



## 103RD GENERAL ASSEMBLY

### State of Illinois

### 2023 and 2024

### SB3073

Introduced 2/2/2024, by Sen. Dan McConchie

#### SYNOPSIS AS INTRODUCED:

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

Amends the Illinois Pension Code. Requires the State Employees' Retirement System of Illinois to prepare and implement a defined contribution plan by July 1, 2026 that aggregates State and employee contributions in individual participant accounts that are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the defined contribution plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the defined contribution plan. Provides that a person who first becomes an employee after the effective date of the amendatory Act is not required to participate in the System as a condition of employment. Provides that an employee may elect not to participate in the System by notifying the System in writing in a manner specified by the System. Provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". Makes conforming and other changes. Makes related changes in the State Employees Group Insurance Act of 1971. Effective immediately.

LRB103 37686 RPS 67813 b

1 AN ACT concerning public employee benefits.

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

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

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

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

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

18 (b) "Annuitant" means (1) an employee who retires, or has  
19 retired, on or after January 1, 1966 on an immediate annuity  
20 under the provisions of Article ~~Articles~~ 2, 14 (including an  
21 employee who has elected to receive an alternative retirement  
22 cancellation payment under Section 14-108.5 of the Illinois  
23 Pension Code in lieu of an annuity; an employee who, in lieu of

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

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

14 (b-5) (Blank).

15 (b-6) (Blank).

16 (b-7) (Blank).

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

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

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

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

23 (f) "Contributory", when referred to as contributory  
24 coverage, shall mean optional coverages or benefits elected by  
25 the member toward the cost of which such member makes  
26 contribution, or which are funded in whole or in part through

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

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

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

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

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

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

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

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



1 receives total permanent or total temporary disability under  
2 the Workers' Compensation Act or Occupational Disease Act as a  
3 result of injuries sustained or illness contracted in the  
4 course of employment with the State of Illinois, or (3) is not  
5 otherwise covered under this Act and has retired as a  
6 participating member under Article 2 of the Illinois Pension  
7 Code but is ineligible for the retirement annuity under  
8 Section 2-119 of the Illinois Pension Code. However, a person  
9 who satisfies the criteria of the foregoing definition of  
10 "employee" except that such person is made ineligible to  
11 participate in the State Universities Retirement System by  
12 clause (4) of subsection (a) of Section 15-107 of the Illinois  
13 Pension Code is also an "employee" for the purposes of this  
14 Act. "Employee" also includes any person receiving or eligible  
15 for benefits under a sick pay plan established in accordance  
16 with Section 36 of the State Finance Act. "Employee" also  
17 includes (i) each officer or employee in the service of a  
18 qualified local government, including persons appointed as  
19 trustees of sanitary districts regardless of hours devoted to  
20 the service of the sanitary district, (ii) each employee in  
21 the service of a qualified rehabilitation facility, (iii) each  
22 full-time employee in the service of a qualified domestic  
23 violence shelter or service, and (iv) each full-time employee  
24 in the service of a qualified child advocacy center, as  
25 determined according to rules promulgated by the Director.

26 (1) "Member" means an employee, annuitant, retired

1 employee, or survivor. In the case of an annuitant or retired  
2 employee who first becomes an annuitant or retired employee on  
3 or after January 13, 2012 (the effective date of Public Act  
4 97-668), the individual must meet the minimum vesting  
5 requirements of the applicable retirement system in order to  
6 be eligible for group insurance benefits under that system. In  
7 the case of a survivor who is not entitled to occupational  
8 death benefits pursuant to an applicable retirement system or  
9 death benefits pursuant to the Illinois Workers' Compensation  
10 Act, and who first becomes a survivor on or after January 13,  
11 2012 (the effective date of Public Act 97-668), the deceased  
12 employee, annuitant, or retired employee upon whom the annuity  
13 is based must have been eligible to participate in the group  
14 insurance system under the applicable retirement system in  
15 order for the survivor to be eligible for group insurance  
16 benefits under that system.

17 In the case of a survivor who is entitled to occupational  
18 death benefits pursuant to the deceased employee's applicable  
19 retirement system or death benefits pursuant to the Illinois  
20 Workers' Compensation Act, and first becomes a survivor on or  
21 after January 1, 2022, the survivor is eligible for group  
22 health insurance benefits regardless of the deceased  
23 employee's minimum vesting requirements under the applicable  
24 retirement system, with a State contribution rate of 100%,  
25 until an unmarried child dependent reaches the age of 18, or  
26 the age of 22 if the dependent child is a full-time student, or

1 until the adult survivor becomes eligible for benefits under  
2 the federal Medicare health insurance program (Title XVIII of  
3 the Social Security Act, as added by Public Law 89-97). In the  
4 case of a survivor currently receiving occupational death  
5 benefits pursuant to the deceased employee's applicable  
6 retirement system or has received death benefits pursuant to  
7 the Illinois Workers' Compensation Act, who first became a  
8 survivor prior to January 1, 2022, the survivor is eligible  
9 for group health insurance benefits regardless of the deceased  
10 employee's minimum vesting requirements under the applicable  
11 retirement system, with a State contribution rate of 100%,  
12 until an unmarried child dependent reaches the age of 18, or  
13 the age of 22 if the dependent child is a full-time student, or  
14 until the adult survivor becomes eligible for benefits under  
15 the federal Medicare health insurance program (Title XVIII of  
16 the Social Security Act, as added by Public Law 89-97). The  
17 changes made by this amendatory Act of the 102nd General  
18 Assembly with respect to survivors who first became survivors  
19 prior to January 1, 2022 shall apply upon request of the  
20 survivor on or after the effective date of this amendatory Act  
21 of the 102nd General Assembly.

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

25 (n) "Program" means the group life insurance, health  
26 benefits and other employee benefits designed and contracted

1 for by the Director under this Act.

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

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

13 (q) "Survivor" means a person receiving an annuity as a  
14 survivor of an employee or of an annuitant. "Survivor" also  
15 includes: (1) the surviving dependent of a person who  
16 satisfies the definition of "employee" except that such person  
17 is made ineligible to participate in the State Universities  
18 Retirement System by clause (4) of subsection (a) of Section  
19 15-107 of the Illinois Pension Code; (2) the surviving  
20 dependent of any person formerly employed by the University of  
21 Illinois in the Cooperative Extension Service who would be an  
22 annuitant except for the fact that such person was made  
23 ineligible to participate in the State Universities Retirement  
24 System by clause (4) of subsection (a) of Section 15-107 of the  
25 Illinois Pension Code; (3) the surviving dependent of a person  
26 who was an annuitant under this Act by virtue of receiving an

1 alternative retirement cancellation payment under Section  
2 14-108.5 of the Illinois Pension Code; and (4) a person who  
3 would be receiving an annuity as a survivor of an annuitant  
4 except that the annuitant elected on or after June 4, 2018 to  
5 receive an accelerated pension benefit payment under Section  
6 14-147.5, 15-185.5, or 16-190.5 of the Illinois Pension Code  
7 in lieu of receiving an annuity.

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

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

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

16 (q-5) (Blank).

17 (q-6) (Blank).

18 (q-7) (Blank).

