# HB4098

LRB103 32408 RPS 61859 b

## 103RD GENERAL ASSEMBLY

## State of Illinois

## 2023 and 2024

### HB4098

Introduced 5/18/2023, by Rep. Stephanie A. Kifowit - Steven Reick - Mark L. Walker

## SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Makes changes to Tier 2 benefits for members or participants under the 5 State-funded retirement systems and the Chicago Teachers Pension Fund, including changes to automatic annual increases, age and service requirements for retirement, and limits on the amount of salary for annuity purposes. Establishes an accelerated pension benefit payment option for the General Assembly and Judges Articles of the Code. Makes changes to the funding formula beginning in fiscal year 2025 for the 5 State-funded retirement systems. In the 5 State-funded retirement systems, provides for a deferred retirement option plan for certain participants under which a participant may continue in active service for up to 3 years while having his or her retirement pension paid into a special account, to be distributed to the participant upon retirement. Provides that any benefit increase that results from this Act is excluded from the definition of "new benefit increase". Amends the General Obligation Bond Act. Provides that each fiscal year after certain State pension funding bonds and income tax proceed bonds are retired, the State Treasurer and the State Comptroller shall transfer $500,000,000 from the General Revenue Fund to the Pension Unfunded Liability Reduction Fund each fiscal year, which shall be used for making additional contributions to the pension funds and retirement systems established under the General Assembly, State Employee, State Universities, Downstate Teacher, Chicago Teacher, and Judges Articles of the Illinois Pension Code. Amends the State Finance Act to make conforming changes. Repeals provisions concerning optional benefits for certain Tier 2 members. Amends the State Mandates Act to require implementation without reimbursement by the State. Effective immediately.

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A BILL FOR

AN ACT concerning public employee benefits.

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

Article 1.

Section 1-5. The Illinois Pension Code is amended by changing Sections 1-160, 2-108.1, 2-119.1, 14-103.10, 15-111, 18-125, and 18-128.01 as follows:

(40 ILCS 5/1-160)

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

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

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

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

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

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

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

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

(1) (Blank).

(2) In Articles 8, 9, 10, 11, and 12, "highest average annual salary for any 4 consecutive years within the last

10 years of service immediately preceding the date of withdrawal".

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

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

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

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

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

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

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

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

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

(b-10) Beginning January 1, 2025 and until January 1, 2032, for all purposes under this Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant under Article 14, 16, or 17 to whom this Section applies shall not exceed the amount determined under subsection (b-5) plus the wage base adjustment for that year.

In this subsection, "wage base adjustment" means the product that results from multiplying (i) the difference between the federal Social Security Wage Base for the coming calendar year and the amount calculated under subsection (b-5) for that calendar year by (ii) the smoothing factor for that calendar year. The wage base adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by December 1 of each year. If the wage base adjustment amount is less than the amount determined under subsection (b-5), the wage base adjustment shall be zero.

In this subsection, "smoothing factor" means:

(1) for calendar year 2025, 12.5%;

(2) for calendar year 2026, 25%;

(3) for calendar year 2027, 37.5%;

(4) for calendar year 2028, 50%;

(5) for calendar year 2029, 62.5%;

(6) for calendar year 2030, 75%; and

(7) for calendar year 2031, 87.5%.

(b-15) Beginning January 1, 2032, for all purposes under this Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant under Article 14, 16, or 17 to whom this Section

<u>applies shall not exceed the federal Social Security Wage Base then in effect.</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g-5) The benefits in Section 14-110 apply if the person is a State policeman, investigator for the Secretary of State, conservation police officer, investigator for the Department of Revenue or the Illinois Gaming Board, investigator for the Office of the Attorney General, Commerce Commission police officer, or arson investigator, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

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

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

(i) (Blank).

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

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

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

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

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

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

Article.

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

(b-10) Beginning January 1, 2025 and until January 1, 2032, for all purposes under this Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant under Article 14, 16, or 17 to whom this Section applies shall not exceed the amount determined under subsection (b-5) plus the wage base adjustment for that year.

In this subsection, "wage base adjustment" means the product that results from multiplying (i) the difference between the federal Social Security Wage Base for the coming calendar year and the amount calculated under subsection (b-5) for that calendar year by (ii) the smoothing factor for that calendar year. The wage base adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by December 1 of each year. If the wage base adjustment amount is less than the amount determined under subsection (b-5), the wage base adjustment shall be zero.

In this subsection, "smoothing factor" means:

(1) for calendar year 2025, 12.5%;

(2) for calendar year 2026, 25%;

(3) for calendar year 2027, 37.5%;

(4) for calendar year 2028, 50%;

<u>(5) for calendar year 2029, 62.5%;</u>

<u>(6) for calendar year 2030, 75%; and</u>

<u>(7) for calendar year 2031, 87.5%.</u>

<u>(b-15) Beginning January 1, 2032, for all purposes under this Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant under Article 14, 16, or 17 to whom this Section applies shall not exceed the federal Social Security Wage Base then in effect.</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) (Blank).

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

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

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

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

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

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

1 of each year.

(b-10) Beginning January 1, 2025 and until January 1, 2032, for all purposes under this Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant under Article 14, 16, or 17 to whom this Section applies shall not exceed the amount determined under subsection (b-5) plus the wage base adjustment for that year.

In this subsection, "wage base adjustment" means the product that results from multiplying (i) the difference between the federal Social Security Wage Base for the coming calendar year and the amount calculated under subsection (b-5) for that calendar year by (ii) the smoothing factor for that calendar year. The wage base adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by December 1 of each year. If the wage base adjustment amount is less than the amount determined under subsection (b-5), the wage base adjustment shall be zero.

In this subsection, "smoothing factor" means:

(1) for calendar year 2025, 12.5%;

(2) for calendar year 2026, 25%;

(3) for calendar year 2027, 37.5%;

(4) for calendar year 2028, 50%;

(5) for calendar year 2029, 62.5%;

<u>(6) for calendar year 2030, 75%; and</u>

<u>(7) for calendar year 2031, 87.5%.</u>

<u>(b-15) Beginning January 1, 2032, for all purposes under this Code (including, without limitation, the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant under Article 14, 16, or 17 to whom this Section applies shall not exceed the federal Social Security Wage Base then in effect.</u>

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

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

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

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

(d-5) The retirement annuity payable under Article 8 or

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

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

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

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

The election provided for in this subsection shall be made

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

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

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

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

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

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

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

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

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

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

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

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

(i) (Blank).

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

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

(40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

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

Sec. 2-108.1. Highest salary for annuity purposes.

(a) "Highest salary for annuity purposes" means whichever of the following is applicable to the participant:

For a participant who first becomes a participant of this

System before August 10, 2009 (the effective date of Public Act 96-207):

(1) For a participant who is a member of the General Assembly on his or her last day of service: the highest salary that is prescribed by law, on the participant's last day of service, for a member of the General Assembly who is not an officer; plus, if the participant was elected or appointed to serve as an officer of the General Assembly for 2 or more years and has made contributions as required under subsection (d) of Section 2-126, the highest additional amount of compensation prescribed by law, at the time of the participant's service as an officer, for members of the General Assembly who serve in that office.

(2) For a participant who holds one of the State executive offices specified in Section 2-105 on his or her last day of service: the highest salary prescribed by law for service in that office on the participant's last day of service.

(3) For a participant who is Clerk or Assistant Clerk of the House of Representatives or Secretary or Assistant Secretary of the Senate on his or her last day of service: the salary received for service in that capacity on the last day of service, but not to exceed the highest salary (including additional compensation for service as an officer) that is prescribed by law on the participant's

last day of service for the highest paid officer of the General Assembly.

(4) For a participant who is a continuing participant under Section 2-117.1 on his or her last day of service: the salary received for service in that capacity on the last day of service, but not to exceed the highest salary (including additional compensation for service as an officer) that is prescribed by law on the participant's last day of service for the highest paid officer of the General Assembly.

For a participant who first becomes a participant of this System on or after August 10, 2009 (the effective date of Public Act 96-207) and before January 1, 2011 (the effective date of Public Act 96-889), the average monthly salary obtained by dividing the total salary of the participant during the period of: (1) the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or (2) the total period of service, if less than 48 months, by the number of months of service in that period.

For a participant who first becomes a participant of this System on or after January 1, 2011 (the effective date of Public Act 96-889), the average monthly salary obtained by dividing the total salary of the participant during the 96 consecutive months of service within the last 120 months of service in which the total compensation was the highest by the number of months of service in that period; however, except as provided in subsection (a-5) or (a-10), beginning January 1, 2011, the highest salary for annuity purposes may not exceed $106,800, except that that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1. "Consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1 of each year.

(a-5) Beginning January 1, 2025 and until January 1, 2032, for a participant who first becomes a participant of this System on or after January 1, 2011, the highest salary for annuity purposes may not exceed the amount determined under subsection (a) plus the wage base adjustment for that year.

In this subsection, "wage base adjustment" means the product that results from multiplying (i) the difference between the federal Social Security Wage Base for the coming calendar year and the amount calculated under subsection (a) for that calendar year by (ii) the smoothing factor for that calendar year. The wage base adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by December 1 of each year. If the wage base adjustment amount is less than the amount determined under subsection (a), the wage base adjustment shall be zero.

In this subsection, "smoothing factor" means:

(1) for calendar year 2025, 12.5%;

(2) for calendar year 2026, 25%;

(3) for calendar year 2027, 37.5%;

(4) for calendar year 2028, 50%;

(5) for calendar year 2029, 62.5%;

(6) for calendar year 2030, 75%; and

(7) for calendar year 2031, 87.5%.

(a-10) Beginning January 1, 2032, the highest salary for annuity purposes may not exceed the federal Social Security Wage Base then in effect.

(b) The earnings limitations of subsection (a), (a-5), and (a-10), whichever is applicable, apply to earnings under any other participating system under the Retirement Systems Reciprocal Act that are considered in calculating a proportional annuity under this Article, except in the case of a person who first became a member of this System before August 22, 1994 and has not, on or after the effective date of this amendatory Act of the 97th General Assembly, irrevocably elected to have those limitations apply. The limitations of subsection (a)<u>, (a-5), and (a-10), whichever is applicable,</u> shall apply, however, to earnings under any other participating system under the Retirement Systems Reciprocal Act that are considered in calculating the proportional annuity of a person who first became a member of this System before August 22, 1994 if, on or after the effective date of this amendatory Act of the 97th General Assembly, that member irrevocably elects to have those limitations apply.

(c) In calculating the subsection (a)<u>, (a-5), or (a-10), whichever is applicable,</u> earnings limitation to be applied to earnings under any other participating system under the Retirement Systems Reciprocal Act for the purpose of calculating a proportional annuity under this Article, the participant's last day of service shall be deemed to mean the last day of service in any participating system from which the person has applied for a proportional annuity under the Retirement Systems Reciprocal Act.

(Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

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

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

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

(a) A participant who retires after June 30, 1967, and who has not received an initial increase under this Section before the effective date of this amendatory Act of 1991, shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 60, have the amount of the originally granted retirement annuity increased as follows: for each year through 1971, 1 1/2%; for each year from 1972 through 1979, 2%; and for 1980 and each year thereafter, 3%. Annuitants who have received an initial increase under this subsection prior to the effective date of this amendatory Act of 1991 shall continue to receive their annual increases in the same month as the initial increase.

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

This subsection (b) does not apply to any person who first becomes a member of the System after the effective date of this amendatory Act of the 93rd General Assembly.

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

In this subsection, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1 of each year.

(c) The foregoing provisions relating to automatic increases are not applicable to a participant who retires before having made contributions (at the rate prescribed in

Section 2-126) for automatic increases for less than the equivalent of one full year. However, in order to be eligible for the automatic increases, such a participant may make arrangements to pay to the system the amount required to bring the total contributions for the automatic increase to the equivalent of one year's contributions based upon his or her last salary.

(d) A participant who terminated service prior to July 1, 1967, with at least 14 years of service is entitled to an increase in retirement annuity beginning January, 1976, and to additional increases in January of each year thereafter.

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

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

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

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

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

Sec. 14-103.10. Compensation.

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

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

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

(1) for vacation,

(2) for accumulated unused sick leave,

(3) upon discharge or dismissal,

(4) for approved holidays.

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

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

(e) For members for which Section 1-160 applies for periods of service on and after January 1, 2011, all remuneration for personal services performed defined as "wages" under the Social Security Enabling Act, excluding remuneration that is in excess of the annual earnings, salary, or wages of a member or participant, as provided in subsection (b-5), (b-10), and (b-15) of Section 1-160, whichever is applicable, but including any benefits received by an employee under a sick pay plan in effect before January 1, 1981. Compensation shall exclude lump sum salary payments:

(1) for vacation;

(2) for accumulated unused sick leave;

(3) upon discharge or dismissal; and

(4) for approved holidays.

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

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

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

Sec. 15-111. Earnings.

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

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

(1) "Earnings" includes transition pay paid to the employee on or after the effective date of this amendatory

Act of the 91st General Assembly.

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

(b) For a Tier 2 member, the annual earnings shall not exceed $106,800; however, except as provided in subsection (b-5) and (b-10), that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

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

(b-5) Beginning January 1, 2025 and until January 1, 2032, for a participant who first becomes a participant of this System on or after January 1, 2011, the annual earnings may not exceed the amount determined under subsection (b) plus the wage base adjustment for that year.

In this subsection, "wage base adjustment" means the product that results from multiplying (i) the difference between the federal Social Security Wage Base for the coming calendar year and the amount calculated under subsection (b) for that calendar year by (ii) the smoothing factor for that calendar year. The wage base adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by December 1 of each year. If the wage base adjustment amount is less than the amount determined under subsection (b), the wage base adjustment shall be zero.

In this subsection, "smoothing factor" means:

(1) for calendar year 2025, 12.5%;

(2) for calendar year 2026, 25%;

(3) for calendar year 2027, 37.5%;

(4) for calendar year 2028, 50%;

(5) for calendar year 2029, 62.5%;

(6) for calendar year 2030, 75%; and

(7) for calendar year 2031, 87.5%.

(b-10) Beginning January 1, 2032, the annual earnings may not exceed the federal Social Security Wage Base then in effect.

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

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

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

Sec. 18-125. Retirement annuity amount.

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

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

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

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

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

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

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

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

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

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

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

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

For a participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889), final average salary shall be the average monthly salary obtained by dividing the total salary of the judge during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period; however, except as provided in subsection (b-10) and (b-15), beginning January 1, 2011, the annual salary may not exceed $106,800, except that that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1. "Consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1st of each year.

(b-10) Beginning January 1, 2025 and until January 1, 2032, for a participant who first serves as a judge on or after January 1, 2011, the annual salary may not exceed the amount determined under subsection (b-5) plus the wage base adjustment for that year.

In this subsection, "wage base adjustment" means the product that results from multiplying (i) the difference between the federal Social Security Wage Base for the coming calendar year and the amount calculated under subsection (b-5) for that calendar year by (ii) the smoothing factor for that calendar year. The wage base adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by December 1 of each year. If the wage base adjustment amount is less than the amount determined under subsection (b-5), the wage base adjustment shall be zero.

In this subsection, "smoothing factor" means:

(1) for calendar year 2025, 12.5%;

(2) for calendar year 2026, 25%;

(3) for calendar year 2027, 37.5%;

(4) for calendar year 2028, 50%;

(5) for calendar year 2029, 62.5%;

(6) for calendar year 2030, 75%; and

(7) for calendar year 2031, 87.5%.

(b-15) Beginning January 1, 2032, the annual salary may not exceed the federal Social Security Wage Base then in effect.

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

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

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

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

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

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

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

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

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

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

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

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

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

In this subsection, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1 of each year.

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

Article 2.

Section 2-5. The Illinois Pension Code is amended by changing Sections 1-160, 2-119.1, and 18-125.1 as follows:

(40 ILCS 5/1-160)

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

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

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

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

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

Article.

