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1 AMENDMENT TO HOUSE BILL 5872

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 5872 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by adding  
5 Sections 2-103.1, 2-103.2, 2-126.2, 14-103.40, 14-103.41,  
6 14-133.2, 16-122.2, 16-122.3, 16-158.2, 18-118.1, 18-118.2,  
7 and 18-133.2 and changing Sections 2-126, 14-133, 15-158.2,  
8 16-152, and 18-133 as follows:

9 (40 ILCS 5/2-103.1 new)

10 Sec. 2-103.1. Traditional benefit package. "Traditional  
11 benefit package" means the defined benefit retirement program  
12 maintained by the System, which includes retirement annuities  
13 payable directly from the System, as provided in Sections  
14 2-119, 2-119.01, 2-119.1, and 2-120; survivor's annuities  
15 payable directly from the System, as provided in Sections  
16 2-121, 2-121.1, 2-121.2, and 2-121.3; and contribution

1 refunds, as provided in Section 2-123.

2 (40 ILCS 5/2-103.2 new)

3 Sec. 2-103.2. Self-managed plan. "Self-managed plan" means  
4 the defined contribution retirement program maintained by the  
5 System, as described in Section 2-126.2. The self-managed plan  
6 does not include retirement annuities or survivor's benefits  
7 payable directly from the System, as provided in Sections  
8 2-119, 2-119.01, 2-119.1, 2-120, 2-121, 2-121.1, 2-121.2, and  
9 2-121.3 or refunds determined under Section 2-123.

10 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

11 Sec. 2-126. Contributions by participants.

12 (a) Each participant shall contribute toward the cost of  
13 his or her retirement annuity a percentage of each payment of  
14 salary received by him or her for service as a member as  
15 follows: for service between October 31, 1947 and January 1,  
16 1959, 5%; for service between January 1, 1959 and June 30,  
17 1969, 6%; for service between July 1, 1969 and January 10,  
18 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
19 service after December 31, 1981, 8 1/2%.

20 (b) Beginning August 2, 1949, each male participant, and  
21 from July 1, 1971, each female participant shall contribute  
22 towards the cost of the survivor's annuity 2% of salary.

23 A participant who has no eligible survivor's annuity  
24 beneficiary may elect to cease making contributions for

1 survivor's annuity under this subsection. A survivor's annuity  
2 shall not be payable upon the death of a person who has made  
3 this election, unless prior to that death the election has been  
4 revoked and the amount of the contributions that would have  
5 been paid under this subsection in the absence of the election  
6 is paid to the System, together with interest at the rate of 4%  
7 per year from the date the contributions would have been made  
8 to the date of payment.

9 (c) Beginning July 1, 1967, each participant shall  
10 contribute 1% of salary towards the cost of automatic increase  
11 in annuity provided in Section 2-119.1. These contributions  
12 shall be made concurrently with contributions for retirement  
13 annuity purposes.

14 (d) In addition, each participant serving as an officer of  
15 the General Assembly shall contribute, for the same purposes  
16 and at the same rates as are required of a regular participant,  
17 on each additional payment received as an officer. If the  
18 participant serves as an officer for at least 2 but less than 4  
19 years, he or she shall contribute an amount equal to the amount  
20 that would have been contributed had the participant served as  
21 an officer for 4 years. Persons who serve as officers in the  
22 87th General Assembly but cannot receive the additional payment  
23 to officers because of the ban on increases in salary during  
24 their terms may nonetheless make contributions based on those  
25 additional payments for the purpose of having the additional  
26 payments included in their highest salary for annuity purposes;

1 however, persons electing to make these additional  
2 contributions must also pay an amount representing the  
3 corresponding employer contributions, as calculated by the  
4 System.

5 (e) Notwithstanding any provision in this Section to the  
6 contrary, for a participant who first becomes a participant  
7 under this Article after January 1, 2011, any contributions on  
8 amounts in excess of the Social Security Covered Wage Base for  
9 that year, including the contributions for a survivor's  
10 annuity, shall instead be used to finance the benefits under  
11 Section 2-126.2.

12 (Source: P.A. 90-766, eff. 8-14-98.)

13 (40 ILCS 5/2-126.2 new)

14 Sec. 2-126.2. Self-managed plan.

15 (a) The General Assembly Retirement System must establish  
16 and administer a self-managed plan that shall offer  
17 participants the opportunity to accumulate assets for  
18 retirement through a combination of participant and State  
19 contributions that may be invested in mutual funds, collective  
20 investment funds, or other investment products and used to  
21 purchase annuity contracts, either fixed or variable or a  
22 combination of fixed and variable. The plan must be qualified  
23 under the Internal Revenue Code of 1986.