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

22 (s) "Unit of local government" means any county,  
23 municipality, township, school district (including a  
24 combination of school districts under the Intergovernmental  
25 Cooperation Act), special district or other unit, designated  
26 as a unit of local government by law, which exercises limited

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

23 (t) "Qualified rehabilitation facility" means any  
24 not-for-profit organization that is accredited by the  
25 Commission on Accreditation of Rehabilitation Facilities or  
26 certified by the Department of Human Services (as successor to

1 the Department of Mental Health and Developmental  
2 Disabilities) to provide services to persons with disabilities  
3 and which receives funds from the State of Illinois for  
4 providing those services, approved by the Director and  
5 participating in a program created under subsection (j) of  
6 Section 10 of this Act.

7 (u) "Qualified domestic violence shelter or service" means  
8 any Illinois domestic violence shelter or service and its  
9 administrative offices funded by the Department of Human  
10 Services (as successor to the Illinois Department of Public  
11 Aid), approved by the Director and participating in a program  
12 created under subsection (k) of Section 10.

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

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

15 (2) is receiving a monthly benefit or retirement  
16 annuity under Article 16 of the Illinois Pension Code or  
17 would be receiving such monthly benefit or retirement  
18 annuity except that the benefit recipient elected on or  
19 after June 4, 2018 to receive an accelerated pension  
20 benefit payment under Section 16-190.5 of the Illinois  
21 Pension Code in lieu of receiving an annuity; and

22 (3) either (i) has at least 8 years of creditable  
23 service under Article 16 of the Illinois Pension Code, or  
24 (ii) was enrolled in the health insurance program offered  
25 under that Article on January 1, 1996, or (iii) is the  
26 survivor of a benefit recipient who had at least 8 years of

1           creditable service under Article 16 of the Illinois  
2 Pension Code or was enrolled in the health insurance  
3 program offered under that Article on June 21, 1995 (the  
4 effective date of Public Act 89-25), or (iv) is a  
5 recipient or survivor of a recipient of a disability  
6 benefit under Article 16 of the Illinois Pension Code.

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

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

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

20           "TRS dependent beneficiary" does not include, as indicated  
21 under paragraph (2) of this subsection (w), a dependent of the  
22 survivor of a TRS benefit recipient who first becomes a  
23 dependent of a survivor of a TRS benefit recipient on or after  
24 January 13, 2012 (the effective date of Public Act 97-668)  
25 unless that dependent would have been eligible for coverage as  
26 a dependent of the deceased TRS benefit recipient upon whom



1 the survivor benefit is based.

2 (x) "Military leave" refers to individuals in basic  
3 training for reserves, special/advanced training, annual  
4 training, emergency call up, activation by the President of  
5 the United States, or any other training or duty in service to  
6 the United States Armed Forces.

7 (y) (Blank).

8 (z) "Community college benefit recipient" means a person  
9 who:

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

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

19 (3) either (i) was a full-time employee of a community  
20 college district or an association of community college  
21 boards created under the Public Community College Act  
22 (other than an employee whose last employer under Article  
23 15 of the Illinois Pension Code was a community college  
24 district subject to Article VII of the Public Community  
25 College Act) and was eligible to participate in a group  
26 health benefit plan as an employee during the time of

1 employment with a community college district (other than a  
2 community college district subject to Article VII of the  
3 Public Community College Act) or an association of  
4 community college boards, or (ii) is the survivor of a  
5 person described in item (i).

6 (aa) "Community college dependent beneficiary" means a  
7 person who:

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

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

18 "Community college dependent beneficiary" does not  
19 include, as indicated under paragraph (2) of this subsection  
20 (aa), a dependent of the survivor of a community college  
21 benefit recipient who first becomes a dependent of a survivor  
22 of a community college benefit recipient on or after January  
23 13, 2012 (the effective date of Public Act 97-668) unless that  
24 dependent would have been eligible for coverage as a dependent  
25 of the deceased community college benefit recipient upon whom  
26 the survivor annuity is based.

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

7 (cc) "Placement for adoption" means the assumption and  
8 retention by a member of a legal obligation for total or  
9 partial support of a child in anticipation of adoption of the  
10 child. The child's placement with the member terminates upon  
11 the termination of such legal obligation.

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

14 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

16 (a) The State shall pay the cost of basic non-contributory  
17 group life insurance and, subject to member paid contributions  
18 set by the Department or required by this Section and except as  
19 provided in this Section, the basic program of group health  
20 benefits on each eligible member, except a member, not  
21 otherwise covered by this Act, who has retired as a  
22 participating member under Article 2 of the Illinois Pension  
23 Code but is ineligible for the retirement annuity under  
24 Section 2-119 of the Illinois Pension Code, and part of each  
25 eligible member's and retired member's premiums for health

1 insurance coverage for enrolled dependents as provided by  
2 Section 9. The State shall pay the cost of the basic program of  
3 group health benefits only after benefits are reduced by the  
4 amount of benefits covered by Medicare for all members and  
5 dependents who are eligible for benefits under Social Security  
6 or the Railroad Retirement system or who had sufficient  
7 Medicare-covered government employment, except that such  
8 reduction in benefits shall apply only to those members and  
9 dependents who (1) first become eligible for such Medicare  
10 coverage on or after July 1, 1992; or (2) are  
11 Medicare-eligible members or dependents of a local government  
12 unit which began participation in the program on or after July  
13 1, 1992; or (3) remain eligible for, but no longer receive  
14 Medicare coverage which they had been receiving on or after  
15 July 1, 1992. The Department may determine the aggregate level  
16 of the State's contribution on the basis of actual cost of  
17 medical services adjusted for age, sex or geographic or other  
18 demographic characteristics which affect the costs of such  
19 programs.

20 The cost of participation in the basic program of group  
21 health benefits for the dependent or survivor of a living or  
22 deceased retired employee who was formerly employed by the  
23 University of Illinois in the Cooperative Extension Service  
24 and would be an annuitant but for the fact that he or she was  
25 made ineligible to participate in the State Universities  
26 Retirement System by clause (4) of subsection (a) of Section

1 15-107 of the Illinois Pension Code shall not be greater than  
2 the cost of participation that would otherwise apply to that  
3 dependent or survivor if he or she were the dependent or  
4 survivor of an annuitant under the State Universities  
5 Retirement System.

6 (a-1) (Blank).

7 (a-2) (Blank).

8 (a-3) (Blank).

9 (a-4) (Blank).

10 (a-5) (Blank).

11 (a-6) (Blank).

12 (a-7) (Blank).

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

22 (a-8.5) Beginning on the effective date of this amendatory  
23 Act of the 97th General Assembly, the Director of Central  
24 Management Services shall, on an annual basis, determine the  
25 amount that the State shall contribute toward the basic  
26 program of group health benefits on behalf of annuitants

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

20 Contributions required of annuitants, survivors, and  
21 retired employees shall be the same for all retirement systems  
22 and shall also be based on whether an individual has made an  
23 election under Section 15-135.1 of the Illinois Pension Code.  
24 Contributions may be based on annuitants', survivors', or  
25 retired employees' Medicare eligibility, but may not be based  
26 on Social Security eligibility.

1 (a-9) No later than May 1 of each calendar year, the  
2 Director of Central Management Services shall certify in  
3 writing to the Executive Secretary of the State Employees'  
4 Retirement System of Illinois the amounts of the Medicare  
5 supplement health care premiums and the amounts of the health  
6 care premiums for all other retirees who are not Medicare  
7 eligible.

