate of  
13 annuity may elect, through a written direction filed with  
14 the Board, to discontinue contributing to the System. Any  
15 such option elected by a judge shall be irrevocable unless  
16 prior to January 1, 2000, and while continuing to serve as  
17 judge, the judge (A) files with the Board a letter  
18 cancelling the direction to discontinue contributing to  
19 the System and requesting that such contributing resume,  
20 and (B) pays into the System an amount equal to the total  
21 of the discontinued contributions plus interest thereon at  
22 5% per annum. Service credits earned in any other  
23 "participating system" as defined in Article 20 of this  
24 Code shall be considered for purposes of determining a  
25 judge's eligibility to discontinue contributions under  
26 this subdivision (a) (2).

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



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

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

13 (d) Notwithstanding any other provision of this Article,  
14 the required contributions for a Tier 2 participant ~~who first~~  
15 ~~becomes a participant on or after January 1, 2011~~ shall not  
16 exceed the contributions that would be due under this Article  
17 if that participant's highest salary for annuity purposes were  
18 \$106,800, plus any increase in that amount under Section  
19 18-125.

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

21 (40 ILCS 5/18-169)

22 Sec. 18-169. Application and expiration of new benefit  
23 increases.

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

1 Article, or an expansion of the conditions of eligibility for  
2 any benefit under this Article, that results from an amendment  
3 to this Code that takes effect after the effective date of this  
4 amendatory Act of the 94th General Assembly. "New benefit  
5 increase", however, does not include any benefit increase  
6 resulting from the changes made by this amendatory Act of the  
7 103rd General Assembly.

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

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

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

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

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

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

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

24 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

1 which has been held unconstitutional)

2 Sec. 20-121. Calculation of proportional retirement  
3 annuities.

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

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

25 (b) Combined pension credit under all retirement systems  
26 subject to this Article shall be considered in determining

1 whether the minimum qualification has been met and the formula  
2 or method of computation which shall be applied, except as may  
3 be otherwise provided with respect to vesting in State or  
4 employer contributions in a Tier 3 plan. If a system has a  
5 step-rate formula for calculation of the retirement annuity,  
6 pension credits covering previous service which have been  
7 established under another system shall be considered in  
8 determining which range or ranges of the step-rate formula are  
9 to be applicable to the employee.

10 (c) Interest on pension credit shall continue to  
11 accumulate in accordance with the provisions of the law  
12 governing the retirement system in which the same has been  
13 established during the time an employee is in the service of  
14 another employer, on the assumption such employee, for  
15 interest purposes for pension credit, is continuing in the  
16 service covered by such retirement system.

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

18 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

21 Sec. 20-123. Survivor's annuity. The provisions governing  
22 a retirement annuity shall be applicable to a survivor's  
23 annuity. Appropriate credits shall be established for  
24 survivor's annuity purposes in those participating systems  
25 which provide survivor's annuities, according to the same

1 conditions and subject to the same limitations and  
2 restrictions herein prescribed for a retirement annuity. If a  
3 participating system has no survivor's annuity benefit, or if  
4 the survivor's annuity benefit under that system is waived,  
5 pension credit established in that system shall not be  
6 considered in determining eligibility for or the amount of the  
7 survivor's annuity which may be payable by any other  
8 participating system.

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

17 For persons who participate in a Tier 3 plan established  
18 under Article 2, 14, 15, 16, or 18 of this Code to whom the  
19 provisions of this Article apply, the pension credits  
20 established under the Tier 3 plan may be considered in  
21 determining eligibility for or the amount of the defined  
22 benefit survivor's annuity that is payable by any other  
23 participating system, but pension credits established in any  
24 other system shall not result in any right to or increase in  
25 the value of a survivor's annuity under the Tier 3 plan, which  
26 depends solely on the options chosen and the value of the

1 participant's vested account balances and is not subject to  
2 any proportional adjustment under this Section.

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

4 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

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

7 Sec. 20-124. Maximum benefits.

8 (a) In no event shall the combined retirement or survivors  
9 annuities exceed the highest annuity which would have been  
10 payable by any participating system in which the employee has  
11 pension credits, if all of his pension credits had been  
12 validated in that system.

13 If the combined annuities should exceed the highest  
14 maximum as determined in accordance with this Section, the  
15 respective annuities shall be reduced proportionately  
16 according to the ratio which the amount of each proportional  
17 annuity bears to the aggregate of all such annuities.

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

21 (i) For purposes of calculating the combined  
22 retirement annuity and the proportionate reduction, if  
23 any, in a retirement annuity other than one payable under  
24 the self-managed plan, the amount of the Article 15  
25 retirement annuity shall be deemed to be the highest

1 annuity to which the annuitant would have been entitled if  
2 he or she had participated in the traditional benefit  
3 package as defined in Section 15-103.1 rather than the  
4 self-managed plan.

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

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

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

19 (i) For purposes of calculating the combined  
20 retirement annuity and the proportionate reduction, if  
21 any, in a defined benefit retirement annuity, any benefit  
22 payable under the Tier 3 plan shall not be considered.

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



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

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

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

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

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

18          The provisions of the Article under which such employment  
19          would be covered shall govern the determination of whether the  
20          employee has returned to employment, and if applicable the  
21          exemption of temporary employment or employment not exceeding  
22          a specified duration or frequency, for all participating  
23          systems from which the retired employee is receiving a  
24          proportional annuity under this Article, notwithstanding any  
25          contrary provisions in the other Articles governing such

1 systems.

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

3 Section 99. Effective date. This Act takes effect upon  
4 becoming law.

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2		Statutes amended in order of appearance
3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
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6	40 ILCS 5/1-161	
7	40 ILCS 5/2-105.3 new	
8	40 ILCS 5/2-162	
9	40 ILCS 5/2-165.5 new	
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11	40 ILCS 5/14-103.44 new	
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4	40 ILCS 5/18-124	from Ch. 108 1/2, par. 18-124
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