

1 AN ACT in relation to 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 Illinois Pension Code is amended by
5 changing Sections 14-108 and 14-133 as follows:

6 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)
7 Sec. 14-108. Amount of retirement annuity. A member who
8 has contributed to the System for at least 12 months shall be
9 entitled to a prior service annuity for each year of
10 certified prior service credited to him, except that a member
11 shall receive 1/3 of the prior service annuity for each year
12 of service for which contributions have been made and all of
13 such annuity shall be payable after the member has made
14 contributions for a period of 3 years. Proportionate amounts
15 shall be payable for service of less than a full year after
16 completion of at least 12 months.

17 The total period of service to be considered in
18 establishing the measure of prior service annuity shall
19 include service credited in the Teachers' Retirement System
20 of the State of Illinois and the State Universities
21 Retirement System for which contributions have been made by
22 the member to such systems; provided that at least 1 year of
23 the total period of 3 years prescribed for the allowance of a
24 full measure of prior service annuity shall consist of
25 membership service in this system for which credit has been
26 granted.

27 (a) In the case of a member who retires on or after
28 January 1, 1998 and is a noncovered employee, the retirement
29 annuity for membership service and prior service shall be
30 2.2% of final average compensation for each year of service.
31 Any service credit established as a covered employee shall be

1 computed as stated in paragraph (b).

2 (b) In the case of a member who retires on or after
3 January 1, 2004 ~~1998~~ and is a covered employee, the
4 retirement annuity for membership service and prior service
5 shall be computed as stated in paragraph (a) for all service
6 credit established as a noncovered employee; for service
7 credit established as a covered employee it shall be 2.0%
8 ~~1.67%~~ of final average compensation for each year of service.

9 (c) For a member retiring after attaining age 55 but
10 before age 60 with at least 30 but less than 35 years of
11 creditable service if retirement is before January 1, 2001,
12 or with at least 25 but less than 30 years of creditable
13 service if retirement is on or after January 1, 2001, the
14 retirement annuity shall be reduced by 1/2 of 1% for each
15 month that the member's age is under age 60 at the time of
16 retirement.

17 (d) A retirement annuity shall not exceed 75% of final
18 average compensation, subject to such extension as may result
19 from the application of Section 14-114 or Section 14-115.

20 (e) The retirement annuity payable to any covered
21 employee who is a member of the System and in service on
22 January 1, 1969, or in service thereafter in 1969 as a result
23 of legislation enacted by the Illinois General Assembly
24 transferring the member to State employment from county
25 employment in a county Department of Public Aid in counties
26 of 3,000,000 or more population, under a plan of coordination
27 with the Old Age, Survivors and Disability provisions
28 thereof, if not fully insured for Old Age Insurance payments
29 under the Federal Old Age, Survivors and Disability Insurance
30 provisions at the date of acceptance of a retirement annuity,
31 shall not be less than the amount for which the member would
32 have been eligible if coordination were not applicable.

33 (f) The retirement annuity payable to any covered
34 employee who is a member of the System and in service on

1 January 1, 1969, or in service thereafter in 1969 as a result
2 of the legislation designated in the immediately preceding
3 paragraph, if fully insured for Old Age Insurance payments
4 under the Federal Social Security Act at the date of
5 acceptance of a retirement annuity, shall not be less than an
6 amount which when added to the Primary Insurance Benefit
7 payable to the member upon attainment of age 65 under such
8 Federal Act, will equal the annuity which would otherwise be
9 payable if the coordinated plan of coverage were not
10 applicable.

11 (g) In the case of a member who is a noncovered
12 employee, the retirement annuity for membership service as a
13 security employee of the Department of Corrections or
14 security employee of the Department of Human Services shall
15 be: if retirement occurs on or after January 1, 2001, 3% of
16 final average compensation for each year of creditable
17 service; or if retirement occurs before January 1, 2001, 1.9%
18 of final average compensation for each of the first 10 years
19 of service, 2.1% for each of the next 10 years of service,
20 2.25% for each year of service in excess of 20 but not
21 exceeding 30, and 2.5% for each year in excess of 30; except
22 that the annuity may be calculated under subsection (a)
23 rather than this subsection (g) if the resulting annuity is
24 greater.