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

10 The Director of Central Management Services shall provide  
11 to the Executive Secretary of the State Employees' Retirement  
12 System of Illinois such information, statistics, and other  
13 data as he or she may require to review the premium amounts  
14 certified by the Director of Central Management Services.

15 The Department of Central Management Services, or any  
16 successor agency designated to procure healthcare contracts  
17 pursuant to this Act, is authorized to establish funds,  
18 separate accounts provided by any bank or banks as defined by  
19 the Illinois Banking Act, or separate accounts provided by any  
20 savings and loan association or associations as defined by the  
21 Illinois Savings and Loan Act of 1985 to be held by the  
22 Director, outside the State treasury, for the purpose of  
23 receiving the transfer of moneys from the Local Government  
24 Health Insurance Reserve Fund. The Department may promulgate  
25 rules further defining the methodology for the transfers. Any  
26 interest earned by moneys in the funds or accounts shall inure

1 to the Local Government Health Insurance Reserve Fund. The  
2 transferred moneys, and interest accrued thereon, shall be  
3 used exclusively for transfers to administrative service  
4 organizations or their financial institutions for payments of  
5 claims to claimants and providers under the self-insurance  
6 health plan. The transferred moneys, and interest accrued  
7 thereon, shall not be used for any other purpose including,  
8 but not limited to, reimbursement of administration fees due  
9 the administrative service organization pursuant to its  
10 contract or contracts with the Department.

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

18 (a-15) For purposes of determining State contributions  
19 under this Section, service established under a defined  
20 contribution plan under Section 14-155.5 of the Illinois  
21 Pension Code shall be included in determining an employee's  
22 creditable service. Any credit terminated as part of a  
23 transfer of contributions to a defined contribution plan under  
24 Section 14-155.5 of the Illinois Pension Code shall also be  
25 included in determining an employee's creditable service.

26 (b) State employees who become eligible for this program



1 on or after January 1, 1980 in positions normally requiring  
2 actual performance of duty not less than 1/2 of a normal work  
3 period but not equal to that of a normal work period, shall be  
4 given the option of participating in the available program. If  
5 the employee elects coverage, the State shall contribute on  
6 behalf of such employee to the cost of the employee's benefit  
7 and any applicable dependent supplement, that sum which bears  
8 the same percentage as that percentage of time the employee  
9 regularly works when compared to normal work period.

10 (c) The basic non-contributory coverage from the basic  
11 program of group health benefits shall be continued for each  
12 employee not in pay status or on active service by reason of  
13 (1) leave of absence due to illness or injury, (2) authorized  
14 educational leave of absence or sabbatical leave, or (3)  
15 military leave. This coverage shall continue until expiration  
16 of authorized leave and return to active service, but not to  
17 exceed 24 months for leaves under item (1) or (2). This  
18 24-month limitation and the requirement of returning to active  
19 service shall not apply to persons receiving ordinary or  
20 accidental disability benefits or retirement benefits through  
21 the appropriate State retirement system or benefits under the  
22 Workers' Compensation or Occupational Disease Act.

23 (d) The basic group life insurance coverage shall  
24 continue, with full State contribution, where such person is  
25 (1) absent from active service by reason of disability arising  
26 from any cause other than self-inflicted, (2) on authorized

1 educational leave of absence or sabbatical leave, or (3) on  
2 military leave.

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

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

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

1 the 91st General Assembly.

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

14 (i) Any unit of local government within the State of  
15 Illinois may apply to the Director to have its employees,  
16 annuitants, and their dependents provided group health  
17 coverage under this Act on a non-insured basis. To  
18 participate, a unit of local government must agree to enroll  
19 all of its employees, who may select coverage under any group  
20 health benefits plan made available by the Department under  
21 the health benefits program established under this Section or  
22 a health maintenance organization that has contracted with the  
23 State to be available as a health care provider for employees  
24 as defined in this Act. A unit of local government must remit  
25 the entire cost of providing coverage under the health  
26 benefits program established under this Section or, for

1 coverage under a health maintenance organization, an amount  
2 determined by the Director based on an analysis of the sex,  
3 age, geographic location, or other relevant demographic  
4 variables for its employees, except that the unit of local  
5 government shall not be required to enroll those of its  
6 employees who are covered spouses or dependents under the  
7 State group health benefits plan or another group policy or  
8 plan providing health benefits as long as (1) an appropriate  
9 official from the unit of local government attests that each  
10 employee not enrolled is a covered spouse or dependent under  
11 this plan or another group policy or plan, and (2) at least 50%  
12 of the employees are enrolled and the unit of local government  
13 remits the entire cost of providing coverage to those  
14 employees, except that a participating school district must  
15 have enrolled at least 50% of its full-time employees who have  
16 not waived coverage under the district's group health plan by  
17 participating in a component of the district's cafeteria plan.  
18 A participating school district is not required to enroll a  
19 full-time employee who has waived coverage under the  
20 district's health plan, provided that an appropriate official  
21 from the participating school district attests that the  
22 full-time employee has waived coverage by participating in a  
23 component of the district's cafeteria plan. For the purposes  
24 of this subsection, "participating school district" includes a  
25 unit of local government whose primary purpose is education as  
26 defined by the Department's rules.

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

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

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

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

4           In the case of coverage of local government employees  
5           under a health maintenance organization, the Director shall  
6           annually determine for each participating unit of local  
7           government the maximum monthly amount the unit may contribute  
8           toward that coverage, based on an analysis of (i) the age, sex,  
9           geographic location, and other relevant demographic variables  
10          of the unit's employees and (ii) the cost to cover those  
11          employees under the State group health benefits plan. The  
12          Director may similarly determine the maximum monthly amount  
13          each unit of local government may contribute toward coverage  
14          of its employees' dependents under a health maintenance  
15          organization.

16          Monthly payments by the unit of local government or its  
17          employees for group health benefits plan or health maintenance  
18          organization coverage shall be deposited in the Local  
19          Government Health Insurance Reserve Fund.

20          The Local Government Health Insurance Reserve Fund is  
21          hereby created as a nonappropriated trust fund to be held  
22          outside the State Treasury, with the State Treasurer as  
23          custodian. The Local Government Health Insurance Reserve Fund  
24          shall be a continuing fund not subject to fiscal year  
25          limitations. The Local Government Health Insurance Reserve  
26          Fund is not subject to administrative charges or charge-backs,

1 including but not limited to those authorized under Section 8h  
2 of the State Finance Act. All revenues arising from the  
3 administration of the health benefits program established  
4 under this Section shall be deposited into the Local  
5 Government Health Insurance Reserve Fund. Any interest earned  
6 on moneys in the Local Government Health Insurance Reserve  
7 Fund shall be deposited into the Fund. All expenditures from  
8 this Fund shall be used for payments for health care benefits  
9 for local government and rehabilitation facility employees,  
10 annuitants, and dependents, and to reimburse the Department or  
11 its administrative service organization for all expenses  
12 incurred in the administration of benefits. No other State  
13 funds may be used for these purposes.

14 A local government employer's participation or desire to  
15 participate in a program created under this subsection shall  
16 not limit that employer's duty to bargain with the  
17 representative of any collective bargaining unit of its  
18 employees.