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

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

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

(1) (Blank).

(2) In Articles 8, 9, 10, 11, and 12, "highest average

annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (age 65, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15); and beginning on July 6, 2017 (the effective date of Public Act 100-23), age 65 with respect to service under Article 8 or Article 11 for eligible persons who: (i) are subject to subsection (c-5) of this Section; or

(ii) made the election under item (i) of subsection (d-10) of this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

<u>Beginning January 1, 2025, the retirement annuity or supplemental annuity for members or participants under Article 14, 16, or 17 shall be increased by the rolling average for the preceding 3 years of (i) 3% or (ii) one-half of the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is greater, of the originally granted retirement annuity.</u>

<u>For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.</u>

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

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

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

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

(g-5) The benefits in Section 14-110 apply if the person is a State policeman, investigator for the Secretary of State, conservation police officer, investigator for the Department of Revenue or the Illinois Gaming Board, investigator for the Office of the Attorney General, Commerce Commission police officer, or arson investigator, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

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

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

(i) (Blank).

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

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

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

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

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

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Beginning January 1, 2025, the retirement annuity or supplemental annuity for members or participants under Article

<u>14, 16, or 17 shall be increased by the rolling average for the preceding 3 years of (i) 3% or (ii) one-half of the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is greater, of the originally granted retirement annuity.</u>

<u>For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.</u>

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

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

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

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

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

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

(i) (Blank).

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

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

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

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

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 7, 15, or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code or to any participant of the retirement plan established under Section 22-101; except that this Section applies to a person who elected to establish alternative credits by electing in writing after January 1, 2011, but before August 8, 2011, under Section 7-145.1 of this Code. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who is a Tier 1 regular employee as defined in Section 7-109.4 of this Code or who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by

Public Act 98-596 are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

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

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

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

This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this

Section and the applicable provisions of the Article under which he or she is a member or participant.

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The election provided for in this subsection shall be made

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

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

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

<u>Beginning January 1, 2025, the retirement annuity or supplemental annuity for members or participants under Article 14, 16, or 17 shall be increased by the rolling average for the preceding 3 years of (i) 3% or (ii) one-half of the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is greater, of the originally granted retirement annuity.</u>

<u>For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.</u>

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

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

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

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

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

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

(i) (Blank).

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

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

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

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

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

(a) A participant who retires after June 30, 1967, and who has not received an initial increase under this Section before the effective date of this amendatory Act of 1991, shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 60, have the amount of the originally granted retirement annuity increased as follows: for each year through 1971, 1 1/2%; for each year from 1972 through 1979, 2%; and for 1980 and each year thereafter, 3%. Annuitants who have received an initial increase under this subsection prior to the effective date of this amendatory Act of 1991 shall continue to receive their annual increases in the same month as the initial increase.

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

This subsection (b) does not apply to any person who first becomes a member of the System after the effective date of this amendatory Act of the 93rd General Assembly.

(b-5) Notwithstanding any other provision of this Article, a participant who first becomes a participant on or after January 1, 2011 (the effective date of Public Act 96-889) shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 67, have the amount of the retirement annuity then being paid increased by 3% or the annual unadjusted percentage increase in the Consumer Price Index for All Urban Consumers as determined by the Public Pension Division of the Department of Insurance ~~under subsection (a) of Section 2-108.1~~, whichever is less; except that, beginning January 1, 2025, for a participant who first becomes a participant on or after January 1, 2011, the annual increase to the retirement annuity shall be calculated as the rolling average for the preceding 3 years of (i) 3% or (ii) one-half of the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is greater, of the amount of the retirement annuity then being paid.

In this subsection, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Board by November 1 of each year.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.

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

(d) A participant who terminated service prior to July 1, 1967, with at least 14 years of service is entitled to an increase in retirement annuity beginning January, 1976, and to additional increases in January of each year thereafter.

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

(e) Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this

Article.

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

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

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

Notwithstanding any other provision of this Article, a retirement annuity for a participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889) shall be increased in January of the year next following the year in which the first anniversary of retirement occurs, but in no event prior to age 67, and in January of each year thereafter, by an amount equal to 3% or the annual percentage increase in the consumer price index-u as determined by the Public Pension Division of the Department of Insurance ~~under subsection (b-5) of Section 18-125~~, whichever is less, of the retirement annuity then being paid; except that beginning January 1, 2025, for a participant who first becomes a participant on or after January 1, 2011, the annual increase to the retirement annuity shall be calculated as the rolling average for the preceding 3 years of (i) 3% or (ii) one-half of the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is greater, of the amount of the retirement annuity then being paid.

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

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.

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

This Section is applicable to all participants in service after June 30, 1969 unless a participant has elected, prior to September 1, 1969, in a written direction filed with the board not to be subject to the provisions of this Section. Any participant in service on or after July 1, 1992 shall have the option of electing prior to April 1, 1993, in a written direction filed with the board, to be covered by the provisions of the 1969 amendatory Act. Such participant shall be required to make the aforesaid additional contributions with compound interest at 4% per annum.

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

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

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

Article 3.

Section 3-10. The Illinois Pension Code is amended by adding Sections 2-154.5, 2-154.6, 18-161.5, and 18-161.6 as follows:

(40 ILCS 5/2-154.5 new)

Sec. 2-154.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

(2) has accrued sufficient service credit to be eligible to receive a retirement annuity under this Article;

(3) has not received any retirement annuity under this Article; and

(4) has not made the election under Section 2-154.6.

"Pension benefit" means the benefits under this Article, including any anticipated annual increases, that an eligible person is entitled to upon attainment of the applicable retirement age. "Pension benefit" also includes applicable survivor's or disability benefits.

(b) As soon as practical after the effective date of this amendatory Act of the 103rd General Assembly, the System shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the System to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per calendar year. The System shall make a good faith effort to contact every eligible person to notify him or her of the election. Until June 30, 2026, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

(c) A person's creditable service under this Article shall be terminated upon the person's receipt of an accelerated pension benefit payment under this Section, and no other benefit shall be paid under this Article based on the terminated creditable service, including any retirement, survivor, or other benefit; except that to the extent that participation, benefits, or premiums under the State Employees Group Insurance Act of 1971 are based on the amount of service credit, the terminated service credit shall be used for that purpose.

(d) If a person who has received an accelerated pension benefit payment under this Section returns to active service under this Article, then:

(1) Any benefits under the System earned as a result of that return to active service shall be based solely on the person's creditable service arising from the return to active service.

(2) The accelerated pension benefit payment may not be repaid to the System, and the terminated creditable service may not under any circumstances be reinstated.

(e) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(f) Upon receipt of a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the System shall submit a voucher to the Comptroller for payment of the member's accelerated pension benefit payment. The Comptroller shall transfer the amount of the voucher from the General Revenue Fund to the System, and the System shall transfer the amount into the member's eligible retirement plan or qualified account.

(g) The Board shall adopt any rules, including emergency rules, necessary to implement this Section.

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

(40 ILCS 5/2-154.6 new)

Sec. 2-154.6. Accelerated pension benefit payment for a reduction in annual retirement annuity and survivor's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 participant's retirement annuity and survivor's annuity using the formula applicable to the Tier 1 participant and the present value of the automatic annual increases to the Tier 1 participant's retirement annuity using the formula provided under subsection (b-5) and survivor's annuity using the formula provided under subsection (b-6).

"Eligible person" means a person who:

(1) is a Tier 1 participant;

(2) has submitted an application for a retirement annuity under this Article;

(3) meets the age and service requirements for receiving a retirement annuity under this Article;

(4) has not received any retirement annuity under this Article; and

(5) has not made the election under Section 2-154.5.

"Tier 1 participant" means a person who first became a participant before January 1, 2011.

(b) As soon as practical after the effective date of this amendatory Act of the 103rd General Assembly and until June 30, 2026, the System shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, the System shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity calculated in accordance with the formula provided under subsection (b-5) and any increases in survivor's annuity payable to his or her survivor's annuity beneficiary calculated in accordance with the formula provided under subsection (b-6) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement annuity otherwise payable under this Article.

(b-5) Notwithstanding any other provision of law, the retirement annuity of a person who made the election under subsection (b) shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 1.5% of the originally granted retirement annuity.

(b-6) Notwithstanding any other provision of law, a survivor's annuity payable to a survivor's annuity beneficiary of a person who made the election under subsection (b) shall be subject to annual increases on the January 1 occurring on or after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 1.5% of the originally granted survivor's annuity.

(c) If a person who has received an accelerated pension benefit payment returns to active service under this Article, then:

(1) the calculation of any future automatic annual increase in retirement annuity shall be calculated in accordance with the formula provided under subsection (b-5); and

(2) the accelerated pension benefit payment may not be repaid to the System.

(d) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(d-5) Upon receipt of a participant's irrevocable election to receive an accelerated pension benefit payment under this Section, the System shall submit a voucher to the Comptroller for payment of the participant's accelerated pension benefit payment. The Comptroller shall transfer the amount of the voucher from the General Revenue Fund to the System, and the System shall transfer the amount into the member's eligible retirement plan or qualified account.

(e) The Board shall adopt any rules, including emergency rules, necessary to implement this Section.

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

(40 ILCS 5/18-161.5 new)

Sec. 18-161.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

(1) has terminated service;

(2) has accrued sufficient service credit to be eligible to receive a retirement annuity under this Article;

(3) has not received any retirement annuity under this Article; and

(4) has not made the election under Section 18-161.6.

"Pension benefit" means the benefits under this Article, including any anticipated annual increases, that an eligible person is entitled to upon attainment of the applicable retirement age. "Pension benefit" also includes applicable survivor's or disability benefits.

(b) As soon as practical after the effective date of this amendatory Act of the 103rd General Assembly, the System shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the System to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. An eligible person is limited to one calculation and offer per calendar year. The System shall make a good faith effort to contact every eligible person to notify him or her of the election. Until June 30, 2026, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

(c) A person's creditable service under this Article shall be terminated upon the person's receipt of an accelerated pension benefit payment under this Section, and no other benefit shall be paid under this Article based on the terminated creditable service, including any retirement, survivor, or other benefit; except that to the extent that participation, benefits, or premiums under the State Employees Group Insurance Act of 1971 are based on the amount of service credit, the terminated service credit shall be used for that purpose.

(d) If a person who has received an accelerated pension benefit payment under this Section returns to active service under this Article, then:

(1) Any benefits under the System earned as a result of that return to active service shall be based solely on

the person's creditable service arising from the return to active service.

(2) The accelerated pension benefit payment may not be repaid to the System, and the terminated creditable service may not under any circumstances be reinstated.

(e) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(f) Upon receipt of a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the System shall submit a voucher to the Comptroller for payment of the member's accelerated pension benefit payment. The Comptroller shall transfer the amount of the voucher from the General Revenue Fund to the System, and the System shall transfer the amount into the member's eligible retirement plan or qualified account.

(g) The Board shall adopt any rules, including emergency rules, necessary to implement this Section.

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

(40 ILCS 5/18-161.6 new)

Sec. 18-161.6. Accelerated pension benefit payment for a reduction in annual retirement annuity and survivor's annuity increases.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 participant's retirement annuity and survivor's annuity using the formula applicable to the Tier 1 participant and the present value of the automatic annual increases to the Tier 1 participant's retirement annuity using the formula provided under subsection (b-5) and survivor's annuity using the formula provided under subsection (b-6).

"Eligible person" means a person who:

(1) is a Tier 1 participant;

(2) has submitted an application for a retirement annuity under this Article;

(3) meets the age and service requirements for receiving a retirement annuity under this Article;

(4) has not received any retirement annuity under this Article; and

(5) has not made the election under Section 18-161.5.

"Tier 1 participant" means a person who first became a participant before January 1, 2011.

(b) As soon as practical after the effective date of this amendatory Act of the 103rd General Assembly and until June 30, 2026, the System shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, the System shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity calculated in accordance with the formula provided under subsection (b-5) and any increases in survivor's annuity payable to his or her survivor's annuity beneficiary calculated in accordance with the formula provided under subsection (b-6) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement annuity otherwise payable under this Article.

(b-5) Notwithstanding any other provision of law, the retirement annuity of a person who made the election under subsection (b) shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 1.5% of the originally granted retirement annuity.

(b-6) Notwithstanding any other provision of law, a survivor's annuity payable to a survivor's annuity beneficiary of a person who made the election under subsection (b) shall be subject to annual increases on the January 1 occurring on or after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 1.5% of the originally granted survivor's annuity.

(c) If a person who has received an accelerated pension benefit payment returns to active service under this Article, then:

(1) the calculation of any future automatic annual increase in retirement annuity shall be calculated in accordance with the formula provided under subsection (b-5); and

(2) the accelerated pension benefit payment may not be repaid to the System.

(d) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(d-5) Upon receipt of a participant's irrevocable election to receive an accelerated pension benefit payment under this Section, the System shall submit a voucher to the Comptroller for payment of the participant's accelerated pension benefit payment. The Comptroller shall transfer the amount of the voucher from the General Revenue Fund to the System, and the System shall transfer the amount into the member's eligible retirement plan or qualified account.

(e) The Board shall adopt any rules, including emergency rules, necessary to implement this Section.

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

Article 4.

Section 4-5. The Illinois Pension Code is amended by adding Sections 2-154.7, 14-147.7, 15-185.7, 16-190.7, and 18-161.7 as follows:

(40 ILCS 5/2-154.7 new)

Sec. 2-154.7. Deferred Retirement Option Plan.

(a) In this Section, "Deferred Retirement Option Plan" or "DROP plan" means the Deferred Retirement Option Plan created under this Section.

(a-5) The Deferred Retirement Option Plan created by this

Section shall first become available to eligible participants on January 1, 2025.

(b) To be eligible to participate in the DROP plan, a participant must (i) be in active service, (ii) have attained an age that is within 5 years of meeting the eligibility requirement for receiving a retirement annuity under this Article, and (iii) have at least 20 years of service credit in the System. A participant may participate in the DROP plan only once.

(c) An election to participate in the DROP plan must be made within 3 years after becoming eligible under subsection (b). The election to participate in the DROP plan shall be made in writing on forms provided for that purpose by the Board and shall be filed with the Board. The application must indicate the date upon which participation in the DROP plan is to begin, which shall be the first day of a calendar month and not less than 30 days nor more than 90 days after the date of filing the application.

As a part of the application, the participant must file with the Board and with his or her employer an irrevocable letter of resignation from employment, effective on the date of termination of the participant's participation in the DROP plan (unless that termination results from acceptance of a disability benefit).

(d) A participant's participation in the DROP plan shall commence on the date specified in the application and shall end upon (i) termination of service, (ii) death of the participant, (iii) disability for which the participant receives a disability benefit, or (iv) expiration of 3 years from the date the participant's participation in the DROP plan began, whichever occurs first.

(e) A participant who is participating in the DROP plan shall be considered an active participant for the purposes of this Article, but shall be subject to the special conditions of the DROP plan. A participant shall continue to make the contributions that are required for active participants during his or her participation in the DROP plan. These contributions shall be accumulated in the participant's DROP account and shall be treated as being "picked up" within the meaning of Section 2-126.1 of this Code and Section 414(h)(2) of the Internal Revenue Code of 1986, as amended. A participant who is participating in the DROP plan shall not receive service credit for the period of that participation, and the salary earned during that period shall be disregarded in calculating the participant's benefits under this Article.

(f) A participant who participates in the DROP plan may terminate service at any time during participation in the DROP plan. A participant who participates in the DROP plan must terminate service on the last day of participation in the DROP plan, unless participation in the DROP plan is ended due to acceptance of a disability benefit.

(g) A participant who is participating in the DROP plan remains eligible to apply for a disability benefit under this Article, but participation in the DROP plan ceases upon acceptance of the disability benefit. If participation in the DROP plan is ended due to acceptance of a disability benefit, (1) the disabled participant shall be credited with employee contributions and creditable service for the period of participation in the DROP plan, (2) the participant's letter of resignation from service that is required to be filed at the time of application to participate in the DROP plan is void, and (3) the amounts in the disabled participant's DROP account are forfeited to the System.