24 The General Assembly Retirement System shall be the plan  
25 sponsor for the self-managed plan and shall prepare a plan

1 document and adopt any rules and procedures as are considered  
2 necessary or desirable for the administration of the  
3 self-managed plan. Consistent with its fiduciary duty to the  
4 participants and beneficiaries of the self-managed plan, the  
5 Board of Trustees of the System may delegate aspects of plan  
6 administration as it sees fit to companies authorized to do  
7 business in this State.

8 (b) Notwithstanding any other provision of this Article,  
9 for a participant who first becomes a participant under this  
10 Article after January 1, 2011, any portion of the participant's  
11 yearly salary that exceeds the Social Security Covered Wage  
12 Base for that year shall be subject to the self-managed plan  
13 created under this Section.

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

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

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

1           (3) the suitability of the benefits to the needs and  
2           interests of the participants and the State; and

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

6           The System shall periodically review each approved  
7           company. A company may continue to provide administrative  
8           services and funding vehicles for the self-managed plan only so  
9           long as it continues to be an approved company under contract  
10          with the Board.

11          In addition to the companies approved by the System under  
12          this subsection (c), the System may offer its participants an  
13          investment fund managed by the Illinois State Board of  
14          Investment.

15          (d) Participants in the program must be allowed to direct  
16          the transfer of their account balances among the various  
17          investment options offered, subject to applicable contractual  
18          provisions. The participant shall not be deemed a fiduciary by  
19          reason of providing such investment direction. A person who is  
20          a fiduciary shall not be liable for any loss resulting from  
21          that investment direction and shall not be deemed to have  
22          breached any fiduciary duty by acting in accordance with that  
23          direction. Neither the System nor the State shall guarantee any  
24          of the investments in the participant's account balances.

25          (e) Participation in the self-managed plan under this  
26          Section shall constitute participation in the General Assembly

1 Retirement System.

2 (f) The self-managed plan shall be funded by contributions  
3 from participants in the self-managed plan and State  
4 contributions as provided in this Section.

5 The contribution rate for participants in the self-managed  
6 plan under this Section shall be equal to the member  
7 contribution rate for other participants in the System, as  
8 provided in Section 2-126. This required contribution shall be  
9 made as an employer pick-up under Section 414(h) of the  
10 Internal Revenue Code of 1986 or any successor Section thereof.  
11 Any participant in the System's traditional benefit package  
12 prior to his or her election to participate in the self-managed  
13 plan shall continue to have the employer pick up the  
14 contributions required under Section 2-126. However, the  
15 amounts picked up after the election of the self-managed plan  
16 shall be remitted to and treated as assets of the self-managed  
17 plan. In no event shall a participant have the option of  
18 receiving these amounts in cash. Participants may make  
19 additional contributions to the self-managed plan in  
20 accordance with procedures prescribed by the System, to the  
21 extent permitted under rules adopted by the System.

22 The program shall provide for State contributions to be  
23 credited to each self-managed plan participant in an amount  
24 equal to the employee contributions required under this  
25 Section.

26 The State of Illinois shall make contributions by

1 appropriations to the System for participants in the  
2 self-managed plan under this Section. The amount required shall  
3 be certified by the Board of Trustees of the System and paid by  
4 the State in accordance with Section 2-134. The System shall  
5 not be obligated to remit the required State contributions to  
6 any of the insurance and annuity companies, mutual fund  
7 companies, banks, trust companies, financial institutions, or  
8 other sponsors of any of the funding vehicles offered under the  
9 self-managed plan until it has received the required State  
10 contributions from the State.

11 (g) If a participant in the self-managed plan who is  
12 otherwise vested under this Article terminates employment, the  
13 participant shall be entitled to a benefit that is based on the  
14 account values attributable to both State and member  
15 contributions and any investment return thereon.

16 If a participant in the self-managed plan who is not  
17 otherwise vested under this Article terminates employment, the  
18 participant shall be entitled to a benefit based solely on the  
19 account values attributable to the participant's contributions  
20 and any investment return thereon, and the State contributions  
21 and any investment return thereon shall be forfeited. Any State  
22 contributions that are forfeited shall be held in escrow by the  
23 company investing those contributions and shall be used, as  
24 directed by the System, for future allocations of State  
25 contributions.



1 (40 ILCS 5/14-103.40 new)

2 Sec. 14-103.40. Traditional benefit package. "Traditional  
3 benefit package" means the defined benefit retirement program  
4 maintained by the System, which includes retirement annuities  
5 payable directly from the System, as provided in Sections  
6 14-107, 14-108, 14-113, and 14-114; survivor's annuities  
7 payable directly from the System, as provided in Sections  
8 14-120, 14-121, and 14-121.1; and contribution refunds, as  
9 provided in Section 14-130.