19 (j) Any rehabilitation facility within the State of  
20 Illinois may apply to the Director to have its employees,  
21 annuitants, and their eligible dependents provided group  
22 health coverage under this Act on a non-insured basis. To  
23 participate, a rehabilitation facility must agree to enroll  
24 all of its employees and remit the entire cost of providing  
25 such coverage for its employees, except that the  
26 rehabilitation facility shall not be required to enroll those

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

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

23 (1) In the first year of coverage, the rates shall be  
24 equal to the amount normally charged to State employees  
25 for elected optional coverages or for enrolled dependents  
26 coverages or other contributory coverages on behalf of its



1 employees, adjusted for differences between State  
2 employees and employees of the rehabilitation facility in  
3 age, sex, geographic location or other relevant  
4 demographic variables, plus an amount sufficient to pay  
5 for the additional administrative costs of providing  
6 coverage to employees of the rehabilitation facility and  
7 their dependents.

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

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

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

1 policy or plan and (2) at least 50% of the employees are  
2 enrolled and the domestic violence shelter remits the entire  
3 cost of providing coverage to those employees. Employees of a  
4 participating domestic violence shelter who are not enrolled  
5 due to coverage under another group health policy or plan may  
6 enroll in the event of a qualifying change in status, special  
7 enrollment, or special circumstance as defined by the Director  
8 or during the annual Benefit Choice Period. A participating  
9 domestic violence shelter may also elect to cover its  
10 annuitants. Dependent coverage shall be offered on an optional  
11 basis, with employees, or some combination of the 2 as  
12 determined by the domestic violence shelter or service. The  
13 domestic violence shelter or service shall be responsible for  
14 timely collection and transmission of dependent premiums.

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

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

1 shelter or service and their dependents.

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

6 Monthly payments by the domestic violence shelter or  
7 service or its employees for group health insurance shall be  
8 deposited in the Local Government Health Insurance Reserve  
9 Fund.

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

20 The Director shall annually determine monthly rates of  
21 payment subject to the following constraints: for those  
22 community colleges with annuitants only enrolled, first year  
23 rates shall be equal to the average cost to cover claims for a  
24 State member adjusted for demographics, Medicare  
25 participation, and other factors; and in the second year, a  
26 further adjustment of rates shall be made to reflect the

1 actual first year's claims experience of the covered  
2 annuitants.

3 (1-5) The provisions of subsection (1) become inoperative  
4 on July 1, 1999.

5 (m) The Director shall adopt any rules deemed necessary  
6 for implementation of this amendatory Act of 1989 (Public Act  
7 86-978).

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

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

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

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

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

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

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

2 Section 10. The Illinois Pension Code is amended by  
3 changing Sections 1-160, 1-161, 14-103.05, 14-103.41,  
4 14-152.1, 20-121, 20-123, 20-124, and 20-125 and by adding  
5 Section 14-155.5 as follows:

6 (40 ILCS 5/1-160)

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

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

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

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

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

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

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

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

1 member or participant of an affected pension fund on or after 6  
2 months after the resolution or ordinance date, as defined in  
3 Section 1-162, unless that person elects under subsection (c)  
4 of Section 1-162 to receive the benefits provided under this  
5 Section and the applicable provisions of the Article under  
6 which he or she is a member or participant.

7 This Section does not apply to a person who participates  
8 in a defined contribution plan established under Section  
9 14-155.5.

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

23 (1) (Blank).

24 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
25 annual salary for any 4 consecutive years within the last  
26 10 years of service immediately preceding the date of



1 withdrawal".

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

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

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

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

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

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

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

24 (b-5) Beginning on January 1, 2011, for all purposes under  
25 this Code (including without limitation the calculation of  
26 benefits and employee contributions), the annual earnings,

1 salary, or wages (based on the plan year) of a member or  
2 participant to whom this Section applies shall not exceed  
3 \$106,800; however, that amount shall annually thereafter be  
4 increased by the lesser of (i) 3% of that amount, including all  
5 previous adjustments, or (ii) one-half the annual unadjusted  
6 percentage increase (but not less than zero) in the consumer  
7 price index-u for the 12 months ending with the September  
8 preceding each November 1, including all previous adjustments.

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

19 (b-10) Beginning on January 1, 2024, for all purposes  
20 under this Code (including, without limitation, the  
21 calculation of benefits and employee contributions), the  
22 annual earnings, salary, or wages (based on the plan year) of a  
23 member or participant under Article 9 to whom this Section  
24 applies shall include an annual earnings, salary, or wage cap  
25 that tracks the Social Security wage base. Maximum annual  
26 earnings, wages, or salary shall be the annual contribution

1 and benefit base established for the applicable year by the  
2 Commissioner of the Social Security Administration under the  
3 federal Social Security Act.

4 However, in no event shall the annual earnings, salary, or  
5 wages for the purposes of this Article and Article 9 exceed any  
6 limitation imposed on annual earnings, salary, or wages under  
7 Section 1-117. Under no circumstances shall the maximum amount  
8 of annual earnings, salary, or wages be greater than the  
9 amount set forth in this subsection (b-10) as a result of  
10 reciprocal service or any provisions regarding reciprocal  
11 services, nor shall the Fund under Article 9 be required to pay  
12 any refund as a result of the application of this maximum  
13 annual earnings, salary, and wage cap.

14 Nothing in this subsection (b-10) shall cause or otherwise  
15 result in any retroactive adjustment of any employee  
16 contributions. Nothing in this subsection (b-10) shall cause  
17 or otherwise result in any retroactive adjustment of  
18 disability or other payments made between January 1, 2011 and  
19 January 1, 2024.

20 (c) A member or participant is entitled to a retirement  
21 annuity upon written application if he or she has attained age  
22 67 (age 65, with respect to service under Article 12 that is  
23 subject to this Section, for a member or participant under  
24 Article 12 who first becomes a member or participant under  
25 Article 12 on or after January 1, 2022 or who makes the  
26 election under item (i) of subsection (d-15) of this Section)

1 and has at least 10 years of service credit and is otherwise  
2 eligible under the requirements of the applicable Article.

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

13 (c-5) A person who first becomes a member or a participant  
14 subject to this Section on or after July 6, 2017 (the effective  
15 date of Public Act 100-23), notwithstanding any other  
16 provision of this Code to the contrary, is entitled to a  
17 retirement annuity under Article 8 or Article 11 upon written  
18 application if he or she has attained age 65 and has at least  
19 10 years of service credit and is otherwise eligible under the  
20 requirements of Article 8 or Article 11 of this Code,  
21 whichever is applicable.

22 (d) The retirement annuity of a member or participant who  
23 is retiring after attaining age 62 (age 60, with respect to  
24 service under Article 12 that is subject to this Section, for a  
25 member or participant under Article 12 who first becomes a  
26 member or participant under Article 12 on or after January 1,

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

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

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

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

1 11-170 of this Code (for service under Article 11); or

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

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

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

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

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

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

15          (e) Any retirement annuity or supplemental annuity shall  
16          be subject to annual increases on the January 1 occurring  
17          either on or after the attainment of age 67 (age 65, with  
18          respect to service under Article 12 that is subject to this  
19          Section, for a member or participant under Article 12 who  
20          first becomes a member or participant under Article 12 on or  
21          after January 1, 2022 or who makes the election under item (i)  
22          of subsection (d-15); and beginning on July 6, 2017 (the  
23          effective date of Public Act 100-23), age 65 with respect to  
24          service under Article 8 or Article 11 for eligible persons  
25          who: (i) are subject to subsection (c-5) of this Section; or  
26          (ii) made the election under item (i) of subsection (d-10) of

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

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

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

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



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

22 (g) The benefits in Section 14-110 apply if the person is a  
23 fire fighter in the fire protection service of a department, a  
24 security employee of the Department of Corrections or the  
25 Department of Juvenile Justice, or a security employee of the  
26 Department of Innovation and Technology, as those terms are

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

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

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

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

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

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

4 (i) (Blank).