(h) The System shall maintain a separate DROP account for the benefit of each participant who becomes a participant in the DROP plan. The System shall pay into the participant's DROP account:

(1) for each month of the participant's participation in the DROP plan, an amount equal to the monthly retirement annuity that the participant would have been eligible to receive if the participant had terminated service and taken a retirement annuity on the date his or her participation in the DROP plan began, including any increases in annuity for which the participant would have been eligible;

(2) the employee contributions paid by the participant during the period of participation in the DROP plan; and

(3) interest on the balance in the DROP account, at

the rate of 7% per annum, paid and compounded monthly, throughout the period of participation in the DROP plan. The DROP account shall cease earning interest when the participant's participation in the DROP plan ends.

(i) In addition to the retirement annuity, a participant who terminates service and retires at the conclusion of his or her participation in the DROP plan shall receive, upon retirement, a DROP benefit equal to the balance in the participant's DROP account at the time of retirement.

At the time of application for a retirement annuity, the participant shall elect to receive the DROP benefit in the form of either a lump sum or an actuarially equivalent annuity for life. If a lump sum payment is elected, it may be rolled over into an individual retirement account or a qualified retirement plan. A DROP benefit payable in the form of an annuity shall be in a fixed amount not subject to annual or other increases. A DROP benefit shall be treated as a retirement benefit for the purposes of Section 1-119.

(j) If a participant receiving a DROP benefit in the form of an annuity re-enters service, the DROP benefit annuity payments shall be suspended until the participant's subsequent retirement.

(k) If a participant dies while participating in the DROP plan, the DROP benefit shall be paid as a lump sum to the surviving spouse or other survivor of the participant entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased participant's estate.

(l) If a retired participant dies while receiving a DROP benefit in the form of an annuity, and the DROP account balance at the time of retirement exceeds the total amount of DROP benefit annuity payments received, the excess shall be refunded to the surviving spouse or other survivor of the participant entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased participant's estate.

(m) Notwithstanding any other provision of this Article, for a participant who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement pension shall be based on the participant's salary and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 2-119.1 if the participant had retired on that date.

(n) Notwithstanding any other provision of this Article, for a participant who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement annuity shall be based on the participant's salary and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 2-119.1 if the participant had retired on that date.

(40 ILCS 5/14-147.7 new)

Sec. 14-147.7. Deferred Retirement Option Plan.

(a) In this Section, "Deferred Retirement Option Plan" or "DROP plan" means the Deferred Retirement Option Plan created under this Section.

(a-5) The Deferred Retirement Option Plan created by this Section shall first become available to eligible participants on January 1, 2025.

(b) To be eligible to participate in the DROP plan, a member must (i) be in active service, (ii) have attained an age that is within 5 years of meeting the age requirement for receiving a retirement annuity under this Article, and (iii) have at least 20 years of service credit in the System. A member may participate in the DROP plan only once.

(c) An election to participate in the DROP plan must be made within 3 years after becoming eligible under subsection (b). The election to participate in the DROP plan shall be made in writing on forms provided for that purpose by the Board and shall be filed with the Board. The application must indicate the date upon which participation in the DROP plan is to begin, which shall be the first day of a calendar month and not less than 30 days nor more than 90 days after the date of filing the application.

As a part of the application, the member must file with the Board and with his or her employer an irrevocable letter of resignation from employment, effective on the date of termination of the member's participation in the DROP plan (unless that termination results from acceptance of a disability benefit).

(d) A member's participation in the DROP plan shall commence on the date specified in the application and shall end upon (i) termination of service, (ii) death of the member, (iii) disability for which the member receives a disability benefit, or (iv) expiration of 3 years from the date the member's participation in the DROP plan began, whichever occurs first.

(e) A member who is participating in the DROP plan shall be considered an active member for the purposes of this Article, including Section 14-134, but shall be subject to the special conditions of the DROP plan. A member shall continue to make the contributions that are required for active members during his or her participation in the DROP plan. These contributions shall be accumulated in the member's DROP account and shall be treated as being "picked up" within the meaning of Section 14-133.1 of this Code and Section 414(h)(2) of the Internal Revenue Code of 1986, as amended. A member who is participating in the DROP plan shall not receive service credit for the period of that participation, and the compensation earned during that period shall be disregarded in calculating the member's benefits under this Article.

(f) A member who participates in the DROP plan may terminate service at any time during participation in the DROP plan. A member who participates in the DROP plan must terminate service on the last day of participation in the DROP plan, unless participation in the DROP plan is ended due to acceptance of a disability benefit.

(g) A member who is participating in the DROP plan remains eligible to apply for a disability benefit under this Article, but participation in the DROP plan ceases upon acceptance of the disability benefit. If participation in the DROP plan is ended due to acceptance of a disability benefit, (1) the disabled member shall be credited with employee contributions and creditable service for the period of participation in the DROP plan, (2) the member's letter of resignation from service that is required to be filed at the time of application to participate in the DROP plan is void, and (3) the amounts in the disabled member's DROP account are forfeited to the System.

(h) The System shall maintain a separate DROP account for the benefit of each member who becomes a member in the DROP plan. The System shall pay into the member's DROP account:

(1) for each month of the member's participation in the DROP plan, an amount equal to the monthly retirement annuity that the member would have been eligible to receive if the member had terminated service and taken a retirement annuity on the date his or her participation in the DROP plan began, including any increases in annuity for which the member would have been eligible;

(2) the employee contributions paid by the member during the period of participation in the DROP plan; and

(3) interest on the balance in the DROP account, at the rate of 7% per annum, paid and compounded monthly, throughout the period of participation in the DROP plan. The DROP account shall cease earning interest when the member's participation in the DROP plan ends.

(i) In addition to the retirement annuity, a member who terminates service and retires at the conclusion of his or her participation in the DROP plan shall receive, upon retirement, a DROP benefit equal to the balance in the member's DROP account at the time of retirement.

At the time of application for a retirement annuity, the member shall elect to receive the DROP benefit in the form of either a lump sum or an actuarially equivalent annuity for life. If a lump sum payment is elected, it may be rolled over into an individual retirement account or a qualified retirement plan. A DROP benefit payable in the form of an annuity shall be in a fixed amount not subject to annual or other increases. A DROP benefit shall be treated as a retirement benefit for the purposes of Section 1-119.

(j) If a member receiving a DROP benefit in the form of an annuity re-enters service, the DROP benefit annuity payments shall be suspended until the member's subsequent retirement.

(k) If a member dies while participating in the DROP plan, the DROP benefit shall be paid as a lump sum to the surviving spouse or other survivor of the member entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased member's estate.

(l) If a retired member dies while receiving a DROP benefit in the form of an annuity, and the DROP account balance at the time of retirement exceeds the total amount of DROP benefit annuity payments received, the excess shall be refunded to the surviving spouse or other survivor of the member entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased member's estate.

(m) Notwithstanding any other provision of this Article, for a member who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement pension shall be based on the member's compensation and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 14-114 or Section 1-160, whichever is applicable, if the member had retired on that date.

(n) Notwithstanding any other provision of this Article, for a member who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement annuity shall be based on the member's compensation and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 14-114 or Section 1-160, whichever is applicable, if the member had retired on that date.

(40 ILCS 5/15-185.7 new)

Sec. 15-185.7. Deferred Retirement Option Plan.

(a) In this Section, "Deferred Retirement Option Plan" or "DROP plan" means the Deferred Retirement Option Plan created under this Section.

(a-5) The Deferred Retirement Option Plan created by this Section shall first become available to eligible participants on January 1, 2025.

(b) To be eligible to participate in the DROP plan, a participant must (i) be in active service, (ii) have attained an age that is within 5 years of meeting the eligibility requirement for receiving a retirement annuity under this Article, (iii) have at least 20 years of service credit in the System, and (iv) not be a participant in the self-managed plan under Section 15-158.2. A participant may participate in the DROP plan only once.

(c) An election to participate in the DROP plan must be made within 3 years after becoming eligible under subsection (b). The election to participate in the DROP plan shall be made in writing on forms provided for that purpose by the Board and shall be filed with the Board. The application must indicate the date upon which participation in the DROP plan is to begin, which shall be the first day of a calendar month and not less than 30 days nor more than 90 days after the date of filing the application.

As a part of the application, the participant must file with the Board and with his or her employer an irrevocable letter of resignation from employment, effective on the date of termination of the participant's participation in the DROP plan (unless that termination results from acceptance of a disability benefit).

(d) A participant's participation in the DROP plan shall commence on the date specified in the application and shall end upon (i) termination of service, (ii) death of the participant, (iii) disability for which the participant receives a disability benefit, or (iv) expiration of 3 years from the date the participant's participation in the DROP plan began, whichever occurs first.

(e) A participant who is participating in the DROP plan shall be considered an active participant for the purposes of this Article, including Section 15-159, but shall be subject to the special conditions of the DROP plan. A participant shall continue to make the contributions that are required for active participants during his or her participation in the DROP plan. These contributions shall be accumulated in the participant's DROP account and shall be treated as being "picked up" within the meaning of Section 15-157.1 of this Code and Section 414(h)(2) of the Internal Revenue Code of

1986, as amended. A participant who is participating in the DROP plan shall not receive service credit for the period of that participation, and the earnings earned during that period shall be disregarded in calculating the participant's benefits under this Article.

(f) A participant who participates in the DROP plan may terminate service at any time during participation in the DROP plan. A participant who participates in the DROP plan must terminate service on the last day of participation in the DROP plan, unless participation in the DROP plan is ended due to acceptance of a disability benefit.

(g) A participant who is participating in the DROP plan remains eligible to apply for a disability benefit under this Article, but participation in the DROP plan ceases upon acceptance of the disability benefit. If participation in the DROP plan is ended due to acceptance of a disability benefit, (1) the disabled participant shall be credited with employee contributions and creditable service for the period of participation in the DROP plan, (2) the participant's letter of resignation from service that is required to be filed at the time of application to participate in the DROP plan is void, and (3) the amounts in the disabled participant's DROP account are forfeited to the System.

(h) The System shall maintain a separate DROP account for the benefit of each participant who becomes a participant in the DROP plan. The System shall pay into the participant's

DROP account:

(1) for each month of the participant's participation in the DROP plan, an amount equal to the monthly retirement annuity that the participant would have been eligible to receive if the participant had terminated service and taken a retirement annuity on the date his or her participation in the DROP plan began, including any increases in annuity for which the participant would have been eligible;

(2) the employee contributions paid by the participant during the period of participation in the DROP plan; and

(3) interest on the balance in the DROP account, at the rate of 7% per annum, paid and compounded monthly, throughout the period of participation in the DROP plan. The DROP account shall cease earning interest when the participant's participation in the DROP plan ends.

(i) In addition to the retirement annuity, a participant who terminates service and retires at the conclusion of his or her participation in the DROP plan shall receive, upon retirement, a DROP benefit equal to the balance in the participant's DROP account at the time of retirement.

At the time of application for a retirement annuity, the participant shall elect to receive the DROP benefit in the form of either a lump sum or an actuarially equivalent annuity for life. If a lump sum payment is elected, it may be rolled over into an individual retirement account or a qualified retirement plan. A DROP benefit payable in the form of an annuity shall be in a fixed amount not subject to annual or other increases. A DROP benefit shall be treated as a retirement benefit for the purposes of Section 1-119.

(j) If a participant receiving a DROP benefit in the form of an annuity re-enters service, the DROP benefit annuity payments shall be suspended until the participant's subsequent retirement.

(k) If a participant dies while participating in the DROP plan, the DROP benefit shall be paid as a lump sum to the surviving spouse or other survivor of the participant entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased participant's estate.

(l) If a retired participant dies while receiving a DROP benefit in the form of an annuity, and the DROP account balance at the time of retirement exceeds the total amount of DROP benefit annuity payments received, the excess shall be refunded to the surviving spouse or other survivor of the participant entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased participant's estate.

(m) Notwithstanding any other provision of this Article, for a participant who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement pension shall be based on the participant's earnings and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 15-136 if the participant had retired on that date.

(n) Notwithstanding any other provision of this Article, for a participant who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement annuity shall be based on the participant's earnings and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 15-136 if the participant had retired on that date.

(40 ILCS 5/16-190.7 new)

Sec. 16-190.7. Deferred Retirement Option Plan.

(a) In this Section, "Deferred Retirement Option Plan" or "DROP plan" means the Deferred Retirement Option Plan created under this Section.

(a-5) The Deferred Retirement Option Plan created by this Section shall first become available to eligible participants on January 1, 2025.

(b) To be eligible to participate in the DROP plan, a member must (i) be in active service, (ii) have attained an age that is within 5 years of meeting the eligibility requirement for receiving a retirement annuity under this Article, and (iii) have at least 20 years of service credit in the System. A member may participate in the DROP plan only once.

(c) An election to participate in the DROP plan must be made within 3 years after becoming eligible under subsection (b). The election to participate in the DROP plan shall be made in writing on forms provided for that purpose by the Board and shall be filed with the Board. The application must indicate the date upon which participation in the DROP plan is to begin, which shall be the first day of a calendar month and not less than 30 days nor more than 90 days after the date of filing the application.

As a part of the application, the member must file with the Board and with his or her employer an irrevocable letter of resignation from employment, effective on the date of termination of the member's participation in the DROP plan (unless that termination results from acceptance of a disability benefit).

(d) A member's participation in the DROP plan shall commence on the date specified in the application and shall end upon (i) termination of service, (ii) death of the member, (iii) disability for which the member receives a disability benefit, or (iv) expiration of 3 years from the date the member's participation in the DROP plan began, whichever occurs first.

(e) A member who is participating in the DROP plan shall be considered an active member for the purposes of this Article, including Section 16-163, but shall be subject to the special conditions of the DROP plan. A member shall continue to make the contributions that are required for active members during his or her participation in the DROP plan. These contributions shall be accumulated in the member's DROP account and shall be treated as being "picked up" within the meaning of Section 16-152.1 of this Code and Section 414(h)(2) of the Internal Revenue Code of 1986, as amended. A member who is participating in the DROP plan shall not receive service credit for the period of that participation, and the salary earned during that period shall be disregarded in calculating the member's benefits under this Article.

(f) A member who participates in the DROP plan may terminate service at any time during participation in the DROP plan. A member who participates in the DROP plan must terminate service on the last day of participation in the DROP plan, unless participation in the DROP plan is ended due to acceptance of a disability benefit.

(g) A member who is participating in the DROP plan remains eligible to apply for a disability benefit under this Article, but participation in the DROP plan ceases upon acceptance of the disability benefit. If participation in the DROP plan is ended due to acceptance of a disability benefit, (1) the disabled member shall be credited with employee contributions and creditable service for the period of participation in the DROP plan, (2) the member's letter of resignation from service that is required to be filed at the time of application to participate in the DROP plan is void, and (3) the amounts in the disabled member's DROP account are forfeited to the System.

(h) The System shall maintain a separate DROP account for the benefit of each member who becomes a member in the DROP plan. The System shall pay into the member's DROP account:

(1) for each month of the member's participation in the DROP plan, an amount equal to the monthly retirement annuity that the member would have been eligible to receive if the member had terminated service and taken a retirement annuity on the date his or her participation in the DROP plan began, including any increases in annuity for which the member would have been eligible;

(2) the employee contributions paid by the member during the period of participation in the DROP plan; and

(3) interest on the balance in the DROP account, at the rate of 7% per annum, paid and compounded monthly, throughout the period of participation in the DROP plan. The DROP account shall cease earning interest when the member's participation in the DROP plan ends.

(i) In addition to the retirement annuity, a member who terminates service and retires at the conclusion of his or her participation in the DROP plan shall receive, upon retirement, a DROP benefit equal to the balance in the member's DROP account at the time of retirement.