10 (40 ILCS 5/14-103.41 new)

11 Sec. 14-103.41. Self-managed plan. "Self-managed plan"  
12 means the defined contribution retirement program maintained  
13 by the System, as described in Section 14-133.2. The  
14 self-managed plan does not include retirement annuities or  
15 survivor's benefits payable directly from the System, as  
16 provided in Sections 14-107, 14-108, 14-113, 14-114, 14-120,  
17 14-121, and 14-121.1 or refunds determined under Section  
18 14-130.

19 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

20 Sec. 14-133. Contributions on behalf of members.

21 (a) Each participating employee shall make contributions  
22 to the System, based on the employee's compensation, as  
23 follows:

24 (1) Covered employees, except as indicated below, 3.5%

1 for retirement annuity, and 0.5% for a widow or survivors  
2 annuity;

3 (2) Noncovered employees, except as indicated below,  
4 7% for retirement annuity and 1% for a widow or survivors  
5 annuity;

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

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

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

24 (6) Each security employee of the Department of  
25 Corrections or of the Department of Human Services who is  
26 not a covered employee, 1% for a widow or survivors annuity

1 plus the following amount for retirement annuity: 8.5%  
2 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
3 11.5% in 2004 and thereafter.

4 (b) Contributions shall be in the form of a deduction from  
5 compensation and shall be made notwithstanding that the  
6 compensation paid in cash to the employee shall be reduced  
7 thereby below the minimum prescribed by law or regulation. Each  
8 member is deemed to consent and agree to the deductions from  
9 compensation provided for in this Article, and shall receipt in  
10 full for salary or compensation.

11 (c) Notwithstanding any provision in this Section to the  
12 contrary, for an employee who (1) first becomes an employee  
13 under this Article after January 1, 2011 or (2) is a member of  
14 the System on January 1, 2011 and becomes employed in a  
15 double-exempt position, as defined in subsection (b) of Section  
16 14-133.2, after January 1, 2011, any contributions on amounts  
17 in excess of the Social Security Covered Wage Base for that  
18 year, including the contributions for a survivor's annuity,  
19 shall instead be used to finance the benefits under Section  
20 14-133.2.

21 (Source: P.A. 92-14, eff. 6-28-01.)

22 (40 ILCS 5/14-133.2 new)

23 Sec. 14-133.2. Self-managed plan.

24 (a) The State Employees' Retirement System of Illinois must  
25 establish and administer a self-managed plan that shall offer

1 participants the opportunity to accumulate assets for  
2 retirement through a combination of participant and State  
3 contributions that may be invested in mutual funds, collective  
4 investment funds, or other investment products and used to  
5 purchase annuity contracts, either fixed or variable or a  
6 combination of fixed and variable. The plan must be qualified  
7 under the Internal Revenue Code of 1986.

8 The State Employees' Retirement System of Illinois shall be  
9 the plan sponsor for the self-managed plan and shall prepare a  
10 plan document and adopt any rules and procedures as are  
11 considered necessary or desirable for the administration of the  
12 self-managed plan. Consistent with its fiduciary duty to the  
13 participants and beneficiaries of the self-managed plan, the  
14 Board of Trustees of the System may delegate aspects of plan  
15 administration as it sees fit to companies authorized to do  
16 business in this State.

17 (b) Notwithstanding any other provision of this Article,  
18 for an employee who (1) first becomes an employee under this  
19 Article after January 1, 2011 or (2) is a member of the System  
20 on January 1, 2011 and becomes employed in a double-exempt  
21 position after January 1, 2011, any portion of the employee's  
22 yearly salary that exceeds the Social Security Covered Wage  
23 Base for that year shall be subject to the self-managed plan  
24 created under this Section.

25 For the purposes of this Section, (i) "double-exempt  
26 position" means a position that is both *Rutan*-exempt and exempt

1 from the Personnel Code under Section 4(d)(1) or Section  
2 4(d)(3) of that Code and (ii) "Rutan" means the opinion of the  
3 United States Supreme Court in *Rutan v. Republican Party of*  
4 *Illinois*, 497 U.S. 62 (1990).

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

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

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

18 (3) the suitability of the benefits to the needs and  
19 interests of the participants and the State; and

20 (4) the ability of the company to provide benefits  
21 under the contract and the financial stability of the  
22 company.

23 The System shall periodically review each approved  
24 company. A company may continue to provide administrative  
25 services and funding vehicles for the self-managed plan only so  
26 long as it continues to be an approved company under contract

1 with the Board.

2 In addition to the companies approved by the System under  
3 this subsection (c), the System may offer its participants an  
4 investment fund managed by the Illinois State Board of  
5 Investment.

6 (d) Participants in the program must be allowed to direct  
7 the transfer of their account balances among the various  
8 investment options offered, subject to applicable contractual  
9 provisions. The participant shall not be deemed a fiduciary by  
10 reason of providing such investment direction. A person who is  
11 a fiduciary shall not be liable for any loss resulting from  
12 that investment direction and shall not be deemed to have  
13 breached any fiduciary duty by acting in accordance with that  
14 direction. Neither the System nor the State shall guarantee any  
15 of the investments in the participant's account balances.