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

8 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
9 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-719, eff.  
10 5-6-22.)

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

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

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

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

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

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

26 This Section does not apply to a person who elects under

1 subsection (c-5) of Section 1-161 to receive the benefits  
2 under Section 1-161.

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

10 This Section does not apply to a person who participates  
11 in a defined contribution plan established under Section  
12 14-155.5.

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

26 (1) (Blank).

1           (2) In Articles 8, 9, 10, 11, and 12, "highest average  
2           annual salary for any 4 consecutive years within the last  
3           10 years of service immediately preceding the date of  
4           withdrawal".

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

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

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

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

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

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

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

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

12 For the purposes of this Section, "consumer price index-u"  
13 means the index published by the Bureau of Labor Statistics of  
14 the United States Department of Labor that measures the  
15 average change in prices of goods and services purchased by  
16 all urban consumers, United States city average, all items,  
17 1982-84 = 100. The new amount resulting from each annual  
18 adjustment shall be determined by the Public Pension Division  
19 of the Department of Insurance and made available to the  
20 boards of the retirement systems and pension funds by November  
21 1 of each year.

22 (b-10) Beginning on January 1, 2024, for all purposes  
23 under this Code (including, without limitation, the  
24 calculation of benefits and employee contributions), the  
25 annual earnings, salary, or wages (based on the plan year) of a  
26 member or participant under Article 9 to whom this Section



1 applies shall include an annual earnings, salary, or wage cap  
2 that tracks the Social Security wage base. Maximum annual  
3 earnings, wages, or salary shall be the annual contribution  
4 and benefit base established for the applicable year by the  
5 Commissioner of the Social Security Administration under the  
6 federal Social Security Act.

7 However, in no event shall the annual earnings, salary, or  
8 wages for the purposes of this Article and Article 9 exceed any  
9 limitation imposed on annual earnings, salary, or wages under  
10 Section 1-117. Under no circumstances shall the maximum amount  
11 of annual earnings, salary, or wages be greater than the  
12 amount set forth in this subsection (b-10) as a result of  
13 reciprocal service or any provisions regarding reciprocal  
14 services, nor shall the Fund under Article 9 be required to pay  
15 any refund as a result of the application of this maximum  
16 annual earnings, salary, and wage cap.

17 Nothing in this subsection (b-10) shall cause or otherwise  
18 result in any retroactive adjustment of any employee  
19 contributions. Nothing in this subsection (b-10) shall cause  
20 or otherwise result in any retroactive adjustment of  
21 disability or other payments made between January 1, 2011 and  
22 January 1, 2024.

23 (c) A member or participant is entitled to a retirement  
24 annuity upon written application if he or she has attained age  
25 67 (age 65, with respect to service under Article 12 that is  
26 subject to this Section, for a member or participant under

1 Article 12 who first becomes a member or participant under  
2 Article 12 on or after January 1, 2022 or who makes the  
3 election under item (i) of subsection (d-15) of this Section)  
4 and has at least 10 years of service credit and is otherwise  
5 eligible under the requirements of the applicable Article.

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

16 (c-5) A person who first becomes a member or a participant  
17 subject to this Section on or after July 6, 2017 (the effective  
18 date of Public Act 100-23), notwithstanding any other  
19 provision of this Code to the contrary, is entitled to a  
20 retirement annuity under Article 8 or Article 11 upon written  
21 application if he or she has attained age 65 and has at least  
22 10 years of service credit and is otherwise eligible under the  
23 requirements of Article 8 or Article 11 of this Code,  
24 whichever is applicable.

25 (d) The retirement annuity of a member or participant who  
26 is retiring after attaining age 62 (age 60, with respect to

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

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

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

23 (i) to be eligible for the reduced retirement age  
24 provided in subsections (c-5) and (d-5) of this Section,  
25 the eligibility for which is conditioned upon the member  
26 or participant agreeing to the increases in employee

1 contributions for age and service annuities provided in  
2 subsection (a-5) of Section 8-174 of this Code (for  
3 service under Article 8) or subsection (a-5) of Section  
4 11-170 of this Code (for service under Article 11); or

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

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

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

24 (i) to be eligible for the reduced retirement age  
25 specified in subsections (c) and (d) of this Section, the  
26 eligibility for which is conditioned upon the member or

1 participant agreeing to the increase in employee  
2 contributions for service annuities specified in  
3 subsection (b) of Section 12-150; or

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

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

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

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

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

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

24 (f) The initial survivor's or widow's annuity of an  
25 otherwise eligible survivor or widow of a retired member or  
26 participant who first became a member or participant on or

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

25 (g) The benefits in Section 14-110 apply only if the  
26 person is a State policeman, a fire fighter in the fire

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

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



1 termination of that employment, the person's retirement  
2 annuity or retirement pension payments shall resume and be  
3 recalculated if recalculation is provided for under the  
4 applicable Article of this Code.

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

24 (i) (Blank).

25 (j) In the case of a conflict between the provisions of  
26 this Section and any other provision of this Code, the

1 provisions of this Section shall control.

2 (Source: P.A. 101-610, eff. 1-1-20; 102-16, eff. 6-17-21;  
3 102-210, eff. 1-1-22; 102-263, eff. 8-6-21; 102-813, eff.  
4 5-13-22.)

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

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

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

1 subject to this Section. The changes made to this Section by  
2 Public Act 98-596 are a clarification of existing law and are  
3 intended to be retroactive to January 1, 2011 (the effective  
4 date of Public Act 96-889), notwithstanding the provisions of  
5 Section 1-103.1 of this Code.

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

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

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

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

1 of Section 1-162 to receive the benefits provided under this  
2 Section and the applicable provisions of the Article under  
3 which he or she is a member or participant.

4 This Section does not apply to a person who participates  
5 in a defined contribution plan established under Section  
6 14-155.5.

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

20 (1) (Blank).

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

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

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

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

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

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

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

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

21 (b-5) Beginning on January 1, 2011, for all purposes under  
22 this Code (including without limitation the calculation of  
23 benefits and employee contributions), the annual earnings,  
24 salary, or wages (based on the plan year) of a member or  
25 participant to whom this Section applies shall not exceed  
26 \$106,800; however, that amount shall annually thereafter be

1 increased by the lesser of (i) 3% of that amount, including all  
2 previous adjustments, or (ii) one-half the annual unadjusted  
3 percentage increase (but not less than zero) in the consumer  
4 price index-u for the 12 months ending with the September  
5 preceding each November 1, including all previous adjustments.

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

16 (b-10) Beginning on January 1, 2024, for all purposes  
17 under this Code (including, without limitation, the  
18 calculation of benefits and employee contributions), the  
19 annual earnings, salary, or wages (based on the plan year) of a  
20 member or participant under Article 9 to whom this Section  
21 applies shall include an annual earnings, salary, or wage cap  
22 that tracks the Social Security wage base. Maximum annual  
23 earnings, wages, or salary shall be the annual contribution  
24 and benefit base established for the applicable year by the  
25 Commissioner of the Social Security Administration under the  
26 federal Social Security Act.