At the time of application for a retirement annuity, the member shall elect to receive the DROP benefit in the form of either a lump sum or an actuarially equivalent annuity for life. If a lump sum payment is elected, it may be rolled over into an individual retirement account or a qualified retirement plan. A DROP benefit payable in the form of an annuity shall be in a fixed amount not subject to annual or other increases. A DROP benefit shall be treated as a retirement benefit for the purposes of Section 1-119.

(j) If a member receiving a DROP benefit in the form of an annuity re-enters service, the DROP benefit annuity payments shall be suspended until the member's subsequent retirement.

(k) If a member dies while participating in the DROP plan, the DROP benefit shall be paid as a lump sum to the surviving spouse or other survivor of the member entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased member's estate.

(l) If a retired member dies while receiving a DROP benefit in the form of an annuity, and the DROP account balance at the time of retirement exceeds the total amount of DROP benefit annuity payments received, the excess shall be refunded to the surviving spouse or other survivor of the member entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased member's estate.

(m) Notwithstanding any other provision of this Article, for a member who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement pension shall be based on the member's salary and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 16-133.1 or Section 1-160, whichever is applicable, if the member had retired on that date.

(n) Notwithstanding any other provision of this Article, for a member who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement annuity shall be based on the member's salary and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 16-133.1 or Section 1-160, whichever is applicable, if the member had retired on that date.

(40 ILCS 5/18-161.7 new)

Sec. 18-161.7. Deferred Retirement Option Plan.

(a) The Deferred Retirement Option Plan created by this Section shall first become available to eligible participants on January 1, 2025.

(b) To be eligible to participate in the DROP plan, a participant must (i) be in active service, (ii) have attained an age that is within 5 years of meeting the eligibility requirement for receiving a retirement annuity under this Article, and (iii) have at least 20 years of service credit in the System. A participant may participate in the DROP plan only once.

(c) An election to participate in the DROP plan must be made within 3 years after becoming eligible under subsection (b). The election to participate in the DROP plan shall be made in writing on forms provided for that purpose by the Board and shall be filed with the Board. The application must indicate the date upon which participation in the DROP plan is to begin, which shall be the first day of a calendar month and not less than 30 days nor more than 90 days after the date of filing the application.

As a part of the application, the participant must file with the Board and with his or her employer an irrevocable letter of resignation from employment, effective on the date of termination of the participant's participation in the DROP plan (unless that termination results from acceptance of a disability benefit).

(d) A participant's participation in the DROP plan shall commence on the date specified in the application and shall end upon (i) termination of service, (ii) death of the participant, (iii) disability for which the participant receives a disability benefit, or (iv) expiration of 3 years from the date the participant's participation in the DROP plan began, whichever occurs first.

(e) A participant who is participating in the DROP plan shall be considered an active participant for the purposes of this Article, including Section 18-135, but shall be subject to the special conditions of the DROP plan. A participant shall continue to make the contributions that are required for active participants during his or her participation in the DROP plan. These contributions shall be accumulated in the participant's DROP account and shall be treated as being "picked up" within the meaning of Section 18-133.1 of this Code and Section 414(h)(2) of the Internal Revenue Code of 1986, as amended. A participant who is participating in the DROP plan shall not receive service credit for the period of that participation, and the salary earned during that period shall be disregarded in calculating the participant's benefits under this Article.

(f) A participant who participates in the DROP plan may terminate service at any time during participation in the DROP plan. A participant who participates in the DROP plan must terminate service on the last day of participation in the DROP plan, unless participation in the DROP plan is ended due to acceptance of a disability benefit.

(g) A participant who is participating in the DROP plan remains eligible to apply for a disability benefit under this Article, but participation in the DROP plan ceases upon acceptance of the disability benefit. If participation in the DROP plan is ended due to acceptance of a disability benefit, (1) the disabled participant shall be credited with employee contributions and creditable service for the period of participation in the DROP plan, (2) the participant's letter of resignation from service that is required to be filed at the time of application to participate in the DROP plan is void, and (3) the amounts in the disabled participant's DROP account are forfeited to the System.

(h) The System shall maintain a separate DROP account for the benefit of each participant who becomes a participant in the DROP plan. The System shall pay into the participant's DROP account:

(1) for each month of the participant's participation in the DROP plan, an amount equal to the monthly retirement annuity that the participant would have been eligible to receive if the participant had terminated service and taken a retirement annuity on the date his or her participation in the DROP plan began, including any increases in annuity for which the participant would have been eligible;

(2) the employee contributions paid by the participant during the period of participation in the DROP plan; and

(3) interest on the balance in the DROP account, at the rate of 7% per annum, paid and compounded monthly, throughout the period of participation in the DROP plan. The DROP account shall cease earning interest when the participant's participation in the DROP plan ends.

(i) In addition to the retirement annuity, a participant who terminates service and retires at the conclusion of his or her participation in the DROP plan shall receive, upon retirement, a DROP benefit equal to the balance in the participant's DROP account at the time of retirement.

At the time of application for a retirement annuity, the participant shall elect to receive the DROP benefit in the form of either a lump sum or an actuarially equivalent annuity for life. If a lump sum payment is elected, it may be rolled over into an individual retirement account or a qualified retirement plan. A DROP benefit payable in the form of an annuity shall be in a fixed amount not subject to annual or other increases. A DROP benefit shall be treated as a retirement benefit for the purposes of Section 1-119.

(j) If a participant receiving a DROP benefit in the form of an annuity re-enters service, the DROP benefit annuity payments shall be suspended until the participant's subsequent retirement.

(k) If a participant dies while participating in the DROP plan, the DROP benefit shall be paid as a lump sum to the surviving spouse or other survivor of the participant entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased participant's estate.

(l) If a retired participant dies while receiving a DROP benefit in the form of an annuity, and the DROP account balance at the time of retirement exceeds the total amount of DROP benefit annuity payments received, the excess shall be refunded to the surviving spouse or other survivor of the participant entitled to a survivor's benefit or annuity or, if there is no such survivor, then to the deceased participant's estate.

(m) Notwithstanding any other provision of this Article, for a participant who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement pension shall be based on the participant's salary and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 18-125.1 if the participant had retired on that date.

(n) Notwithstanding any other provision of this Article, for a participant who retires at the conclusion of participation in the DROP plan, calculation of the amount of the retirement annuity shall be based on the participant's salary and accumulated service on the date he or she began participation in the DROP plan and shall include any annual increases that would have accrued under Section 18-125.1 if the participant had retired on that date.

Article 5.

Section 5-5. The General Obligation Bond Act is amended by changing Sections 7.2 and 7.6 as follows:

(30 ILCS 330/7.2)

Sec. 7.2. State pension funding.

(a) The amount of $10,000,000,000 is authorized to be used for the purpose of making contributions to the designated retirement systems. For the purposes of this Section, "designated retirement systems" means the State Employees' Retirement System of Illinois; the Teachers' Retirement System of the State of Illinois; the State Universities Retirement System; the Judges Retirement System of Illinois; and the General Assembly Retirement System.

The amount of $3,466,000,000 of Bonds authorized by Public Act 96-43 is authorized to be used for the purpose of making a portion of the State's Fiscal Year 2010 required contributions to the designated retirement systems.

The amount of $4,096,348,300 of Bonds authorized by this amendatory Act of the 96th General Assembly is authorized to be used for the purpose of making a portion of the State's Fiscal Year 2011 required contributions to the designated retirement systems.

(b) The Pension Contribution Fund is created as a special fund in the State treasury ~~Treasury~~.

The proceeds of the additional $10,000,000,000 of Bonds authorized by Public Act 93-2, less the amounts authorized in the Bond Sale Order to be deposited directly into the capitalized interest account of the General Obligation Bond Retirement and Interest Fund or otherwise directly paid out for bond sale expenses under Section 8, shall be deposited into the Pension Contribution Fund and used as provided in this Section.

The proceeds of the additional $3,466,000,000 of Bonds authorized by Public Act 96-43, less the amounts directly paid out for bond sale expenses under Section 8, shall be deposited into the Pension Contribution Fund, and the Comptroller and the Treasurer shall, as soon as practical, (i) first, transfer from the Pension Contribution Fund to the General Revenue Fund or Common School Fund an amount equal to the amount of payments, if any, made to the designated retirement systems from the General Revenue Fund or Common School Fund in State fiscal year 2010 and (ii) second, make transfers from the Pension Contribution Fund to the designated retirement systems pursuant to Sections 2-124, 14-131, 15-155, 16-158, and 18-131 of the Illinois Pension Code.

The proceeds of the additional $4,096,348,300 of Bonds authorized by this amendatory Act of the 96th General Assembly, less the amounts directly paid out for bond sale expenses under Section 8, shall be deposited into the Pension Contribution Fund, and the Comptroller and the Treasurer shall, as soon as practical, (i) first, transfer from the Pension Contribution Fund to the General Revenue Fund or Common School Fund an amount equal to the amount of payments, if any, made to the designated retirement systems from the General Revenue Fund or Common School Fund in State fiscal year 2011 and (ii) second, make transfers from the Pension Contribution Fund to the designated retirement systems pursuant to Sections 2-124, 14-131, 15-155, 16-158, and 18-131 of the Illinois Pension Code.

(c) Of the amount of Bond proceeds from the bond sale authorized by Public Act 93-2 first deposited into the Pension Contribution Fund, there shall be reserved for transfers under this subsection the sum of $300,000,000, representing the required State contributions to the designated retirement systems for the last quarter of State fiscal year 2003, plus the sum of $1,860,000,000, representing the required State contributions to the designated retirement systems for State fiscal year 2004.

Upon the deposit of sufficient moneys from the bond sale authorized by Public Act 93-2 into the Pension Contribution Fund, the Comptroller and Treasurer shall immediately transfer the sum of $300,000,000 from the Pension Contribution Fund to the General Revenue Fund.

Whenever any payment of required State contributions for State fiscal year 2004 is made to one of the designated retirement systems, the Comptroller and Treasurer shall, as soon as practicable, transfer from the Pension Contribution Fund to the General Revenue Fund an amount equal to the amount of that payment to the designated retirement system. Beginning on the effective date of this amendatory Act of the 93rd General Assembly, the transfers from the Pension Contribution Fund to the General Revenue Fund shall be suspended until June 30, 2004, and the remaining balance in the Pension Contribution Fund shall be transferred directly to the designated retirement systems as provided in Section 6z-61 of the State Finance Act. On and after July 1, 2004, in the event that any amount is on deposit in the Pension Contribution Fund from time to time, the Comptroller and Treasurer shall continue to make such transfers based on fiscal year 2005 payments until the entire amount on deposit has been transferred.

(d) All amounts deposited into the Pension Contribution Fund, other than the amounts reserved for the transfers under subsection (c) from the bond sale authorized by Public Act 93-2, other than amounts deposited into the Pension Contribution Fund from the bond sale authorized by Public Act 96-43 and other than amounts deposited into the Pension Contribution Fund from the bond sale authorized by this amendatory Act of the 96th General Assembly, shall be appropriated to the designated retirement systems to reduce their actuarial reserve deficiencies. The amount of the appropriation to each designated retirement system shall constitute a portion of the total appropriation under this subsection that is the same as that retirement system's portion of the total actuarial reserve deficiency of the systems, as most recently determined by the Governor's Office of Management and Budget under Section 8.12 of the State Finance Act.

With respect to proceeds from the bond sale authorized by Public Act 93-2 only, within 15 days after any Bond proceeds in excess of the amounts initially reserved under subsection (c) are deposited into the Pension Contribution Fund, the Governor's Office of Management and Budget shall (i) allocate those proceeds among the designated retirement systems in proportion to their respective actuarial reserve deficiencies, as most recently determined under Section 8.12 of the State Finance Act, and (ii) certify those allocations to the designated retirement systems and the Comptroller.

Upon receiving certification of an allocation under this subsection, a designated retirement system shall submit to the Comptroller a voucher for the amount of its allocation. The voucher shall be paid out of the amount appropriated to that designated retirement system from the Pension Contribution Fund pursuant to this subsection.

<u>(e) Every fiscal year after all the bonds authorized by Public Act 93-2 are retired, the State Treasurer shall direct and the State Comptroller shall transfer the sum of $500,000,000 from the General Revenue Fund to the Pension Unfunded Liability Reduction Fund each fiscal year, which shall be used to make additional contributions to eligible pension funds in accordance with Section 8s of the State Finance Act.</u>

(Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11.)

(30 ILCS 330/7.6)

Sec. 7.6. Income Tax Proceed Bonds.

(a) As used in this Act, "Income Tax Proceed Bonds" means Bonds (i) authorized by this amendatory Act of the 100th General Assembly or any other Public Act of the 100th General Assembly authorizing the issuance of Income Tax Proceed Bonds and (ii) used for the payment of unpaid obligations of the State as incurred from time to time and as authorized by the General Assembly.

(b) Income Tax Proceed Bonds in the amount of $6,000,000,000 are hereby authorized to be used for the purpose of paying vouchers incurred by the State prior to July 1, 2017. Additional Income Tax Proceed Bonds in the amount of $1,200,000,000 are hereby authorized to be used for the purpose of paying vouchers incurred by the State and accruing interest payable by the State prior to the date on which the Income Tax Proceed Bonds are issued.

(c) The Income Tax Bond Fund is hereby created as a special fund in the State treasury. All moneys from the proceeds of the sale of the Income Tax Proceed Bonds, less the amounts authorized in the Bond Sale Order to be directly paid out for bond sale expenses under Section 8, shall be deposited into the Income Tax Bond Fund. All moneys in the Income Tax Bond Fund shall be used for the purpose of paying vouchers incurred by the State prior to July 1, 2017 or for paying vouchers incurred by the State more than 90 days prior to the date on which the Income Tax Proceed Bonds are issued. For the purpose of paying such vouchers, the Comptroller has the authority to transfer moneys from the Income Tax Bond Fund to general funds and the Health Insurance Reserve Fund. "General funds" has the meaning provided in Section 50-40 of the State Budget Law.

<u>(d) Every fiscal year after all the bonds authorized under this Section are retired, the State Treasurer shall direct and the State Comptroller shall transfer the sum of $500,000,000 from the General Revenue Fund to the Pension Unfunded Liability Reduction Fund each fiscal year, which shall be used to make additional contributions to eligible pension funds in accordance with Section 8s of the State Finance Act.</u>

(Source: P.A. 100-23, eff. 7-6-17; 101-30, eff. 6-28-19; 101-604, eff. 12-13-19.)

Section 5-10. The State Finance Act is amended by adding Section 8s as follows:

(30 ILCS 105/8s new)

<u>Sec. 8s. Pension Unfunded Liability Reduction Fund.</u>

<u>(a) In this Section, "eligible pension fund" means a pension fund or retirement system established under Article 2, 14, 15, 16, 17, or 18 of the Illinois Pension Code that has a total actuarial liability in excess of its total actuarial assets.</u>

<u>(b) The Pension Unfunded Liability Reduction Fund is created as a special fund in the State treasury. Moneys in the Fund may only be used to make annual additional contributions</u>

<u>to eligible pension funds.</u>

<u>(c) Moneys in the Fund shall be disbursed every fiscal year to each eligible pension fund based on the pro rata share of the State's required annual contribution to that eligible pension fund for that fiscal year relative to the State's total required annual contribution to all eligible pension funds for that fiscal year.</u>

Article 6.

Section 6-5. The Illinois Pension Code is amended by changing Sections 2-124, 14-131, 15-155, 16-158, and 18-131 as follows:

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

Sec. 2-124. Contributions by State.

(a) The State shall make contributions to the System by appropriations of amounts which, together with the contributions of participants, interest earned on investments, and other income will meet the cost of maintaining and administering the System on a <u>100%</u> ~~90%~~ funded basis <u>by 2050</u> in accordance with actuarial recommendations.

(b) The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the prescribed rate of interest, using the formula in subsection (c).