16 (e) Participation in the self-managed plan under this  
17 Section shall constitute participation in the State Employees'  
18 Retirement System of Illinois.

19 (f) The self-managed plan shall be funded by contributions  
20 from participants in the self-managed plan and State  
21 contributions as provided in this Section.

22 The contribution rate for participants in the self-managed  
23 plan under this Section shall be equal to the member  
24 contribution rate for other participants in the System, as  
25 provided in Section 14-133. This required contribution shall be  
26 made as an employer pick-up under Section 414(h) of the

1 Internal Revenue Code of 1986 or any successor Section thereof.  
2 Any participant in the System's traditional benefit package  
3 prior to his or her election to participate in the self-managed  
4 plan shall continue to have the employer pick up the  
5 contributions required under Section 14-133. However, the  
6 amounts picked up after the election of the self-managed plan  
7 shall be remitted to and treated as assets of the self-managed  
8 plan. In no event shall a participant have the option of  
9 receiving these amounts in cash. Participants may make  
10 additional contributions to the self-managed plan in  
11 accordance with procedures prescribed by the System, to the  
12 extent permitted under rules adopted by the System.

13 The program shall provide for State contributions to be  
14 credited to each self-managed plan participant in an amount  
15 equal to the employee contributions required under this  
16 Section.

17 The State of Illinois shall make contributions by  
18 appropriations to the System for participants in the  
19 self-managed plan under this Section. The amount required shall  
20 be certified by the Board of Trustees of the System and paid by  
21 the State in accordance with Sections 14-132 and 14-135.08. The  
22 System shall not be obligated to remit the required State  
23 contributions to any of the insurance and annuity companies,  
24 mutual fund companies, banks, trust companies, financial  
25 institutions, or other sponsors of any of the funding vehicles  
26 offered under the self-managed plan until it has received the

1 required State contributions from the State.

2 (g) If a participant in the self-managed plan who is  
3 otherwise vested under this Article terminates employment, the  
4 participant shall be entitled to a benefit that is based on the  
5 account values attributable to both State and member  
6 contributions and any investment return thereon.

7 If a participant in the self-managed plan who is not  
8 otherwise vested under this Article terminates employment, the  
9 participant shall be entitled to a benefit based solely on the  
10 account values attributable to the participant's contributions  
11 and any investment return thereon, and the State contributions  
12 and any investment return thereon shall be forfeited. Any State  
13 contributions that are forfeited shall be held in escrow by the  
14 company investing those contributions and shall be used, as  
15 directed by the System, for future allocations of State  
16 contributions.

17 (40 ILCS 5/15-158.2)

18 Sec. 15-158.2. Self-managed plan.

19 (a) Purpose. The General Assembly finds that it is  
20 important for colleges and universities to be able to attract  
21 and retain the most qualified employees and that in order to  
22 attract and retain these employees, colleges and universities  
23 should have the flexibility to provide a defined contribution  
24 plan as an alternative for eligible employees who elect not to  
25 participate in a defined benefit retirement program provided



1 under this Article. Accordingly, the State Universities  
2 Retirement System is hereby authorized to establish and  
3 administer a self-managed plan, which shall offer  
4 participating employees the opportunity to accumulate assets  
5 for retirement through a combination of employee and employer  
6 contributions that may be invested in mutual funds, collective  
7 investment funds, or other investment products and used to  
8 purchase annuity contracts, either fixed or variable or a  
9 combination thereof. The plan must be qualified under the  
10 Internal Revenue Code of 1986.

11 (b) Adoption by employers. Each employer subject to this  
12 Article must ~~may elect to~~ adopt the self-managed plan  
13 established under this Section; this election is irrevocable.  
14 An employer's election to adopt the self-managed plan makes  
15 available to the eligible employees of that employer the  
16 elections described in Section 15-134.5.

17 The State Universities Retirement System shall be the plan  
18 sponsor for the self-managed plan and shall prepare a plan  
19 document and prescribe such rules and procedures as are  
20 considered necessary or desirable for the administration of the  
21 self-managed plan. Consistent with its fiduciary duty to the  
22 participants and beneficiaries of the self-managed plan, the  
23 Board of Trustees of the System may delegate aspects of plan  
24 administration as it sees fit to companies authorized to do  
25 business in this State, to the employers, or to a combination  
26 of both.