1           However, in no event shall the annual earnings, salary, or  
2 wages for the purposes of this Article and Article 9 exceed any  
3 limitation imposed on annual earnings, salary, or wages under  
4 Section 1-117. Under no circumstances shall the maximum amount  
5 of annual earnings, salary, or wages be greater than the  
6 amount set forth in this subsection (b-10) as a result of  
7 reciprocal service or any provisions regarding reciprocal  
8 services, nor shall the Fund under Article 9 be required to pay  
9 any refund as a result of the application of this maximum  
10 annual earnings, salary, and wage cap.

11           Nothing in this subsection (b-10) shall cause or otherwise  
12 result in any retroactive adjustment of any employee  
13 contributions. Nothing in this subsection (b-10) shall cause  
14 or otherwise result in any retroactive adjustment of  
15 disability or other payments made between January 1, 2011 and  
16 January 1, 2024.

17           (c) A member or participant is entitled to a retirement  
18 annuity upon written application if he or she has attained age  
19 67 (age 65, with respect to service under Article 12 that is  
20 subject to this Section, for a member or participant under  
21 Article 12 who first becomes a member or participant under  
22 Article 12 on or after January 1, 2022 or who makes the  
23 election under item (i) of subsection (d-15) of this Section)  
24 and has at least 10 years of service credit and is otherwise  
25 eligible under the requirements of the applicable Article.

26           A member or participant who has attained age 62 (age 60,

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

10 (c-5) A person who first becomes a member or a participant  
11 subject to this Section on or after July 6, 2017 (the effective  
12 date of Public Act 100-23), notwithstanding any other  
13 provision of this Code to the contrary, is entitled to a  
14 retirement annuity under Article 8 or Article 11 upon written  
15 application if he or she has attained age 65 and has at least  
16 10 years of service credit and is otherwise eligible under the  
17 requirements of Article 8 or Article 11 of this Code,  
18 whichever is applicable.

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



1 that the member's age is under age 67 (age 65, with respect to  
2 service under Article 12 that is subject to this Section, for a  
3 member or participant under Article 12 who first becomes a  
4 member or participant under Article 12 on or after January 1,  
5 2022 or who makes the election under item (i) of subsection  
6 (d-15) of this Section).

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

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

17 (i) to be eligible for the reduced retirement age  
18 provided in subsections (c-5) and (d-5) of this Section,  
19 the eligibility for which is conditioned upon the member  
20 or participant agreeing to the increases in employee  
21 contributions for age and service annuities provided in  
22 subsection (a-5) of Section 8-174 of this Code (for  
23 service under Article 8) or subsection (a-5) of Section  
24 11-170 of this Code (for service under Article 11); or

25 (ii) to not agree to item (i) of this subsection  
26 (d-10), in which case the member or participant shall

1 continue to be subject to the retirement age provisions in  
2 subsections (c) and (d) of this Section and the employee  
3 contributions for age and service annuity as provided in  
4 subsection (a) of Section 8-174 of this Code (for service  
5 under Article 8) or subsection (a) of Section 11-170 of  
6 this Code (for service under Article 11).

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

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

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

24 (ii) to not agree to item (i) of this subsection  
25 (d-15), in which case the member or participant shall not  
26 be eligible for the reduced retirement age specified in

1 subsections (c) and (d) of this Section and shall not be  
2 subject to the increase in employee contributions for  
3 service annuities specified in subsection (b) of Section  
4 12-150.

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

12 (e) Any retirement annuity or supplemental annuity shall  
13 be subject to annual increases on the January 1 occurring  
14 either on or after the attainment of age 67 (age 65, with  
15 respect to service under Article 12 that is subject to this  
16 Section, for a member or participant under Article 12 who  
17 first becomes a member or participant under Article 12 on or  
18 after January 1, 2022 or who makes the election under item (i)  
19 of subsection (d-15); and beginning on July 6, 2017 (the  
20 effective date of Public Act 100-23), age 65 with respect to  
21 service under Article 8 or Article 11 for eligible persons  
22 who: (i) are subject to subsection (c-5) of this Section; or  
23 (ii) made the election under item (i) of subsection (d-10) of  
24 this Section) or the first anniversary of the annuity start  
25 date, whichever is later. Each annual increase shall be  
26 calculated at 3% or one-half the annual unadjusted percentage

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

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

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

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

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

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

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

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

26 If a person who first becomes a member of a retirement

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

19 (i) (Blank).

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

23 (Source: P.A. 102-16, eff. 6-17-21; 102-210, eff. 1-1-22;  
24 102-263, eff. 8-6-21; 102-956, eff. 5-27-22; 103-529, eff.  
25 8-11-23.)

1 (40 ILCS 5/1-161)

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

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

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

25 (b) In lieu of the benefits provided under this Section, a  
26 member or participant, except for a participant under Article



1 15, may irrevocably elect the benefits under Section 1-160 and  
2 the benefits otherwise applicable to that member or  
3 participant. The election must be made within 30 days after  
4 becoming a member or participant. Each retirement system shall  
5 establish procedures for making this election.

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

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

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

1 average salary" shall be substituted for "final average  
2 compensation" in Article 14.

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

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

17 (g) The amount of the retirement annuity to which a member  
18 or participant is entitled shall be computed by multiplying  
19 1.25% for each year of service credit by his or her final  
20 average salary.

21 (h) Any retirement annuity or supplemental annuity shall  
22 be subject to annual increases on the first anniversary of the  
23 annuity start date. Each annual increase shall be one-half the  
24 annual unadjusted percentage increase (but not less than zero)  
25 in the consumer price index-w for the 12 months ending with the  
26 September preceding each November 1 of the originally granted

1 retirement annuity. If the annual unadjusted percentage change  
2 in the consumer price index-w for the 12 months ending with the  
3 September preceding each November 1 is zero or there is a  
4 decrease, then the annuity shall not be increased.

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

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

1           (j) In lieu of any other employee contributions, except  
2 for the contribution to the defined contribution plan under  
3 subsection (k) of this Section, each employee shall contribute  
4 6.2% of his her or salary to the retirement system. However,  
5 the employee contribution under this subsection shall not  
6 exceed the amount of the total normal cost of the benefits for  
7 all members making contributions under this Section (except  
8 for the defined contribution plan under subsection (k) of this  
9 Section), expressed as a percentage of payroll and certified  
10 on or before January 15 of each year by the board of trustees  
11 of the retirement system. If the board of trustees of the  
12 retirement system certifies that the 6.2% employee  
13 contribution rate exceeds the normal cost of the benefits  
14 under this Section (except for the defined contribution plan  
15 under subsection (k) of this Section), then on or before  
16 December 1 of that year, the board of trustees shall certify  
17 the amount of the normal cost of the benefits under this  
18 Section (except for the defined contribution plan under  
19 subsection (k) of this Section), expressed as a percentage of  
20 payroll, to the State Actuary and the Commission on Government  
21 Forecasting and Accountability, and the employee contribution  
22 under this subsection shall be reduced to that amount  
23 beginning July 1 of that year. Thereafter, if the normal cost  
24 of the benefits under this Section (except for the defined  
25 contribution plan under subsection (k) of this Section),  
26 expressed as a percentage of payroll and certified on or

1 before January 1 of each year by the board of trustees of the  
2 retirement system, exceeds 6.2% of salary, then on or before  
3 January 15 of that year, the board of trustees shall certify  
4 the normal cost to the State Actuary and the Commission on  
5 Government Forecasting and Accountability, and the employee  
6 contributions shall revert back to 6.2% of salary beginning  
7 January 1 of the following year.