(c) For State fiscal years 2025 through 2050, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2050. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2050 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 2012 through 2024 ~~2045~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

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

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

For each of State fiscal years 2008 through 2009, the

State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $10,454,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

Beginning in State fiscal year 2051 ~~2046~~, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 100% ~~90%~~ of the total actuarial liabilities of the System.

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 2-134, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

5-year period following that fiscal year.

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

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

(40 ILCS 5/14-131)

Sec. 14-131. Contributions by State.

(a) The State shall make contributions to the System by appropriations of amounts which, together with other employer contributions from trust, federal, and other funds, employee contributions, investment income, and other income, will be sufficient to meet the cost of maintaining and administering the System on a 100% ~~90%~~ funded basis by 2050 in accordance with actuarial recommendations.

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

(b) The Board shall determine the total amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board, using the formula in subsection (e).

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

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

(c) Contributions shall be made by the several departments for each pay period by warrants drawn by the State Comptroller against their respective funds or appropriations based upon vouchers stating the amount to be so contributed. These amounts shall be based on the full rate certified by the Board under Section 14-135.08 for that fiscal year. From March 5, 2004 (the effective date of Public Act 93-665) through the payment of the final payroll from fiscal year 2004 appropriations, the several departments shall not make contributions for the remainder of fiscal year 2004 but shall instead make payments as required under subsection (a-1) of Section 14.1 of the State Finance Act. The several departments shall resume those contributions at the commencement of fiscal year 2005.

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

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

(d) If an employee is paid from trust funds or federal funds, the department or other employer shall pay employer contributions from those funds to the System at the certified rate, unless the terms of the trust or the federal-State agreement preclude the use of the funds for that purpose, in which case the required employer contributions shall be paid by the State.

(e) For State fiscal years 2025 through 2050, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2050. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2050 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 2012 through 2024 ~~2045~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

For State fiscal years 1996 through 2005, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments so that by State fiscal year 2011, the State is contributing at the rate required under this Section; except that (i) for State fiscal year 1998, for all purposes of this Code and any other law of this State, the certified percentage of the applicable employee payroll shall be 5.052% for employees earning eligible creditable service under Section 14-110 and 6.500% for all other employees, notwithstanding any contrary certification made under Section 14-135.08 before July 7, 1997 (the effective date of Public Act 90-65), and (ii) in the following specified State fiscal years, the State contribution to the System shall not be less than the following indicated percentages of the applicable employee payroll, even if the indicated percentage will produce a State contribution in excess of the amount otherwise required under this subsection and subsection (a): 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

Beginning in State fiscal year 2051 ~~2046~~, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 100% ~~90%~~ of the total actuarial liabilities of the System.

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

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

(f) (Blank).

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

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

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

(i) (Blank).

(j) (Blank).

(k) For fiscal year 2012 and each fiscal year thereafter, after the submission of all payments for eligible employees from personal services line items paid from the General Revenue Fund in the fiscal year have been made, the Comptroller shall provide to the System a certification of the sum of all expenditures in the fiscal year for personal services. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for the fiscal year in order to meet the State's obligation under this Section. The System shall compare this amount due to the amount received by the System for the fiscal year. If the amount due is more than the amount received, the difference shall be termed the "Prior Fiscal Year Shortfall" for purposes of this Section, and the Prior Fiscal Year Shortfall shall be satisfied under Section 1.2 of the State Pension Funds Continuing Appropriation Act. If the amount due is less than the amount received, the difference shall be termed the "Prior Fiscal Year Overpayment" for purposes of this Section, and the Prior Fiscal Year Overpayment shall be repaid by the System to the General Revenue Fund as soon as practicable after the certification.

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

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

Sec. 15-155. Employer contributions.

(a) The State of Illinois shall make contributions by appropriations of amounts which, together with the other employer contributions from trust, federal, and other funds, employee contributions, income from investments, and other income of this System, will be sufficient to meet the cost of maintaining and administering the System on a 100% ~~90%~~ funded basis by 2050 in accordance with actuarial recommendations.

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

(a-1) For State fiscal years 2025 through 2050, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2050. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2050 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 2012 through 2024 ~~2045~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

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

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

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

For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for

State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to Section 15-165 and shall be made from the State Pensions Fund and proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

Beginning in State fiscal year 2051 ~~2046~~, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 100% ~~90%~~ of the total actuarial liabilities of the System.

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

(i) for each of fiscal years 2018, 2019, and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; plus

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

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

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

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

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

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

(b-1) The City of Urbana and the City of Champaign shall each make employer contributions to this System for their respective firefighter employees who participate in this System pursuant to subsection (h) of Section 15-107. The rate of contributions to be made by those municipalities shall be determined annually by the Board on the basis of the actuarial assumptions adopted by the Board and the recommendations of the actuary, and shall be expressed as a percentage of salary for each such employee. The Board shall certify the rate to the affected municipalities as soon as may be practical. The employer contributions required under this subsection shall be remitted by the municipality to the System at the same time and in the same manner as employee contributions.

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

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

(e) The State Comptroller shall draw warrants payable to the System upon proper certification by the System or by the employer in accordance with the appropriation laws and this Code.

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

(g) If the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than 6%, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

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

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

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

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

(g-1) (Blank).

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

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases paid to participants under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005.

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

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

When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase resulting from (i) a promotion for which the employee moves from one classification to a higher classification under the State Universities Civil Service System, (ii) a promotion in academic rank for a tenured or tenure-track faculty position, or (iii) a promotion that the Illinois Community College Board has recommended in accordance with subsection (k) of this Section. These earnings increases shall be excluded only if the promotion is to a position that has existed and been filled by a member for no less than one complete academic year and the earnings increase as a result of the promotion is an increase that results in an amount no greater than the average salary paid for other similar positions.

(h-5) When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase paid in an academic year beginning on or after July 1, 2020 resulting from overload work performed in an academic year subsequent to an academic year in which the employer was unable to offer or allow to be conducted overload work due to an emergency declaration limiting such activities.

(i) When assessing payment for any amount due under subsection (g), the System shall exclude any salary increase described in subsection (h) of this Section given on or after July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Except as provided in subsection (h-5), any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (g) of this Section.

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

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

(2) The dollar amount by which each employer's

contribution to the System was changed due to recalculations required by Public Act 94-1057.

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

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

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

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

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

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

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

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

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

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

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

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-764, eff. 5-13-22.)

(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

Sec. 16-158. Contributions by State and other employing units.

(a) The State shall make contributions to the System by means of appropriations from the Common School Fund and other State funds of amounts which, together with other employer contributions, employee contributions, investment income, and other income, will be sufficient to meet the cost of maintaining and administering the System on a <u>100%</u> ~~90%~~ funded basis <u>by 2050</u> in accordance with actuarial recommendations.

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

(a-1) Annually, on or before November 15 until November 15, 2011, the Board shall certify to the Governor the amount of the required State contribution for the coming fiscal year. The certification under this subsection (a-1) shall include a copy of the actuarial recommendations upon which it is based and shall specifically identify the System's projected State normal cost for that fiscal year.

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

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

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

(a-5) On or before November 1 of each year, beginning November 1, 2012, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of the amount of the required State contribution to the System for the next fiscal year, along with all of the actuarial assumptions, calculations, and data upon which that proposed certification is based. On or before January 1 of each year, beginning January 1, 2013, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. On or before January 15, 2013 and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the amount of the required State contribution for the next fiscal year. The Board's certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

(a-10) By November 1, 2017, the Board shall recalculate and recertify to the State Actuary, the Governor, and the General Assembly the amount of the State contribution to the

System for State fiscal year 2018, taking into account the changes in required State contributions made by Public Act 100-23. The State Actuary shall review the assumptions and valuations underlying the Board's revised certification and issue a preliminary report concerning the proposed recertification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. The Board's final certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

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

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

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

If in any month the amount remaining unexpended from all other appropriations to the System for the applicable fiscal year (including the appropriations to the System under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act) is less than the amount lawfully vouchered under this subsection, the difference shall be paid from the Common School Fund under the continuing appropriation authority provided in Section 1.1 of the State Pension Funds Continuing Appropriation Act.

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

(b-3) For State fiscal years 2025 through 2050, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2050. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2050 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 2012 through 2024 ~~2045~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2007 is $738,014,500.

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to subsection (a-1) of this Section and shall be made from the proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the Common School Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable. This amount shall include, in addition to the amount certified by the System, an amount necessary to meet employer contributions required by the State as an employer under paragraph (e) of this Section, which may also be used by the System for contributions required by paragraph (a) of Section 16-127.

Beginning in State fiscal year <u>2051</u> ~~2046~~, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at <u>100%</u> ~~90%~~ of the total actuarial liabilities of the System.

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(b-4) Beginning in fiscal year 2018, each employer under this Article shall pay to the System a required contribution determined as a percentage of projected payroll and sufficient to produce an annual amount equal to:

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

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

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

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

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

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

If members are paid from special trust or federal funds which are administered by the employing unit, whether school district or other unit, the employing unit shall pay to the System from such funds the full accruing retirement costs based upon that service, which, beginning July 1, 2017, shall be at a rate, expressed as a percentage of salary, equal to the total employer's normal cost, expressed as a percentage of payroll, as determined by the System. Employer contributions, based on salary paid to members from federal funds, may be forwarded by the distributing agency of the State of Illinois to the System prior to allocation, in an amount determined in accordance with guidelines established by such agency and the System. Any contribution for fiscal year 2015 collected as a result of the change made by Public Act 98-674 shall be considered a State contribution under subsection (b-3) of this Section.

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

System.

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

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

(1) Beginning July 1, 1998 through June 30, 1999, the employer contribution shall be equal to 0.3% of each teacher's salary.

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

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

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

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

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

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

(f) If the amount of a teacher's salary for any school year used to determine final average salary exceeds the member's annual full-time salary rate with the same employer for the previous school year by more than 6%, the teacher's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. If a teacher's salary for the 2005-2006 school year is used to determine final average salary under this subsection (f), then the changes made to this subsection (f) by Public Act 94-1057 shall apply in calculating whether the increase in his or her salary is in excess of 6%. For the purposes of this Section, change in employment under Section 10-21.12 of the School Code on or after June 1, 2005 shall constitute a change in employer. The System may require the employer to provide any pertinent information or documentation. The changes made to this subsection (f) by Public Act 94-1111 apply without regard to whether the teacher was in service on or after its effective date.

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

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

(f-1) (Blank).

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

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

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

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from overload work, including summer school, when the school district has certified to the System, and the System has approved the certification, that (i) the overload work is for the sole purpose of classroom instruction in excess of the standard number of classes for a full-time teacher in a school district during a school year and (ii) the salary increases are equal to or less than the rate of pay for classroom instruction computed on the teacher's current salary and work schedule.

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

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

(g-5) When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from overload or stipend work performed in a school year subsequent to a school year in which the employer was unable to offer or allow to be conducted overload or stipend work due to an emergency declaration limiting such activities.

(g-10) When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from increased instructional time that exceeded the instructional time required during the 2019-2020 school year.

(g-15) When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from teaching summer school on or after May 1, 2021 and before September 15, 2022.

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

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

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

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

(3) The total amount the System received from each

employer as a result of the changes made to this Section by Public Act 94-4.

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

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

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

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

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

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

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

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-525, eff. 8-20-21; 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

(40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

Sec. 18-131. Financing; employer contributions.

(a) The State of Illinois shall make contributions to this System by appropriations of the amounts which, together with the contributions of participants, net earnings on investments, and other income, will meet the costs of maintaining and administering this System on a 100% ~~90%~~ funded basis by 2050 in accordance with actuarial recommendations.

(b) The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the prescribed rate of interest, using the formula in subsection (c).

(c) For State fiscal years 2025 through 2050, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100%

of the total actuarial liabilities of the System by the end of State fiscal year 2050. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2050 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 2012 through 2024 ~~2045~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2006 is $29,189,400.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2007 is $35,236,800.

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

this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $78,832,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to Section 18-140 and shall be made from the proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

Beginning in State fiscal year 2051 ~~2046~~, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 100% ~~90%~~ of the total actuarial liabilities of the System.

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 18-140, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section

7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

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

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

Article 7.

Section 7-5. The Illinois Pension Code is amended by changing Sections 2-101, 2-105, 2-107, 2-117, 14-103.05, 14-104, 14-105.4, 18-101, 18-108, 18-109, and 18-110 as follows:

(40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

Sec. 2-101. Creation of system. A retirement system is created to provide retirement annuities, survivor's annuities and other benefits for certain members of the General Assembly, certain elected state officials, and their beneficiaries.

The system shall be known as the "General Assembly Retirement System". All its funds and property shall be a trust separate from all other entities, maintained for the purpose of securing payment of annuities and benefits under this Article.

Participation in the retirement system created under this Article is restricted to persons who became participants before January 8, 2025. Beginning on that date, the System shall not accept any new participants.

(Source: P.A. 83-1440.)

(40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

Sec. 2-105. Member. "Member": Members of the General Assembly of this State, including persons who enter military service while a member of the General Assembly, and any person serving as Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller, or Attorney General for the period of service in such office.

Any person who has served for 10 or more years as Clerk or Assistant Clerk of the House of Representatives, Secretary or Assistant Secretary of the Senate, or any combination thereof, may elect to become a member of this system while thenceforth engaged in such service by filing a written election with the board. Any person so electing shall be deemed an active member of the General Assembly for the purpose of validating and transferring any service credits earned under any of the funds and systems established under Articles 3 through 18 of this Code.

Notwithstanding any other provision of this Article, a person shall not be deemed a member for the purposes of this Article unless he or she became a participant of the System before January 8, 2025.

(Source: P.A. 85-1008.)

(40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

Sec. 2-107. Participant. "Participant": Any member who elects to participate; and any former member who elects to continue participation under Section 2-117.1, for the duration of such continued participation. Notwithstanding any other provision of this Article, a person shall not be deemed a participant for the purposes of this Article unless he or she became a participant of the System before January 8, 2025.

(Source: P.A. 86-1488.)

(40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

Sec. 2-117. Participants; election not to participate or to terminate participation ~~Participants - Election not to participate~~.

(a) Every person who was a member on November 1, 1947, or in military service on such date, is subject to the provisions of this system beginning upon such date, unless prior to such date he or she filed with the board a written notice of election not to participate.

Every person who becomes a member after November 1, 1947, and who is then not a participant becomes a participant beginning upon the date of becoming a member unless, within 24 months from that date, he or she has filed with the board a written notice of election not to participate.

(b) A member who has filed notice of an election not to participate (and a former member who has not yet begun to receive a retirement annuity under this Article) may become a participant with respect to the period for which the member elected not to participate upon filing with the board, before April 1, 1993, a written rescission of the election not to participate. Upon contributing an amount equal to the contributions he or she would have made as a participant from November 1, 1947, or the date of becoming a member, whichever is later, to the date of becoming a participant, with interest at the rate of 4% per annum until the contributions are paid, the participant shall receive credit for service as a member prior to the date of the rescission, both before and after November 1, 1947. The required contributions shall be made before commencement of the retirement annuity; otherwise no credit for service prior to the date of participation shall be granted.

<u>(c) Notwithstanding any other provision of this Article, an active participant may irrevocably elect, in writing and in a form and manner prescribed by the board, to terminate participation in the System and instead participate in the retirement system established under Article 14. Upon making the election under this subsection (c), all credits and creditable service shall be transferred to the retirement system under Article 14 in accordance with Section 14-105.4 and all participation in this System is terminated.</u>

(Source: P.A. 86-273; 87-1265.)

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

Sec. 14-103.05. Employee.

(a) Any person employed by a Department who receives salary for personal services rendered to the Department on a warrant issued pursuant to a payroll voucher certified by a Department and drawn by the State Comptroller upon the State Treasurer, including an elected official described in subparagraph (d) of Section 14-104, shall become an employee for purpose of membership in the Retirement System on the first day of such employment.