1           (c) Selection of service providers and funding vehicles.  
2     The System, in consultation with the employers, shall solicit  
3     proposals to provide administrative services and funding  
4     vehicles for the self-managed plan from insurance and annuity  
5     companies and mutual fund companies, banks, trust companies, or  
6     other financial institutions authorized to do business in this  
7     State. In reviewing the proposals received and approving and  
8     contracting with no fewer than 2 and no more than 7 companies,  
9     the Board of Trustees of the System shall consider, among other  
10    things, the following criteria:

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

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

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

17           (4) the ability of the company to provide benefits  
18           under the contract and the financial stability of the  
19           company; and

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

22           The System, in consultation with the employers, shall  
23     periodically review each approved company. A company may  
24     continue to provide administrative services and funding  
25     vehicles for the self-managed plan only so long as it continues  
26     to be an approved company under contract with the Board.

1           (d) Employee Direction. Employees who are participating in  
2 the program must be allowed to direct the transfer of their  
3 account balances among the various investment options offered,  
4 subject to applicable contractual provisions. The participant  
5 shall not be deemed a fiduciary by reason of providing such  
6 investment direction. A person who is a fiduciary shall not be  
7 liable for any loss resulting from such investment direction  
8 and shall not be deemed to have breached any fiduciary duty by  
9 acting in accordance with that direction. Neither the System  
10 nor the employer guarantees any of the investments in the  
11 employee's account balances.

12           (e) Participation. An employee eligible to participate in  
13 the self-managed plan must make a written election in  
14 accordance with the provisions of Section 15-134.5 and the  
15 procedures established by the System. Participation in the  
16 self-managed plan by an electing employee shall begin on the  
17 first day of the first pay period following the later of the  
18 date the employee's election is filed with the System or the  
19 effective date as of which the employee's employer begins to  
20 offer participation in the self-managed plan. Employers may not  
21 make the self-managed plan available earlier than January 1,  
22 1998. An employee's participation in any other retirement  
23 program administered by the System under this Article shall  
24 terminate on the date that participation in the self-managed  
25 plan begins.

26           An employee who has elected to participate in the

1 self-managed plan under this Section must continue  
2 participation while employed in an eligible position, and may  
3 not participate in any other retirement program administered by  
4 the System under this Article while employed by that employer  
5 or any other employer that has adopted the self-managed plan,  
6 unless the self-managed plan is terminated in accordance with  
7 subsection (i).

8 Notwithstanding any other provision of this Article, for a  
9 participant who first becomes a participant under this Article  
10 after January 1, 2011, any portion of the participant's yearly  
11 salary that exceeds the Social Security Covered Wage Base for  
12 that year shall be subject to the self-managed plan created  
13 under this Section.

14 Participation in the self-managed plan under this Section  
15 shall constitute membership in the State Universities  
16 Retirement System.

17 A participant under this Section shall be entitled to the  
18 benefits of Article 20 of this Code.

19 (f) Establishment of Initial Account Balance. If at the  
20 time an employee elects to participate in the self-managed plan  
21 he or she has rights and credits in the System due to previous  
22 participation in the traditional benefit package, the System  
23 shall establish for the employee an opening account balance in  
24 the self-managed plan, equal to the amount of contribution  
25 refund that the employee would be eligible to receive under  
26 Section 15-154 if the employee terminated employment on that

1 date and elected a refund of contributions, except that this  
2 hypothetical refund shall include interest at the effective  
3 rate for the respective years. The System shall transfer assets  
4 from the defined benefit retirement program to the self-managed  
5 plan, as a tax free transfer in accordance with Internal  
6 Revenue Service guidelines, for purposes of funding the  
7 employee's opening account balance.

8 (g) No Duplication of Service Credit. Notwithstanding any  
9 other provision of this Article, an employee may not purchase  
10 or receive service or service credit applicable to any other  
11 retirement program administered by the System under this  
12 Article for any period during which the employee was a  
13 participant in the self-managed plan established under this  
14 Section.

15 (h) Contributions. The self-managed plan shall be funded by  
16 contributions from employees participating in the self-managed  
17 plan and employer contributions as provided in this Section.

18 The contribution rate for employees participating in the  
19 self-managed plan under this Section shall be equal to the  
20 employee contribution rate for other participants in the  
21 System, as provided in Section 15-157. This required  
22 contribution shall be made as an "employer pick-up" under  
23 Section 414(h) of the Internal Revenue Code of 1986 or any  
24 successor Section thereof. Any employee participating in the  
25 System's traditional benefit package prior to his or her  
26 election to participate in the self-managed plan shall continue

1 to have the employer pick up the contributions required under  
2 Section 15-157. However, the amounts picked up after the  
3 election of the self-managed plan shall be remitted to and  
4 treated as assets of the self-managed plan. In no event shall  
5 an employee have an option of receiving these amounts in cash.  
6 Employees may make additional contributions to the  
7 self-managed plan in accordance with procedures prescribed by  
8 the System, to the extent permitted under rules prescribed by  
9 the System.