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

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

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

1 shall be no lower than 2% of salary.

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

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

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

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

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

24 (8) No person shall begin participating in the defined  
25 contribution plan until it has attained qualified plan  
26 status and received all necessary approvals from the U.S.

1 Internal Revenue Service.

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

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

6 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

7 Sec. 14-103.05. Employee.

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

17 A person entering service on or after January 1, 1972 and  
18 prior to January 1, 1984 shall become a member as a condition  
19 of employment and shall begin making contributions as of the  
20 first day of employment.

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

1 period.

2 A person employed by the Chicago Metropolitan Agency for  
3 Planning on the effective date of this amendatory Act of the  
4 95th General Assembly who was a member of this System as an  
5 employee of the Chicago Area Transportation Study and makes an  
6 election under Section 14-104.13 to participate in this System  
7 for his or her employment with the Chicago Metropolitan Agency  
8 for Planning.

9 The qualifying period of 6 months of service is not  
10 applicable to: (1) a person who has been granted credit for  
11 service in a position covered by the State Universities  
12 Retirement System, the Teachers' Retirement System of the  
13 State of Illinois, the General Assembly Retirement System, or  
14 the Judges Retirement System of Illinois unless that service  
15 has been forfeited under the laws of those systems; (2) a  
16 person entering service on or after July 1, 1991 in a  
17 noncovered position; (3) a person to whom Section 14-108.2a or  
18 14-108.2b applies; or (4) a person to whom subsection (a-5) of  
19 this Section applies.

20 (a-5) Except as provided in subsection (e), a ~~A~~ person  
21 entering service on or after December 1, 2010 and before the  
22 effective date of this amendatory Act of the 103rd General  
23 Assembly shall become a member as a condition of employment  
24 and shall begin making contributions as of the first day of  
25 employment. A person serving in the qualifying period on  
26 December 1, 2010 will become a member on December 1, 2010 and



1 shall begin making contributions as of December 1, 2010.

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

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

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

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

12 (3.1) any person serving as a commissioner of an  
13 ethics commission created under the State Officials and  
14 Employees Ethics Act unless that person elects to  
15 participate in this system with respect to that service as  
16 a commissioner;

17 (3.2) any person serving as a part-time employee in  
18 any of the following positions: Legislative Inspector  
19 General, Special Legislative Inspector General, employee  
20 of the Office of the Legislative Inspector General,  
21 Executive Director of the Legislative Ethics Commission,  
22 or staff of the Legislative Ethics Commission, regardless  
23 of whether he or she is in active service on or after July  
24 8, 2004 (the effective date of Public Act 93-685), unless  
25 that person elects to participate in this System with  
26 respect to that service; in this item (3.2), a "part-time

1           employee" is a person who is not required to work at least  
2           35 hours per week;

3           (3.3) any person who has made an election under  
4           Section 1-123 and who is serving either as legal counsel  
5           in the Office of the Governor or as Chief Deputy Attorney  
6           General;

7           (4) except as provided in Section 14-108.2 or  
8           14-108.2c, any person who is covered or eligible to be  
9           covered by the Teachers' Retirement System of the State of  
10          Illinois, the State Universities Retirement System, or the  
11          Judges Retirement System of Illinois;

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

14          (6) any person who becomes an employee after June 30,  
15          1979 as a public service employment program participant  
16          under the Federal Comprehensive Employment and Training  
17          Act and whose wages or fringe benefits are paid in whole or  
18          in part by funds provided under such Act;

19          (7) enrollees of the Illinois Young Adult Conservation  
20          Corps program, administered by the Department of Natural  
21          Resources, authorized grantee pursuant to Title VIII of  
22          the "Comprehensive Employment and Training Act of 1973",  
23          29 USC 993, as now or hereafter amended;

24          (8) enrollees and temporary staff of programs  
25          administered by the Department of Natural Resources under  
26          the Youth Conservation Corps Act of 1970;

1           (9) any person who is a member of any professional  
2           licensing or disciplinary board created under an Act  
3           administered by the Department of Professional Regulation  
4           or a successor agency or created or re-created after the  
5           effective date of this amendatory Act of 1997, and who  
6           receives per diem compensation rather than a salary,  
7           notwithstanding that such per diem compensation is paid by  
8           warrant issued pursuant to a payroll voucher; such persons  
9           have never been included in the membership of this System,  
10          and this amendatory Act of 1987 (P.A. 84-1472) is not  
11          intended to effect any change in the status of such  
12          persons;

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

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

26          (12) a person employed by the State Board of Higher

1 Education in a position with the Illinois Century Network  
2 as of June 30, 2004, who remains continuously employed  
3 after that date by the Department of Central Management  
4 Services in a position with the Illinois Century Network  
5 and participates in the Article 15 system with respect to  
6 that employment;

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

9 (14) any person, other than the Director of Employment  
10 Security, who first becomes a member of the Board of  
11 Review of the Department of Employment Security on or  
12 after January 1, 2012;

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

15 (16) any person who first becomes a member of the  
16 Illinois Liquor Control Commission on or after January 1,  
17 2012;

18 (17) any person who first becomes a member of the  
19 Secretary of State Merit Commission on or after January 1,  
20 2012;

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

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

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

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

5           (22) any person who first becomes a member of the  
6           Illinois State Police Merit Board on or after January 1,  
7           2012;

8           (23) any person who first becomes a member of the  
9           Illinois State Toll Highway Authority on or after January  
10          1, 2012; or

11          (24) any person who first becomes a member of the  
12          Illinois State Board of Elections on or after January 1,  
13          2012.

14          (c) An individual who represents or is employed as an  
15          officer or employee of a statewide labor organization that  
16          represents members of this System may participate in the  
17          System and shall be deemed an employee, provided that (1) the  
18          individual has previously earned creditable service under this  
19          Article, (2) the individual files with the System an  
20          irrevocable election to become a participant within 6 months  
21          after the effective date of this amendatory Act of the 94th  
22          General Assembly, and (3) the individual does not receive  
23          credit for that employment under any other provisions of this  
24          Code. An employee under this subsection (c) is responsible for  
25          paying to the System both (i) employee contributions based on  
26          the actual compensation received for service with the labor

1 organization and (ii) employer contributions based on the  
2 percentage of payroll certified by the board; all or any part  
3 of these contributions may be paid on the employee's behalf or  
4 picked up for tax purposes (if authorized under federal law)  
5 by the labor organization.

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

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

22 A person who is an employee as described in this  
23 subsection (d) may establish service credit for employment as  
24 a Human Rights Commissioner that occurred on or after June 1,  
25 2019 and before establishing service under this subsection by  
26 paying to the System for that employment the contributions

1 specified in paragraph (1) of subsection (a) of Section  
2 14-133, plus regular interest from the date of service to the  
3 date of payment.

4 (e) Notwithstanding any other provision of this Article, a  
5 person who first becomes an employee after the effective date  
6 of this amendatory Act of the 103rd General Assembly is not  
7 required, as a condition of employment or otherwise, to  
8 participate in this System. An employee may elect not to  
9 participate in this System by notifying the System in a manner  
10 specified by the System.