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

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

A person employed by the Chicago Metropolitan Agency for Planning on the effective date of this amendatory Act of the 95th General Assembly who was a member of this System as an employee of the Chicago Area Transportation Study and makes an election under Section 14-104.13 to participate in this System for his or her employment with the Chicago Metropolitan Agency for Planning.

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

(a-5) A person entering service on or after December 1, 2010 shall become a member as a condition of employment and shall begin making contributions as of the first day of employment. A person serving in the qualifying period on December 1, 2010 will become a member on December 1, 2010 and shall begin making contributions as of December 1, 2010.

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

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

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

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

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

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

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

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

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

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

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

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

(9) any person who is a member of any professional licensing or disciplinary board created under an Act administered by the Department of Professional Regulation or a successor agency or created or re-created after the effective date of this amendatory Act of 1997, and who receives per diem compensation rather than a salary, notwithstanding that such per diem compensation is paid by warrant issued pursuant to a payroll voucher; such persons have never been included in the membership of this System, and this amendatory Act of 1987 (P.A. 84-1472) is not intended to effect any change in the status of such

persons;

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

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

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

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

(14) any person, other than the Director of Employment Security, who first becomes a member of the Board of Review of the Department of Employment Security on or

after January 1, 2012;

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

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

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

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

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

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

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

(22) any person who first becomes a member of the Illinois State Police Merit Board on or after January 1, 2012;

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

(24) any person who first becomes a member of the

Illinois State Board of Elections on or after January 1, 2012.

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

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

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

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

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

(40 ILCS 5/14-104) (from Ch. 108 1/2, par. 14-104)

Sec. 14-104. Service for which contributions permitted. Contributions provided for in this Section shall cover the period of service granted. Except as otherwise provided in this Section, the contributions shall be based upon the employee's compensation and contribution rate in effect on the date he last became a member of the System; provided that for all employment prior to January 1, 1969 the contribution rate shall be that in effect for a noncovered employee on the date he last became a member of the System. Except as otherwise provided in this Section, contributions permitted under this Section shall include regular interest from the date an employee last became a member of the System to the date of payment.

These contributions must be paid in full before retirement either in a lump sum or in installment payments in accordance with such rules as may be adopted by the board.

(a) Any member may make contributions as required in this Section for any period of service, subsequent to the date of establishment, but prior to the date of membership.

(b) Any employee who had been previously excluded from membership because of age at entry and subsequently became eligible may elect to make contributions as required in this Section for the period of service during which he was ineligible.

(c) An employee of the Department of Insurance who, after January 1, 1944 but prior to becoming eligible for membership, received salary from funds of insurance companies in the process of rehabilitation, liquidation, conservation or dissolution, may elect to make contributions as required in this Section for such service.

(d) Any employee who rendered service in a State office to which he was elected, or rendered service in the elective office of Clerk of the Appellate Court prior to the date he became a member, may make contributions for such service as required in this Section. Any member who served by appointment of the Governor under the Civil Administrative Code of Illinois and did not participate in this System may make contributions as required in this Section for such service.

(e) Any person employed by the United States government or any instrumentality or agency thereof from January 1, 1942 through November 15, 1946 as the result of a transfer from State service by executive order of the President of the United States shall be entitled to prior service credit covering the period from January 1, 1942 through December 31, 1943 as provided for in this Article and to membership service credit for the period from January 1, 1944 through November 15, 1946 by making the contributions required in this Section. A person so employed on January 1, 1944 but whose employment began after January 1, 1942 may qualify for prior service and membership service credit under the same conditions.

(f) An employee of the Department of Labor of the State of Illinois who performed services for and under the supervision of that Department prior to January 1, 1944 but who was compensated for those services directly by federal funds and not by a warrant of the Auditor of Public Accounts paid by the State Treasurer may establish credit for such employment by making the contributions required in this Section. An employee of the Department of Agriculture of the State of Illinois, who performed services for and under the supervision of that Department prior to June 1, 1963, but was compensated for those services directly by federal funds and not paid by a warrant of the Auditor of Public Accounts paid by the State Treasurer, and who did not contribute to any other public employee retirement system for such service, may establish credit for such employment by making the contributions required in this Section.

(g) Any employee who executed a waiver of membership within 60 days prior to January 1, 1944 may, at any time while in the service of a department, file with the board a rescission of such waiver. Upon making the contributions required by this Section, the member shall be granted the creditable service that would have been received if the waiver had not been executed.

(h) Until May 1, 1990, an employee who was employed on a full-time basis by a regional planning commission for at least 5 continuous years may establish creditable service for such employment by making the contributions required under this Section, provided that any credits earned by the employee in the commission's retirement plan have been terminated.

(i) Any person who rendered full time contractual services to the General Assembly as a member of a legislative staff may establish service credit for up to 8 years of such services by making the contributions required under this Section, provided that application therefor is made not later than July 1, 1991.

(j) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, but with all of the interest calculated from the date the employee last became a member of the System or November 19, 1991, whichever is later, to the date of payment, an employee may establish service credit for a period of up to 4 years spent in active military service for which he does not qualify for credit under Section 14-105, provided that (1) he was not dishonorably discharged from such military service, and (2) the amount of service credit established by a member under this subsection (j), when added to the amount of military service credit granted to the member under subsection (b) of Section 14-105, shall not exceed 5 years. The change in the manner of calculating interest under this subsection (j) made by this amendatory Act of the 92nd General Assembly applies to credit purchased by an employee on or after its effective date and does not entitle any person to a refund of contributions or interest already paid. In compliance with Section 14-152.1 of this Act concerning new benefit increases, any new benefit increase as a result of the changes to this subsection (j) made by Public Act 95-483 is funded through the employee contributions provided for in this subsection (j). Any new benefit increase as a result of the changes made to this subsection (j) by Public Act 95-483 is exempt from the provisions of subsection (d) of Section 14-152.1.

(k) An employee who was employed on a full-time basis by the Illinois State's Attorneys Association Statewide Appellate Assistance Service LEAA-ILEC grant project prior to the time that project became the State's Attorneys Appellate Service Commission, now the Office of the State's Attorneys Appellate Prosecutor, an agency of State government, may establish creditable service for not more than 60 months service for such employment by making contributions required under this Section.

(l) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, a member may establish service credit for periods of less than one year spent on authorized leave of absence from service, provided that (1) the period of leave began on or after January 1, 1982 and (2) any credit established by the member for the period of leave in any other public employee retirement system has been terminated. A member may establish service credit under this subsection for more than one period of authorized leave, and in that case the total period of service credit established by the member under this subsection may exceed one year. In determining the contributions required for establishing service credit under this subsection, the interest shall be calculated from the beginning of the leave of absence to the date of payment.

(l-5) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, a member may establish service credit for periods of up to 2 years spent on authorized leave of absence from service, provided that during that leave the member represented or was employed as an officer or employee of a statewide labor organization that represents members of this System. In determining the contributions required for establishing service credit under this subsection, the interest shall be calculated from the beginning of the leave of absence to the date of payment.

(m) Any person who rendered contractual services to a member of the General Assembly as a worker in the member's district office may establish creditable service for up to 3 years of those contractual services by making the contributions required under this Section. The System shall determine a full-time salary equivalent for the purpose of calculating the required contribution. To establish credit under this subsection, the applicant must apply to the System by March 1, 1998.

(n) Any person who rendered contractual services to a member of the General Assembly as a worker providing constituent services to persons in the member's district may establish creditable service for up to 8 years of those contractual services by making the contributions required under this Section. The System shall determine a full-time salary equivalent for the purpose of calculating the required contribution. To establish credit under this subsection, the applicant must apply to the System by March 1, 1998.

(o) A member who participated in the Illinois Legislative Staff Internship Program may establish creditable service for up to one year of that participation by making the contribution required under this Section. The System shall determine a full-time salary equivalent for the purpose of calculating the required contribution. Credit may not be established under this subsection for any period for which service credit is established under any other provision of this Code.

(p) By paying the contributions otherwise required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, a member may establish service credit for a period of up to 8 years during which he or she was employed by the Visually Handicapped Managers of Illinois in a vending program operated under a contractual agreement with the Department of Rehabilitation Services or its successor agency.

This subsection (p) applies without regard to whether the person was in service on or after the effective date of this amendatory Act of the 94th General Assembly. In the case of a person who is receiving a retirement annuity on that effective date, the increase, if any, shall begin to accrue on the first annuity payment date following receipt by the System of the contributions required under this subsection (p).

(q) By paying the required contributions under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest, an employee who was laid off but returned to any State employment may establish creditable service for the period of the layoff, provided that (1) the applicant applies for the creditable service under this subsection (q) within 6 months after July 27, 2010 (the effective date of Public Act 96-1320), (2) the applicant does not receive credit for that period under any other provision of this Code, (3) at the time of the layoff, the applicant is not in an initial probationary status consistent with the rules of the Department of Central Management Services, and (4) the total amount of creditable service established by the applicant under this subsection (q) does not exceed 3 years. For service established under this subsection (q), the required employee contribution shall be based on the rate of compensation earned by the employee on the date of returning to employment after the layoff and the contribution rate then in effect, and the required interest shall be calculated at the actuarially assumed rate from the date of returning to employment after the layoff to the date of payment. Funding for any new benefit increase, as defined in Section 14-152.1 of this Act, that is created under this subsection (q) will be provided by the employee contributions required under this subsection (q).

(r) A member who participated in the University of Illinois Government Public Service Internship Program (GPSI) may establish creditable service for up to 2 years of that participation by making the contribution required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest. The System shall determine a full-time salary equivalent for the purpose of calculating the required contribution. Credit may not be established under this subsection for any period for which service credit is established under any other provision of this Code.

(s) A member who worked as a nurse under a contractual agreement for the Department of Public Aid, or its successor agency, the Department of Human Services, in the Client Assessment Unit and was subsequently determined to be a State employee by the United States Internal Revenue Service and the Illinois Labor Relations Board may establish creditable service for those contractual services by making the contributions required under this Section. To establish credit under this subsection, the applicant must apply to the System by July 1, 2008.

The Department of Human Services shall pay an employer contribution based upon an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest.

In compliance with Section 14-152.1 added by Public Act 94-4, the cost of the benefits provided by Public Act 95-583 are offset by the required employee and employer contributions.

(t) Any person who rendered contractual services on a full-time basis to the Illinois Institute of Natural Resources and the Illinois Department of Energy and Natural Resources may establish creditable service for up to 4 years of those contractual services by making the contributions required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit plus interest at the actuarially assumed rate from the first day of the service for which credit is being established to the date of payment. To establish credit under this subsection (t), the applicant must apply to the System within 6 months after July 27, 2010 (the effective date of Public Act 96-1320).

(u) By paying the required contributions under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest, a member may establish creditable service and earnings credit for periods of furlough beginning on or after July 1, 2008. To receive this credit, the participant must (i) apply in writing to the System before December 31, 2011 and (ii) not receive compensation for the furlough period. For service established under this subsection, the required employee contribution shall be based on the rate of compensation earned by the employee immediately following the date of the first furlough day in the time period specified in this subsection (u), and the required interest shall be calculated at the actuarially assumed rate from the date of the furlough to the date of payment.

(v) Any member who rendered full-time contractual services to an Illinois Veterans Home operated by the Department of Veterans' Affairs may establish service credit for up to 8 years of such services by making the contributions required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest at the actuarially assumed rate. To establish credit under this subsection, the applicant must apply to the System no later than 6 months after July 27, 2010 (the effective date of Public Act 96-1320).

<u>(w) Any member who served as a member of the General Assembly and did not contribute to any other public employee retirement system for such service may establish service credit for up to 5 years of that service by making the contributions required under this Section, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus interest at the actuarially assumed rate.</u>

(Source: P.A. 96-97, eff. 7-27-09; 96-718, eff. 8-25-09; 96-775, eff. 8-28-09; 96-961, eff. 7-2-10; 96-1000, eff. 7-2-10; 96-1320, eff. 7-27-10; 96-1535, eff. 3-4-11; 97-333, 8-12-11.)

(40 ILCS 5/14-105.4) (from Ch. 108 1/2, par. 14-105.4)

Sec. 14-105.4. Transfer of service from the General Assembly Retirement System.

(a) Persons otherwise required or eligible to participate in this System who elect to continue participation in the General Assembly Retirement System under Section 2-117.1 may not participate in this System for the duration of such continued participation under Section 2-117.1.

(b) Upon terminating such continued participation, a person may transfer credits and creditable service accumulated under Section 2-117.1 to this System, upon payment to this System of (1) the amount by which the employer and employee contributions that would have been required if he had participated in this System during the period for which credit under Section 2-117.1 is being transferred, plus regular interest, exceeds the amounts actually transferred under that Section to this System, plus (2) regular interest thereon from the date of such participation to the date of payment.

(c) An active participant in the General Assembly Retirement System may elect to terminate participation in the General Assembly Retirement System in accordance with subsection (c) of Section 2-117. All credits and creditable service accumulated under Article 2 shall be transferred to this System upon payment to this System of (1) the amount by which the employer and employee contributions that would have been required if he or she had participated in this System during the period for which credit is being transferred, plus regular interest, exceeds the amounts actually transferred under that Section to this System, plus (2) regular interest thereon from the date of such participation to the date of payment.

(Source: P.A. 83-430.)

(40 ILCS 5/18-101) (from Ch. 108 1/2, par. 18-101)

Sec. 18-101. Creation of fund. A retirement system is created to be known as the "Judges Retirement System of Illinois". It shall be a trust separate and distinct from all other entities, maintained for the purpose of securing the payment of annuities and benefits as prescribed herein.

Participation in the retirement system created under this Article is restricted to persons who became participants of the System before January 8, 2025. Beginning on that date, the System shall not accept any new participants.

(Source: Laws 1963, p. 161.)

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

Sec. 18-108. Judge. "Judge": Any person who receives payment for personal services as a judge or associate judge of a court; and any person, previously a participant, who receives payment for personal services as the administrative director appointed by the Supreme Court.

Notwithstanding any other provision of this Article, a person shall not be deemed a judge for the purposes of this Article unless he or she became a participant of the System before January 8, 2025.

(Source: P.A. 83-1440.)

(40 ILCS 5/18-109) (from Ch. 108 1/2, par. 18-109)

Sec. 18-109. Eligible judge. "Eligible judge": Any judge except one who has elected not to participate in this system.

Notwithstanding any other provision of this Article, a person shall not be deemed an eligible judge for the purposes of this Article unless he or she became a participant of the System before January 8, 2025.

(Source: P.A. 83-1440.)

(40 ILCS 5/18-110) (from Ch. 108 1/2, par. 18-110)

Sec. 18-110. Participant. "Participant": Any judge participating in this system as specified in Sections 18-120 and 18-121.

Notwithstanding any other provision of this Article, a person shall not be deemed a participant for the purposes of this Article unless he or she became a participant of the System before January 8, 2025.

(Source: P.A. 83-1440.)

Article 8.

Section 8-5. The Illinois Pension Code is amended by changing Sections 2-124, 14-131, 15-155, 16-158, and 18-131 as follows:

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

Sec. 2-124. Contributions by State.

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

(b) The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the prescribed rate of interest, using the formula in subsection (c) <u>and the formula in this subsection (a)</u>.

<u>Beginning in State fiscal year 2025 and each fiscal year thereafter, there shall be an additional required State contribution to the System of an amount equal to the difference (but not less than zero) between: (1) the required contribution using the formula in subsection (c); and (2) the actuarially determined contribution for the fiscal year. The actuarially determined contribution shall be determined by the</u>

State Actuary on the basis of the actuarial tables, amortization period, and other assumptions adopted by the Board and in accordance with the Governmental Accounting Standards Board Statement Number 67 and Statement Number 68.

(c) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $10,454,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the State

Finance Act in any fiscal year do not reduce and do not constitute payment of any portion of the minimum State contribution required under this Article in that fiscal year. Such amounts shall not reduce, and shall not be included in the calculation of, the required State contributions under this Article in any future year until the System has reached a funding ratio of at least 90%. A reference in this Article to the "required State contribution" or any substantially similar term does not include or apply to any amounts payable to the System under Section 25 of the Budget Stabilization Act.