10 The program shall provide for employer contributions to be  
11 credited to each self-managed plan participant at a rate of  
12 7.6% of the participating employee's salary, less the amount  
13 used by the System to provide disability benefits for the  
14 employee. The amounts so credited shall be paid into the  
15 participant's self-managed plan accounts in a manner to be  
16 prescribed by the System.

17 An amount of employer contribution, not exceeding 1% of the  
18 participating employee's salary, shall be used for the purpose  
19 of providing the disability benefits of the System to the  
20 employee. Prior to the beginning of each plan year under the  
21 self-managed plan, the Board of Trustees shall determine, as a  
22 percentage of salary, the amount of employer contributions to  
23 be allocated during that plan year for providing disability  
24 benefits for employees in the self-managed plan.

25 The State of Illinois shall make contributions by  
26 appropriations to the System of the employer contributions

1 required for employees who participate in the self-managed plan  
2 under this Section. The amount required shall be certified by  
3 the Board of Trustees of the System and paid by the State in  
4 accordance with Section 15-165. The System shall not be  
5 obligated to remit the required employer contributions to any  
6 of the insurance and annuity companies, mutual fund companies,  
7 banks, trust companies, financial institutions, or other  
8 sponsors of any of the funding vehicles offered under the  
9 self-managed plan until it has received the required employer  
10 contributions from the State. In the event of a deficiency in  
11 the amount of State contributions, the System shall implement  
12 those procedures described in subsection (c) of Section 15-165  
13 to obtain the required funding from the General Revenue Fund.

14 (i) Termination. The self-managed plan authorized under  
15 this Section may be terminated by the System, subject to the  
16 terms of any relevant contracts, and the System shall have no  
17 obligation to reestablish the self-managed plan under this  
18 Section. This Section does not create a right to continued  
19 participation in any self-managed plan set up by the System  
20 under this Section. If the self-managed plan is terminated, the  
21 participants shall have the right to participate in one of the  
22 other retirement programs offered by the System and receive  
23 service credit in such other retirement program for any years  
24 of employment following the termination.

25 (j) Vesting; Withdrawal; Return to Service. A participant  
26 in the self-managed plan becomes vested in the employer

1 contributions credited to his or her accounts in the  
2 self-managed plan on the earliest to occur of the following:  
3 (1) completion of 5 years of service with an employer described  
4 in Section 15-106; (2) the death of the participating employee  
5 while employed by an employer described in Section 15-106, if  
6 the participant has completed at least 1 1/2 years of service;  
7 or (3) the participant's election to retire and apply the  
8 reciprocal provisions of Article 20 of this Code.

9 A participant in the self-managed plan who receives a  
10 distribution of his or her vested amounts from the self-managed  
11 plan while not yet eligible for retirement under this Article  
12 (and Article 20, if applicable) shall forfeit all service  
13 credit and accrued rights in the System; if subsequently  
14 re-employed, the participant shall be considered a new  
15 employee. If a former participant again becomes a participating  
16 employee (or becomes employed by a participating system under  
17 Article 20 of this Code) and continues as such for at least 2  
18 years, all such rights, service credits, and previous status as  
19 a participant shall be restored upon repayment of the amount of  
20 the distribution, without interest.

21 (k) Benefit amounts. If an employee who is vested in  
22 employer contributions terminates employment, the employee  
23 shall be entitled to a benefit which is based on the account  
24 values attributable to both employer and employee  
25 contributions and any investment return thereon.

26 If an employee who is not vested in employer contributions



1 terminates employment, the employee shall be entitled to a  
2 benefit based solely on the account values attributable to the  
3 employee's contributions and any investment return thereon,  
4 and the employer contributions and any investment return  
5 thereon shall be forfeited. Any employer contributions which  
6 are forfeited shall be held in escrow by the company investing  
7 those contributions and shall be used as directed by the System  
8 for future allocations of employer contributions or for the  
9 restoration of amounts previously forfeited by former  
10 participants who again become participating employees.

11 (Source: P.A. 93-347, eff. 7-24-03.)

12 (40 ILCS 5/16-122.2 new)

13 Sec. 16-122.2. Traditional benefit package. "Traditional  
14 benefit package" means the defined benefit retirement program  
15 maintained by the System, which includes retirement annuities  
16 payable directly from the System, as provided in Sections  
17 16-132, 16-133, 16-133.1, and 16-136; survivor's annuities  
18 payable directly from the System, as provided in Sections  
19 16-140, 16-141, 16-142, 16-142.1, 16-142.2, 16-142.3, 16-143,  
20 and 16-143.1; and contribution refunds, as provided in Section  
21 16-151.