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

12 (40 ILCS 5/14-103.41)

13 Sec. 14-103.41. Tier 1 member; Tier 2 member; defined  
14 contribution plan member. "Tier 1 member": A member of this  
15 System who first became a member or participant before January  
16 1, 2011 under any reciprocal retirement system or pension fund  
17 established under this Code other than a retirement system or  
18 pension fund established under Article 2, 3, 4, 5, 6, or 18 of  
19 this Code.

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

25 "Tier 2 member": A member of this System who first becomes

1 a member under this Article on or after January 1, 2011 and who  
2 is not a Tier 1 member.

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

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

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

14 (40 ILCS 5/14-152.1)

15 Sec. 14-152.1. Application and expiration of new benefit  
16 increases.

17 (a) As used in this Section, "new benefit increase" means  
18 an increase in the amount of any benefit provided under this  
19 Article, or an expansion of the conditions of eligibility for  
20 any benefit under this Article, that results from an amendment  
21 to this Code that takes effect after June 1, 2005 (the  
22 effective date of Public Act 94-4). "New benefit increase",  
23 however, does not include any benefit increase resulting from  
24 the changes made to Article 1 or this Article by Public Act  
25 96-37, Public Act 100-23, Public Act 100-587, Public Act



1 100-611, Public Act 101-10, Public Act 101-610, Public Act  
2 102-210, Public Act 102-856, Public Act 102-956, or this  
3 amendatory Act of the 103rd General Assembly ~~or this~~  
4 ~~amendatory Act of the 102nd General Assembly.~~

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

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

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

1 by the General Assembly, the new benefit increase shall expire  
2 at the end of the fiscal year in which the certification is  
3 made.

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

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

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

23 (40 ILCS 5/14-155.5 new)

24 Sec. 14-155.5. Defined contribution plan.

25 (a) As used in this Section, "defined benefit plan" means

1 the retirement plan available under this Article to Tier 1 or  
2 Tier 2 members who have not made the election authorized under  
3 this Section.

4 (b) By July 1, 2026, the System shall prepare and  
5 implement a defined contribution plan. The defined  
6 contribution plan developed under this Section shall be a plan  
7 that aggregates State and employee contributions in individual  
8 participant accounts that, after meeting any other  
9 requirements, are used for payouts after retirement in  
10 accordance with this Section and any other applicable laws.

11 (1) Participation in the defined contribution plan for  
12 persons who elect to participate shall begin on July 1,  
13 2026. For persons who elect to participate on or after  
14 July 1, 2026, participation in the defined contribution  
15 plan shall begin as soon as practical after the election  
16 is made.

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

23 (3) State contributions shall be paid into the  
24 accounts of all participants in the defined contribution  
25 plan at a uniform rate, expressed as a percentage of  
26 compensation and determined for each year. This rate shall

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

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

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

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

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

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

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

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

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

15 (1) Service credit under the defined contribution plan  
16 may be used for determining retirement eligibility under  
17 the defined benefit plan.

18 (2) On or before December 31, 2025, the System shall  
19 notify all active Tier 1 and Tier 2 members who are  
20 eligible to participate in the defined contribution plan.  
21 The System shall mail information describing the option to  
22 join the defined contribution plan to each of these  
23 employees to his or her last known address on file with the  
24 System. If the employee is not responsive to other means  
25 of contact, it is sufficient for the System to publish the  
26 details of the option on its website. Active Tier 1 and

1 Tier 2 members who are notified by the System under this  
2 paragraph must make the election to participate in the  
3 defined contribution plan on or before December 31, 2025.

4 (3) If a person becomes an active participant of this  
5 System on or after January 1, 2026, the System shall  
6 notify the participant within one month after he or she  
7 became an active participant that he or she is eligible to  
8 participate in the defined contribution plan. The notice  
9 shall be provided in the manner specified in paragraph (2)  
10 of this subsection. The election to participate in the  
11 defined contribution plan must be made as soon as  
12 practical after the active participant is notified under  
13 this paragraph.

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

1 obtain information and counsel relating to their option  
2 from any other available source, including but not limited  
3 to labor organizations, private counsel, and financial  
4 advisors.

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

17 (d) In no event shall the System, its staff, its  
18 authorized representatives, or the Board be liable for any  
19 information given to an employee under this Section. The  
20 System may coordinate with the Department of Central  
21 Management Services in accordance with this amendatory Act of  
22 the 103rd General Assembly to provide information concerning  
23 the impact of the defined contribution plan set forth in this  
24 Section.

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

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

4 (f) The System shall report on its progress under this  
5 Section, including the available details of the defined  
6 contribution plan and the System's plans for informing  
7 eligible Tier 1 and Tier 2 members about the plan, to the  
8 Governor and the General Assembly on or before January 15,  
9 2025.

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

13 (h) The intent of this amendatory Act of the 103rd General  
14 Assembly is to ensure that the State's normal cost of  
15 participation in the defined contribution plan is similar, and  
16 if possible equal, to the State's normal cost of participation  
17 in the defined benefit plan, unless a lower State's normal  
18 cost is necessary to ensure cost neutrality.

19 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

22 Sec. 20-121. Calculation of proportional retirement  
23 annuities.

24 (a) Upon retirement of the employee, a proportional  
25 retirement annuity shall be computed by each participating



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

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

20 (b) Combined pension credit under all retirement systems  
21 subject to this Article shall be considered in determining  
22 whether the minimum qualification has been met and the formula  
23 or method of computation which shall be applied, except as may  
24 be otherwise provided with respect to vesting in State or  
25 employer contributions in a defined contribution plan. If a  
26 system has a step-rate formula for calculation of the

1 retirement annuity, pension credits covering previous service  
2 which have been established under another system shall be  
3 considered in determining which range or ranges of the  
4 step-rate formula are to be applicable to the employee.

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

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

13 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

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

16 Sec. 20-123. Survivor's annuity. The provisions governing  
17 a retirement annuity shall be applicable to a survivor's  
18 annuity. Appropriate credits shall be established for  
19 survivor's annuity purposes in those participating systems  
20 which provide survivor's annuities, according to the same  
21 conditions and subject to the same limitations and  
22 restrictions herein prescribed for a retirement annuity. If a  
23 participating system has no survivor's annuity benefit, or if  
24 the survivor's annuity benefit under that system is waived,  
25 pension credit established in that system shall not be

1 considered in determining eligibility for or the amount of the  
2 survivor's annuity which may be payable by any other  
3 participating system.

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

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

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

1 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)  
2 (Text of Section WITHOUT the changes made by P.A. 98-599,  
3 which has been held unconstitutional)  
4 Sec. 20-124. Maximum benefits.

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

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

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

18 (i) For purposes of calculating the combined  
19 retirement annuity and the proportionate reduction, if  
20 any, in a retirement annuity other than one payable under  
21 the self-managed plan, the amount of the Article 15  
22 retirement annuity shall be deemed to be the highest  
23 annuity to which the annuitant would have been entitled if  
24 he or she had participated in the traditional benefit  
25 package as defined in Section 15-103.1 rather than the  
26 self-managed plan.

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

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

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

15           (i) For purposes of calculating the combined  
16 retirement annuity and the proportionate reduction, if  
17 any, in a defined benefit retirement annuity, any benefit  
18 payable under the defined contribution plan shall not be  
19 considered.

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

25           (iii) Benefits payable under a defined contribution  
26 plan established under Article 14 of this Code are not

1           subject to proportionate reduction under this Section.

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

3           (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

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

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

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

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