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 2-134, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

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

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

(40 ILCS 5/14-131)

Sec. 14-131. Contributions by State.

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

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

(b) The Board shall determine the total amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board, using the formula in subsection (e) and the formula in this subsection (b).

The Board shall also determine a State contribution rate for each fiscal year, expressed as a percentage of payroll, based on the total required State contribution for that fiscal year (less the amount received by the System from appropriations under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation

Act, if any, for the fiscal year ending on the June 30 immediately preceding the applicable November 15 certification deadline), the estimated payroll (including all forms of compensation) for personal services rendered by eligible employees, and the recommendations of the actuary.

Beginning in State fiscal year 2025 and each fiscal year thereafter, there shall be an additional required State contribution to the System of an amount equal to the difference (but not less than zero) between: (1) the required contribution using the formula in subsection (e); and (2) the actuarially determined contribution for the fiscal year. The actuarially determined contribution shall be determined by the State Actuary on the basis of the actuarial tables, amortization period, and other assumptions adopted by the Board and in accordance with the Governmental Accounting Standards Board Statement Number 67 and Statement Number 68.

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

(c) Contributions shall be made by the several departments for each pay period by warrants drawn by the State Comptroller against their respective funds or appropriations based upon vouchers stating the amount to be so contributed. These amounts shall be based on the full rate certified by the Board under Section 14-135.08 for that fiscal year. From March 5, 2004 (the effective date of Public Act 93-665) through the payment of the final payroll from fiscal year 2004 appropriations, the several departments shall not make contributions for the remainder of fiscal year 2004 but shall instead make payments as required under subsection (a-1) of Section 14.1 of the State Finance Act. The several departments shall resume those contributions at the commencement of fiscal year 2005.

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

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

(d) If an employee is paid from trust funds or federal funds, the department or other employer shall pay employer contributions from those funds to the System at the certified rate, unless the terms of the trust or the federal-State agreement preclude the use of the funds for that purpose, in which case the required employer contributions shall be paid by the State.

(e) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

For State fiscal years 1996 through 2005, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments so that by State fiscal year 2011, the State is contributing at the rate required under this Section; except that (i) for State fiscal year 1998, for all purposes of this Code and any other law of this State, the certified percentage of the applicable employee payroll shall be 5.052% for employees earning eligible creditable service under Section 14-110 and 6.500% for all other employees, notwithstanding any contrary certification made under Section 14-135.08 before July 7, 1997 (the effective date of Public Act 90-65), and (ii) in the following specified State fiscal years, the State contribution to the System shall not be less than the following indicated percentages of the applicable employee payroll, even if the indicated percentage will produce a State contribution in excess of the amount otherwise required under this subsection and subsection (a): 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 14-135.08, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the

System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act.

(f) (Blank).

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

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

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

(i) (Blank).

(j) (Blank).

(k) For fiscal year 2012 and each fiscal year thereafter, after the submission of all payments for eligible employees from personal services line items paid from the General Revenue Fund in the fiscal year have been made, the Comptroller shall provide to the System a certification of the sum of all expenditures in the fiscal year for personal services. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for the fiscal year in order to meet the State's obligation under this Section. The System shall compare this amount due to the amount received by the System for the fiscal year. If the amount due is more than the amount received, the difference shall be termed the "Prior Fiscal Year Shortfall" for purposes of this Section, and the Prior Fiscal Year Shortfall shall be satisfied under Section 1.2 of the State Pension Funds Continuing Appropriation Act. If the amount due is less than the amount received, the difference shall be termed the "Prior Fiscal Year Overpayment" for purposes of this Section, and the Prior Fiscal Year Overpayment shall be repaid by the System to the General Revenue Fund as soon as practicable after the certification.

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

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

Sec. 15-155. Employer contributions.

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

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

Beginning in State fiscal year 2025 and each fiscal year thereafter, there shall be an additional required State contribution to the System of an amount equal to the difference (but not less than zero) between: (1) the required contribution using the formula in subsection (a-1); and (2) the actuarially determined contribution for the fiscal year. The actuarially determined contribution shall be determined by the State Actuary on the basis of the actuarial tables, amortization period, and other assumptions adopted by the Board and in accordance with the Governmental Accounting Standards Board Statement Number 67 and Statement Number 68.

(a-1) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

(i) as already applied in State fiscal years before

2018; and

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

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to Section 15-165 and shall be made from the State Pensions Fund and proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

(i) for each of fiscal years 2018, 2019, and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; plus

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

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

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

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

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

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

(b-1) The City of Urbana and the City of Champaign shall each make employer contributions to this System for their respective firefighter employees who participate in this System pursuant to subsection (h) of Section 15-107. The rate of contributions to be made by those municipalities shall be determined annually by the Board on the basis of the actuarial assumptions adopted by the Board and the recommendations of the actuary, and shall be expressed as a percentage of salary for each such employee. The Board shall certify the rate to the affected municipalities as soon as may be practical. The employer contributions required under this subsection shall be remitted by the municipality to the System at the same time and in the same manner as employee contributions.

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

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

(e) The State Comptroller shall draw warrants payable to the System upon proper certification by the System or by the employer in accordance with the appropriation laws and this Code.

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

(g) If the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than 6%, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

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

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

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

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

(g-1) (Blank).

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

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases paid to participants under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005.

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

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

When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase resulting from (i) a promotion for which the employee moves from one classification to a higher classification under the State Universities Civil Service System, (ii) a promotion in academic rank for a tenured or tenure-track faculty position, or (iii) a promotion that the Illinois Community College Board has recommended in accordance with subsection (k) of this Section. These earnings increases shall be excluded only if the promotion is to a position that has existed and been filled by a member for no less than one complete academic year and the earnings increase as a result of the promotion is an increase that results in an amount no greater than the average salary paid for other similar positions.

(h-5) When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase paid in an academic year beginning on or after July 1, 2020 resulting from overload work performed in an academic year subsequent to an academic year in which the employer was unable to offer or allow to be conducted overload work due to an emergency declaration limiting such activities.

(i) When assessing payment for any amount due under subsection (g), the System shall exclude any salary increase described in subsection (h) of this Section given on or after July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Except as provided in subsection (h-5), any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (g) of this Section.

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

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

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

(3) The total amount the System received from each

employer as a result of the changes made to this Section by Public Act 94-4.

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

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

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

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

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

The changes made to this subsection (j-5) by Public Act

100-624 are intended to apply retroactively to July 6, 2017 (the effective date of Public Act 100-23).

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

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

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

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

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-764, eff. 5-13-22.)

(40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

Sec. 16-158. Contributions by State and other employing units.

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

Beginning in State fiscal year 2025 and each fiscal year thereafter, there shall be an additional required State contribution to the System of an amount equal to the difference (but not less than zero) between: (1) the required contribution using the formula in subsection (b-3); and (2) the actuarially determined contribution for the fiscal year. The actuarially determined contribution shall be determined by the State Actuary on the basis of the actuarial tables, amortization period, and other assumptions adopted by the Board and in accordance with the Governmental Accounting Standards Board Statement Number 67 and Statement Number 68.

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

(a-1) Annually, on or before November 15 until November 15, 2011, the Board shall certify to the Governor the amount of the required State contribution for the coming fiscal year. The certification under this subsection (a-1) shall include a copy of the actuarial recommendations upon which it is based and shall specifically identify the System's projected State normal cost for that fiscal year.

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

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

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

(a-5) On or before November 1 of each year, beginning November 1, 2012, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of the amount of the required State contribution to the System for the next fiscal year, along with all of the actuarial assumptions, calculations, and data upon which that proposed certification is based. On or before January 1 of each year, beginning January 1, 2013, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. On or before January 15, 2013 and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the amount of the required State contribution for the next fiscal year. The Board's certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

(a-10) By November 1, 2017, the Board shall recalculate and recertify to the State Actuary, the Governor, and the General Assembly the amount of the State contribution to the System for State fiscal year 2018, taking into account the changes in required State contributions made by Public Act 100-23. The State Actuary shall review the assumptions and valuations underlying the Board's revised certification and issue a preliminary report concerning the proposed recertification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. The Board's final certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

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

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

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

If in any month the amount remaining unexpended from all other appropriations to the System for the applicable fiscal year (including the appropriations to the System under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act) is less than the amount lawfully vouchered under this subsection, the difference shall be paid from the Common School Fund under the continuing appropriation authority provided in Section 1.1 of the State Pension Funds Continuing Appropriation Act.

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

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

For each of State fiscal years 2018, 2019, and 2020, the

State shall make an additional contribution to the System equal to 2% of the total payroll of each employee who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161.

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

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2007 is $738,014,500.

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to subsection (a-1) of this Section and shall be made from the proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the Common School Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable. This amount shall include, in addition to the amount certified by the System, an amount necessary to meet employer contributions required by the State as an employer under paragraph (e) of this Section, which may also be used by the System for contributions required by paragraph (a) of Section 16-127.

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(b-4) Beginning in fiscal year 2018, each employer under this Article shall pay to the System a required contribution determined as a percentage of projected payroll and sufficient to produce an annual amount equal to:

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

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

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

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

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

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

If members are paid from special trust or federal funds which are administered by the employing unit, whether school district or other unit, the employing unit shall pay to the System from such funds the full accruing retirement costs based upon that service, which, beginning July 1, 2017, shall be at a rate, expressed as a percentage of salary, equal to the total employer's normal cost, expressed as a percentage of payroll, as determined by the System. Employer contributions, based on salary paid to members from federal funds, may be forwarded by the distributing agency of the State of Illinois to the System prior to allocation, in an amount determined in accordance with guidelines established by such agency and the System. Any contribution for fiscal year 2015 collected as a result of the change made by Public Act 98-674 shall be considered a State contribution under subsection (b-3) of this Section.

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

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

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

(1) Beginning July 1, 1998 through June 30, 1999, the employer contribution shall be equal to 0.3% of each teacher's salary.

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

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

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

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

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

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

(f) If the amount of a teacher's salary for any school year used to determine final average salary exceeds the member's annual full-time salary rate with the same employer for the previous school year by more than 6%, the teacher's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. If a teacher's salary for the 2005-2006 school year is used to determine final average salary under this subsection (f), then the changes made to this subsection (f) by Public Act 94-1057 shall apply in calculating whether the increase in his or her salary is in excess of 6%. For the purposes of this Section, change in employment under Section 10-21.12 of the School Code on or after June 1, 2005 shall constitute a change in employer. The System may require the employer to provide any pertinent information or documentation. The changes made to this subsection (f) by Public Act 94-1111 apply without regard to whether the teacher was in service on or after its effective date.

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

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

(f-1) (Blank).

(g) This subsection (g) applies only to payments made or salary increases given on or after June 1, 2005 but before July

1, 2011. The changes made by Public Act 94-1057 shall not require the System to refund any payments received before July 31, 2006 (the effective date of Public Act 94-1057).

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

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

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from overload work, including summer school, when the school district has certified to the System, and the System has approved the certification, that (i) the overload work is for the sole purpose of classroom instruction in excess of the standard number of classes for a full-time teacher in a school district during a school year and (ii) the salary increases are equal to or less than the rate of pay for classroom instruction computed on the teacher's current salary and work schedule.

When assessing payment for any amount due under subsection (f), the System shall exclude a salary increase resulting from a promotion (i) for which the employee is required to hold a certificate or supervisory endorsement issued by the State

Teacher Certification Board that is a different certification or supervisory endorsement than is required for the teacher's previous position and (ii) to a position that has existed and been filled by a member for no less than one complete academic year and the salary increase from the promotion is an increase that results in an amount no greater than the lesser of the average salary paid for other similar positions in the district requiring the same certification or the amount stipulated in the collective bargaining agreement for a similar position requiring the same certification.

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

(g-5) When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from overload or stipend work performed in a school year subsequent to a school year in which the employer was unable to offer or allow to be conducted overload or stipend work due to an emergency declaration limiting such activities.

(g-10) When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from increased instructional time that exceeded the instructional time required during the 2019-2020 school year.

(g-15) When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from teaching summer school on or after May 1, 2021 and before September 15, 2022.

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

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

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

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

(3) The total amount the System received from each employer as a result of the changes made to this Section by

Public Act 94-4.

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

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

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the

System in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

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

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

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

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

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-525, eff. 8-20-21; 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

(40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

Sec. 18-131. Financing; employer contributions.

(a) The State of Illinois shall make contributions to this System by appropriations of the amounts which, together with the contributions of participants, net earnings on investments, and other income, will meet the costs of maintaining and administering this System on a 90% funded basis in accordance with actuarial recommendations.

(b) The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the prescribed rate of interest, using the formula in subsection (c) and the formula in this subsection (b).

Beginning in State fiscal year 2025 and each fiscal year thereafter, there shall be an additional required State contribution to the System of an amount equal to the difference (but not less than zero) between: (1) the required contribution using the formula in subsection (c); and (2) the actuarially determined contribution for the fiscal year. The actuarially determined contribution shall be determined by the State Actuary on the basis of the actuarial tables, amortization period, and other assumptions adopted by the Board and in accordance with the Governmental Accounting Standards Board Statement Number 67 and Statement Number 68.

(c) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2006 is $29,189,400.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2007 is $35,236,800.

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

this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $78,832,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to Section 18-140 and shall be made from the proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 18-140, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section

7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

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

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

Article 9.

Section 9-5. The Illinois Pension Code is amended by changing Sections 1-160 and 15-135 as follows:

(40 ILCS 5/1-160)

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

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

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

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

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed

$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

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

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

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

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

(c-10) Notwithstanding subsection (c), a member or participant under Article 14 or 16 subject to this Section is entitled to a retirement annuity upon written application if he or she:

(1) has attained age 62, has at least 35 years of service credit, and is otherwise eligible under the requirements of the applicable Article;

(2) has attained age 64, has at least 20 years of

service credit, and is otherwise eligible under the requirements of the applicable Article; or

(3) has attained age 67, has at least 10 years of service credit, and is otherwise eligible under the requirements of the applicable Article.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.

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

(d-5) The retirement annuity payable under Article 8 or

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

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

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

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

The election provided for in this subsection shall be made

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

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

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

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

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

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

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

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

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

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

(g-5) The benefits in Section 14-110 apply if the person is a State policeman, investigator for the Secretary of State, conservation police officer, investigator for the Department of Revenue or the Illinois Gaming Board, investigator for the Office of the Attorney General, Commerce Commission police officer, or arson investigator, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

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

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

(i) (Blank).

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

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

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

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

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

Section 1-103.1 of this Code.

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

this Section.

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

<u>(c-10) Notwithstanding subsection (c), a member or participant under Article 14 or 16 subject to this Section is entitled to a retirement annuity upon written application if, on or after January 1, 2025, he or she:</u>

<u>(1) has attained age 62, has at least 35 years of service credit, and is otherwise eligible under the requirements of the applicable Article;</u>

<u>(2) has attained age 64, has at least 20 years of service credit, and is otherwise eligible under the requirements of the applicable Article; or</u>

<u>(3) has attained age 67, has at least 10 years of service credit, and is otherwise eligible under the requirements of the applicable Article.</u>

<u>For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to</u>

whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) (Blank).

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

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

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

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

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

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

(c-10) Notwithstanding subsection (c), a member or participant under Article 14 or 16 subject to this Section is entitled to a retirement annuity upon written application if, on or after January 1, 2025, he or she:

(1) has attained age 62, has at least 35 years of service credit, and is otherwise eligible under the requirements of the applicable Article;

(2) has attained age 64, has at least 20 years of service credit, and is otherwise eligible under the requirements of the applicable Article; or

(3) has attained age 67, has at least 10 years of service credit, and is otherwise eligible under the requirements of the applicable Article.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) (Blank).

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

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

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

Sec. 15-135. Retirement annuities; conditions.