22 (40 ILCS 5/16-122.3 new)

23 Sec. 16-122.3. Self-managed plan. "Self-managed plan"  
24 means the defined contribution retirement program maintained

1 by the System, as described in Section 16-158.2. The  
2 self-managed plan does not include retirement annuities or  
3 survivor's benefits payable directly from the System, as  
4 provided in Sections 16-132, 16-133, 16-133.1, 16-136, 16-140,  
5 16-141, 16-142, 16-142.1, 16-142.2, 16-142.3, 16-143, and  
6 16-143.1 or refunds determined under Section 16-151.

7 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

8 Sec. 16-152. Contributions by members.

9 (a) Each member shall make contributions for membership  
10 service to this System as follows:

11 (1) Effective July 1, 1998, contributions of 7.50% of  
12 salary towards the cost of the retirement annuity. Such  
13 contributions shall be deemed "normal contributions".

14 (2) Effective July 1, 1969, contributions of 1/2 of 1%  
15 of salary toward the cost of the automatic annual increase  
16 in retirement annuity provided under Section 16-133.1.

17 (3) Effective July 24, 1959, contributions of 1% of  
18 salary towards the cost of survivor benefits. Such  
19 contributions shall not be credited to the individual  
20 account of the member and shall not be subject to refund  
21 except as provided under Section 16-143.2.

22 (4) Effective July 1, 2005, contributions of 0.40% of  
23 salary toward the cost of the early retirement without  
24 discount option provided under Section 16-133.2. This  
25 contribution shall cease upon termination of the early

1 retirement without discount option as provided in Section  
2 16-176.

3 (b) The minimum required contribution for any year of  
4 full-time teaching service shall be \$192.

5 (c) Contributions shall not be required of any annuitant  
6 receiving a retirement annuity who is given employment as  
7 permitted under Section 16-118 or 16-150.1.

8 (d) A person who (i) was a member before July 1, 1998, (ii)  
9 retires with more than 34 years of creditable service, and  
10 (iii) does not elect to qualify for the augmented rate under  
11 Section 16-129.1 shall be entitled, at the time of retirement,  
12 to receive a partial refund of contributions made under this  
13 Section for service occurring after the later of June 30, 1998  
14 or attainment of 34 years of creditable service, in an amount  
15 equal to 1.00% of the salary upon which those contributions  
16 were based.

17 (e) A member's contributions toward the cost of early  
18 retirement without discount made under item (a)(4) of this  
19 Section shall not be refunded if the member has elected early  
20 retirement without discount under Section 16-133.2 and has  
21 begun to receive a retirement annuity under this Article  
22 calculated in accordance with that election. Otherwise, a  
23 member's contributions toward the cost of early retirement  
24 without discount made under item (a)(4) of this Section shall  
25 be refunded according to whichever one of the following  
26 circumstances occurs first:

1           (1) The contributions shall be refunded to the member,  
2           without interest, within 120 days after the member's  
3           retirement annuity commences, if the member does not elect  
4           early retirement without discount under Section 16-133.2.

5           (2) The contributions shall be included, without  
6           interest, in any refund claimed by the member under Section  
7           16-151.

8           (3) The contributions shall be refunded to the member's  
9           designated beneficiary (or if there is no beneficiary, to  
10          the member's estate), without interest, if the member dies  
11          without having begun to receive a retirement annuity under  
12          this Article.

13          (4) The contributions shall be refunded to the member,  
14          without interest, within 120 days after the early  
15          retirement without discount option provided under Section  
16          16-133.2 is terminated under Section 16-176.

17          (c) Notwithstanding any provision in this Section to the  
18          contrary, for a member who (1) first becomes a member under  
19          this Article after January 1, 2011 or (2) is a member of the  
20          System on January 1, 2011 and becomes employed in a contractual  
21          position with the governing board after January 1, 2011, any  
22          contributions on amounts in excess of the Social Security  
23          Covered Wage Base for that year, including the contributions  
24          for a survivor's annuity, shall instead be used to finance the  
25          benefits under Section 16-158.2.

26          (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

1 (40 ILCS 5/16-158.2 new)

2 Sec. 16-158.2. Self-managed plan.

3 (a) The Teachers' Retirement System of the State of  
4 Illinois must establish and administer a self-managed plan that  
5 shall offer participants the opportunity to accumulate assets  
6 for retirement through a combination of participant and State  
7 contributions that may be invested in mutual funds, collective  
8 investment funds, or other investment products and used to  
9 purchase annuity contracts, either fixed or variable or a  
10 combination of fixed and variable. The plan must be qualified  
11 under the Internal Revenue Code of 1986.

12 The Teachers' Retirement System of the State of Illinois  
13 shall be the plan sponsor for the self-managed plan and shall  
14 prepare a plan document and adopt any rules and procedures as  
15 are considered necessary or desirable for the administration of  
16 the self-managed plan. Consistent with its fiduciary duty to  
17 the participants and beneficiaries of the self-managed plan,  
18 the Board of Trustees of the System may delegate aspects of  
19 plan administration as it sees fit to companies authorized to  
20 do business in this State.