25 (h) In the case of a member who is a covered employee,
26 the retirement annuity for membership service as a security
27 employee of the Department of Corrections or security
28 employee of the Department of Human Services shall be: if
29 retirement occurs on or after January 1, 2001, 2.5% of final
30 average compensation for each year of creditable service; if
31 retirement occurs before January 1, 2001, 1.67% of final
32 average compensation for each of the first 10 years of
33 service, 1.90% for each of the next 10 years of service,
34 2.10% for each year of service in excess of 20 but not

1 exceeding 30, and 2.30% for each year in excess of 30.

2 (i) For the purposes of this Section and Section 14-133
3 of this Act, the term "security employee of the Department of
4 Corrections" and the term "security employee of the
5 Department of Human Services" shall have the meanings
6 ascribed to them in subsection (c) of Section 14-110.

7 (j) The retirement annuity computed pursuant to
8 paragraphs (g) or (h) shall be applicable only to those
9 security employees of the Department of Corrections and
10 security employees of the Department of Human Services who
11 have at least 20 years of membership service and who are not
12 eligible for the alternative retirement annuity provided
13 under Section 14-110. However, persons transferring to this
14 System under Section 14-108.2 or 14-108.2c who have service
15 credit under Article 16 of this Code may count such service
16 toward establishing their eligibility under the 20-year
17 service requirement of this subsection; but such service may
18 be used only for establishing such eligibility, and not for
19 the purpose of increasing or calculating any benefit.

20 (k) (Blank).

21 (l) The changes to this Section made by this amendatory
22 Act of 1997 (changing certain retirement annuity formulas
23 from a stepped rate to a flat rate) apply to members who
24 retire on or after January 1, 1998, without regard to whether
25 employment terminated before the effective date of this
26 amendatory Act of 1997. An annuity shall not be calculated
27 in steps by using the new flat rate for some steps and the
28 superseded stepped rate for other steps of the same type of
29 service.

30 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

31 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)
32 Sec. 14-133. Contributions by or on behalf of members.

33 (a) Each participating employee shall make contributions

1 to the System, based on the employee's compensation, as
2 follows:

3 (1) Covered employees, except as indicated below,
4 ~~3.5% for retirement annuity,~~ and 0.5% for a widow or
5 survivors annuity plus the following amount for
6 retirement annuity: 3.5% through December 31, 2003, and
7 4.53% thereafter;

8 (2) Noncovered employees, except as indicated
9 below, 7% for retirement annuity and 1% for a widow or
10 survivors annuity;

11 (3) Noncovered employees serving in a position in
12 which "eligible creditable service" as defined in Section
13 14-110 may be earned, 1% for a widow or survivors annuity
14 plus the following amount for retirement annuity: 8.5%
15 through December 31, 2001; 9.5% in 2002; 10.5% in 2003;
16 and 11.5% in 2004 and thereafter;

17 (4) Covered employees serving in a position in
18 which "eligible creditable service" as defined in Section
19 14-110 may be earned, 0.5% for a widow or survivors
20 annuity plus the following amount for retirement annuity:
21 5% through December 31, 2001; 6% in 2002; 7% in 2003; and
22 8% in 2004 and thereafter;

23 (5) Each security employee of the Department of
24 Corrections or of the Department of Human Services who is
25 a covered employee, 0.5% for a widow or survivors annuity
26 plus the following amount for retirement annuity: 5%
27 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
28 in 2004 and thereafter;

29 (6) Each security employee of the Department of
30 Corrections or of the Department of Human Services who is
31 not a covered employee, 1% for a widow or survivors
32 annuity plus the following amount for retirement annuity:
33 8.5% through December 31, 2001; 9.5% in 2002; 10.5% in
34 2003; and 11.5% in 2004 and thereafter.

1 (b) Contributions shall be in the form of a deduction
2 from compensation and shall be made notwithstanding that the
3 compensation paid in cash to the employee shall be reduced
4 thereby below the minimum prescribed by law or regulation.
5 Each member is deemed to consent and agree to the deductions
6 from compensation provided for in this Article, and shall
7 receipt in full for salary or compensation.
8 (Source: P.A. 92-14, eff. 6-28-01.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.