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

35 years if retirement is in 1997 or before;

34 years if retirement is in 1998;

33 years if retirement is in 1999;

32 years if retirement is in 2000;

31 years if retirement is in 2001;

30 years if retirement is in 2002 or later.

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

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

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

(a-5) A Tier 2 member is entitled to a retirement annuity upon written application if, on or after January 1, 2025, he or she:

(1) has attained age 62, has at least 35 years of service credit, and is otherwise eligible under the requirements of this Article;

(2) has attained age 64, has at least 20 years of service credit, and is otherwise eligible under the requirements of this Article; or

(3) has attained age 67, has at least 10 years of service credit, and is otherwise eligible under the requirements of this Article.

A Tier 2 member is entitled to a retirement annuity upon written application if, before January 1, 2025, he or she has attained age 67 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article. A Tier 2 member who has attained age 62 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article may elect to receive the lower retirement annuity provided in subsection (b-5) of Section 15-136 of this Article.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 103rd General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 103rd General Assembly.

(a-10) A Tier 2 member who has at least 20 years of service in this system as a police officer or firefighter is entitled to a retirement annuity upon written application on or after the attainment of age 60 if Rule 4 of Section 15-136 is applicable to the participant. The changes made to this subsection by this amendatory Act of the 101st General Assembly apply retroactively to January 1, 2011.

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

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

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

Article 10.

Section 10-5. The Illinois Pension Code is amended by changing Sections 1-160, 15-108.2, 15-155.2, and 16-158.3 as follows:

(40 ILCS 5/1-160)

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

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

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

Section 1-103.1 of this Code.

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

this Section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g-5) The benefits in Section 14-110 apply if the person is a State policeman, investigator for the Secretary of State, conservation police officer, investigator for the Department of Revenue or the Illinois Gaming Board, investigator for the Office of the Attorney General, Commerce Commission police officer, or arson investigator, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, regardless of whether the attainment of age 55 occurs while the person is still in service.

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

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

(i) (Blank).

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

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

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

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

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

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

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

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

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

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

(1) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The retirement annuity of a member or participant who is retiring after attaining age 62 (age 60, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15) of this Section) with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67 (age 65, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15) of this Section).

(d-5) The retirement annuity payable under Article 8 or Article 11 to an eligible person subject to subsection (c-5) of this Section who is retiring at age 60 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 65.

(d-10) Each person who first became a member or participant under Article 8 or Article 11 of this Code on or after January 1, 2011 and prior to July 6, 2017 (the effective date of Public Act 100-23) shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age provided in subsections (c-5) and (d-5) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increases in employee contributions for age and service annuities provided in subsection (a-5) of Section 8-174 of this Code (for service under Article 8) or subsection (a-5) of Section 11-170 of this Code (for service under Article 11); or

(ii) to not agree to item (i) of this subsection (d-10), in which case the member or participant shall continue to be subject to the retirement age provisions in subsections (c) and (d) of this Section and the employee contributions for age and service annuity as provided in subsection (a) of Section 8-174 of this Code (for service under Article 8) or subsection (a) of Section 11-170 of this Code (for service under Article 11).

The election provided for in this subsection shall be made between October 1, 2017 and November 15, 2017. A person subject to this subsection who makes the required election shall remain bound by that election. A person subject to this subsection who fails for any reason to make the required election within the time specified in this subsection shall be deemed to have made the election under item (ii).

(d-15) Each person who first becomes a member or participant under Article 12 on or after January 1, 2011 and prior to January 1, 2022 shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age specified in subsections (c) and (d) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increase in employee contributions for service annuities specified in subsection (b) of Section 12-150; or

(ii) to not agree to item (i) of this subsection (d-15), in which case the member or participant shall not be eligible for the reduced retirement age specified in subsections (c) and (d) of this Section and shall not be subject to the increase in employee contributions for service annuities specified in subsection (b) of Section 12-150.

The election provided for in this subsection shall be made between January 1, 2022 and April 1, 2022. A person subject to this subsection who makes the required election shall remain bound by that election. A person subject to this subsection who fails for any reason to make the required election within the time specified in this subsection shall be deemed to have made the election under item (ii).

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (age 65, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15); and beginning on July 6, 2017 (the effective date of Public Act 100-23), age 65 with respect to service under Article 8 or Article 11 for eligible persons who: (i) are subject to subsection (c-5) of this Section; or (ii) made the election under item (i) of subsection (d-10) of this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by Public Act 102-263 are applicable without regard to whether the employee was in active service on or after August 6, 2021 (the effective date of Public Act 102-263).

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by Public Act 100-23 are applicable without regard to whether the employee was in active service on or after July 6, 2017 (the effective date of Public Act 100-23).

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, a conservation police officer, an investigator for the Secretary of State, an arson investigator, a Commerce Commission police officer, investigator for the Department of Revenue or the Illinois Gaming Board, a security employee of the Department of Corrections or the Department of Juvenile Justice, or a security employee of the Department of Innovation and Technology, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the applicable Article of this Code.

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of $1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

(j) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

(Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21; 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff. 5-13-22.)

(Text of Section from P.A. 102-956)

Sec. 1-160. Provisions applicable to new hires.

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 7, 15, or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code or to any participant of the retirement plan established under Section 22-101; except that this Section applies to a person who elected to establish alternative credits by electing in writing after January 1, 2011, but before August 8, 2011, under Section 7-145.1 of this Code. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who is a Tier 1 regular employee as defined in Section 7-109.4 of this Code or who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

~~This Section does not apply to a person who first becomes a noncovered employee under Article 14 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.~~

~~This Section does not apply to a person who first becomes a member or participant under Article 16 on or after the implementation date of the plan created under Section 1-161~~

~~for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.~~

~~This Section does not apply to a person who elects under subsection (c-5) of Section 1-161 to receive the benefits under Section 1-161.~~

~~This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this Section and the applicable provisions of the Article under which he or she is a member or participant.~~

(b) "Final average salary" means, except as otherwise provided in this subsection, the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

(1) (Blank).

(2) In Articles 8, 9, 10, 11, and 12, "highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal".

(3) In Article 13, "average final salary".

(4) In Article 14, "final average compensation".

(5) In Article 17, "average salary".

(6) In Section 22-207, "wages or salary received by him at the date of retirement or discharge".

A member of the Teachers' Retirement System of the State of Illinois who retires on or after June 1, 2021 and for whom the 2020-2021 school year is used in the calculation of the member's final average salary shall use the higher of the following for the purpose of determining the member's final average salary:

(A) the amount otherwise calculated under the first paragraph of this subsection; or

(B) an amount calculated by the Teachers' Retirement System of the State of Illinois using the average of the monthly (or annual) salary obtained by dividing the total salary or earnings calculated under Article 16 applicable to the member or participant during the 96 months (or 8 years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the Article was the highest by the number of months (or years) of service in that period.

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed $106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

(c) A member or participant is entitled to a retirement annuity upon written application if he or she has attained age 67 (age 65, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15) of this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.

A member or participant who has attained age 62 (age 60, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15) of this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section.

(c-5) A person who first becomes a member or a participant subject to this Section on or after July 6, 2017 (the effective date of Public Act 100-23), notwithstanding any other provision of this Code to the contrary, is entitled to a retirement annuity under Article 8 or Article 11 upon written application if he or she has attained age 65 and has at least 10 years of service credit and is otherwise eligible under the requirements of Article 8 or Article 11 of this Code, whichever is applicable.

(d) The retirement annuity of a member or participant who is retiring after attaining age 62 (age 60, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15) of this Section) with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67 (age 65, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15) of this Section).

(d-5) The retirement annuity payable under Article 8 or Article 11 to an eligible person subject to subsection (c-5) of this Section who is retiring at age 60 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 65.

(d-10) Each person who first became a member or participant under Article 8 or Article 11 of this Code on or after January 1, 2011 and prior to July 6, 2017 (the effective date of Public Act 100-23) shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age provided in subsections (c-5) and (d-5) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increases in employee contributions for age and service annuities provided in subsection (a-5) of Section 8-174 of this Code (for service under Article 8) or subsection (a-5) of Section 11-170 of this Code (for service under Article 11); or

(ii) to not agree to item (i) of this subsection (d-10), in which case the member or participant shall continue to be subject to the retirement age provisions in subsections (c) and (d) of this Section and the employee contributions for age and service annuity as provided in subsection (a) of Section 8-174 of this Code (for service under Article 8) or subsection (a) of Section 11-170 of this Code (for service under Article 11).

The election provided for in this subsection shall be made between October 1, 2017 and November 15, 2017. A person subject to this subsection who makes the required election shall remain bound by that election. A person subject to this subsection who fails for any reason to make the required election within the time specified in this subsection shall be deemed to have made the election under item (ii).

(d-15) Each person who first becomes a member or participant under Article 12 on or after January 1, 2011 and prior to January 1, 2022 shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age specified in subsections (c) and (d) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increase in employee contributions for service annuities specified in subsection (b) of Section 12-150; or

(ii) to not agree to item (i) of this subsection (d-15), in which case the member or participant shall not be eligible for the reduced retirement age specified in subsections (c) and (d) of this Section and shall not be subject to the increase in employee contributions for service annuities specified in subsection (b) of Section 12-150.

The election provided for in this subsection shall be made between January 1, 2022 and April 1, 2022. A person subject to this subsection who makes the required election shall remain bound by that election. A person subject to this subsection who fails for any reason to make the required election within the time specified in this subsection shall be deemed to have made the election under item (ii).

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (age 65, with respect to service under Article 12 that is subject to this Section, for a member or participant under Article 12 who first becomes a member or participant under Article 12 on or after January 1, 2022 or who makes the election under item (i) of subsection (d-15); and beginning on July 6, 2017 (the effective date of Public Act 100-23), age 65 with respect to service under Article 8 or Article 11 for eligible persons who: (i) are subject to subsection (c-5) of this Section; or (ii) made the election under item (i) of subsection (d-10) of this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by Public Act 102-263 are applicable without regard to whether the employee was in active service on or after August 6, 2021 (the effective date of Public Act 102-263).

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by Public Act 100-23 are applicable without regard to whether the employee was in active service on or after July 6, 2017 (the effective date of Public Act 100-23).

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, a conservation police officer, an investigator for the Secretary of State, an investigator for the Office of the Attorney General, an arson investigator, a Commerce Commission police officer, investigator for the Department of Revenue or the Illinois Gaming Board, a security employee of the Department of Corrections or the Department of Juvenile Justice, or a security employee of the Department of Innovation and Technology, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the applicable Article of this Code.

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of $1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

(j) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

(Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21; 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-956, eff. 5-27-22.)

(40 ILCS 5/15-108.2)

Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who first becomes a participant under this Article on or after January 1, 2011 ~~and before the implementation date, as defined under subsection (a) of Section 1-161, determined by the Board,~~ other than a person in the self-managed plan established under Section 15-158.2 ~~or a person who makes the election under subsection (c) of Section 1-161~~, unless the person is otherwise a Tier 1 member. The changes made to this Section by this amendatory Act of the 98th General Assembly are a correction of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

(Source: P.A. 100-23, eff. 7-6-17; 100-563, eff. 12-8-17.)

(40 ILCS 5/15-155.2)

Sec. 15-155.2. Individual employer accounts.

(a) The System shall create and maintain an individual account for each employer for the purposes of determining employer contributions under subsection (a-2) of Section 15-155. Each employer's account shall be notionally charged with the liabilities attributable to that employer and credited with the assets attributable to that employer.

(b) Beginning with fiscal year 2018, the System shall assign notional liabilities to each employer's account, equal to the amount of employer contributions required to be made by the employer pursuant to items (i) and (ii) of subsection (a-2) of Section 15-155~~, plus any unfunded actuarial accrued liability associated with the defined benefits attributable to the employer's employees who first became participants on or after the implementation date and the employer's employees who made the election under subsection (c-5) of Section 1-161~~.

(c) Beginning with fiscal year 2018, the System shall assign notional assets to each employer's account equal to the amounts of employer contributions made pursuant to items (i) and (ii) of subsection (a-2) of Section 15-155.

(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/16-158.3)

Sec. 16-158.3. Individual employer accounts.

(a) The System shall create and maintain an individual account for each employer for the purposes of determining employer contributions under subsection (b-4) of Section 16-158. Each employer's account shall be notionally charged with the liabilities attributable to that employer and credited with the assets attributable to that employer.

(b) Beginning with fiscal year 2018, the System shall assign notional liabilities to each employer's account, equal to the amount of the employer contributions required to be made by the employer pursuant to items (i) and (ii) of subsection (b-4) of Section 16-158~~, plus any unfunded actuarial accrued liability associated with the defined benefits attributable to the employer's employees who first became members on or after the implementation date and the employer's employees who made the election under subsection (c-5) of Section 1-161~~.

(c) Beginning with fiscal year 2018, the System shall assign notional assets to each employer's account equal to the amounts of employer contributions made pursuant to items (i) and (ii) of subsection (b-4) of Section 16-158.

(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/1-161 rep.)

(40 ILCS 5/1-162 rep.)

Section 10-10. The Illinois Pension Code is amended by repealing Sections 1-161 and 1-162.

Article 90.

Section 90-5. The Illinois Pension Code is amended by changing Sections 2-162, 14-152.1, 15-198, 16-203, and 18-169 as follows:

(40 ILCS 5/2-162)

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 2-162. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after the effective date of this amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by this amendatory Act of the 103rd General Assembly.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Financial and Professional Regulation. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including without limitation a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 94-4, eff. 6-1-05.)

(40 ILCS 5/14-152.1)

Sec. 14-152.1. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 96-37, Public Act 100-23, Public Act 100-587, Public Act 100-611, Public Act 101-10, Public Act 101-610, Public Act 102-210, Public Act 102-856, Public Act 102-956, or this amendatory Act of the 103rd General Assembly ~~this amendatory Act of the 102nd General Assembly~~.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff. 1-1-23; 102-956, eff. 5-27-22.)

(40 ILCS 5/15-198)

Sec. 15-198. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 100-23, Public Act 100-587, Public Act 100-769, Public Act 101-10, Public Act 101-610, Public Act 102-16, or this amendatory Act of the 103rd General Assembly ~~this amendatory Act of the 102nd General Assembly~~.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-610, eff. 1-1-20; 102-16, eff. 6-17-21.)

(40 ILCS 5/16-203)

Sec. 16-203. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 95-910, Public Act 100-23, Public Act 100-587, Public Act 100-743, Public Act 100-769, Public Act 101-10, Public Act 101-49, Public Act 102-16, Public Act 102-871, or this amendatory Act of the 103rd General Assembly ~~Public Act 102-16 this amendatory Act of the 102nd General Assembly~~.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and

Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including, without limitation, a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 101-10, eff. 6-5-19; 101-49, eff. 7-12-19; 101-81, eff. 7-12-19; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-813, eff. 5-13-22; 102-871, eff. 5-13-22; revised 7-26-22.)

(40 ILCS 5/18-169)

Sec. 18-169. Application and expiration of new benefit increases.

(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after the effective date of this amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to this Article by this amendatory Act of the 103rd General Assembly.

(b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.

(c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Financial and Professional Regulation. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided under subsection (c). This does not prevent the General Assembly from extending or re-creating a new benefit increase by law.

(e) Except as otherwise provided in the language creating the new benefit increase, a new benefit increase that expires under this Section continues to apply to persons who applied and qualified for the affected benefit while the new benefit increase was in effect and to the affected beneficiaries and alternate payees of such persons, but does not apply to any other person, including without limitation a person who continues in service after the expiration date and did not apply and qualify for the affected benefit while the new benefit increase was in effect.

(Source: P.A. 94-4, eff. 6-1-05.)

Section 90-90. The State Mandates Act is amended by adding Section 8.47 as follows:

(30 ILCS 805/8.47 new)

Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 103rd General Assembly.

Article 99.

Section 99-99. Effective date. This Act takes effect upon becoming law.

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| 40 ILCS 5/18-131 | from Ch. 108 1/2, par. 18-131 |
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