21 (b) Notwithstanding any other provision of this Article,  
22 for a member who (1) first becomes a member under this Article  
23 after January 1, 2011 or (2) is a member of the System on  
24 January 1, 2011 and becomes employed in a contractual position  
25 with the governing board after January 1, 2011, any portion of

1 the member's yearly salary that exceeds the Social Security  
2 Covered Wage Base for that year shall be subject to the  
3 self-managed plan created under this Section.

4 (c) The System shall solicit proposals to provide  
5 administrative services and funding vehicles for the  
6 self-managed plan from insurance and annuity companies and  
7 mutual fund companies, banks, trust companies, or other  
8 financial institutions authorized to do business in this State.

9 In reviewing the proposals received and approving and  
10 contracting with no fewer than 2 and no more than 7 companies,  
11 the Board of Trustees of the System shall consider, among other  
12 things, the following criteria:

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

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

17 (3) the suitability of the benefits to the needs and  
18 interests of the participants and the State; and

19 (4) the ability of the company to provide benefits  
20 under the contract and the financial stability of the  
21 company.

22 The System shall periodically review each approved  
23 company. A company may continue to provide administrative  
24 services and funding vehicles for the self-managed plan only so  
25 long as it continues to be an approved company under contract  
26 with the Board.

1       In addition to the companies approved by the System under  
2 this subsection (c), the System may offer its participants an  
3 investment fund managed by the Illinois State Board of  
4 Investment.

5       (d) Participants in the program must be allowed to direct  
6 the transfer of their account balances among the various  
7 investment options offered, subject to applicable contractual  
8 provisions. The participant shall not be deemed a fiduciary by  
9 reason of providing such investment direction. A person who is  
10 a fiduciary shall not be liable for any loss resulting from  
11 that investment direction and shall not be deemed to have  
12 breached any fiduciary duty by acting in accordance with that  
13 direction. Neither the System nor the State shall guarantee any  
14 of the investments in the participant's account balances.

15       (e) Participation in the self-managed plan under this  
16 Section shall constitute participation in the Teachers'  
17 Retirement System of the State of Illinois.

18       (f) The self-managed plan shall be funded by contributions  
19 from participants in the self-managed plan and State  
20 contributions as provided in this Section.

21       The contribution rate for participants in the self-managed  
22 plan under this Section shall be equal to the member  
23 contribution rate for other participants in the System, as  
24 provided in Section 16-152. This required contribution shall be  
25 made as an employer pick-up under Section 414(h) of the  
26 Internal Revenue Code of 1986 or any successor Section thereof.

1 Any participant in the System's traditional benefit package  
2 prior to his or her election to participate in the self-managed  
3 plan shall continue to have the employer pick up the  
4 contributions required under Section 16-152. However, the  
5 amounts picked up after the election of the self-managed plan  
6 shall be remitted to and treated as assets of the self-managed  
7 plan. In no event shall a participant have the option of  
8 receiving these amounts in cash. Participants may make  
9 additional contributions to the self-managed plan in  
10 accordance with procedures prescribed by the System, to the  
11 extent permitted under rules adopted by the System.

12 The program shall provide for State contributions to be  
13 credited to each self-managed plan participant in an amount  
14 equal to the employee contributions required under this  
15 Section.

16 The State of Illinois shall make contributions by  
17 appropriations to the System for participants in the  
18 self-managed plan under this Section. The amount required shall  
19 be certified by the Board of Trustees of the System and paid by  
20 the State in accordance with Section 16-158. The System shall  
21 not be obligated to remit the required State contributions to  
22 any of the insurance and annuity companies, mutual fund  
23 companies, banks, trust companies, financial institutions, or  
24 other sponsors of any of the funding vehicles offered under the  
25 self-managed plan until it has received the required State  
26 contributions from the State.



1       (g) If a participant in the self-managed plan who is  
2 otherwise vested under this Article terminates employment, the  
3 participant shall be entitled to a benefit that is based on the  
4 account values attributable to both State and member  
5 contributions and any investment return thereon.

6       If a participant in the self-managed plan who is not  
7 otherwise vested under this Article terminates employment, the  
8 participant shall be entitled to a benefit based solely on the  
9 account values attributable to the participant's contributions  
10 and any investment return thereon, and the State contributions  
11 and any investment return thereon shall be forfeited. Any State  
12 contributions that are forfeited shall be held in escrow by the  
13 company investing those contributions and shall be used, as  
14 directed by the System, for future allocations of State  
15 contributions.

16       (40 ILCS 5/18-118.1 new)

17       Sec. 18-118.1. Traditional benefit package. "Traditional  
18 benefit package" means the defined benefit retirement program  
19 maintained by the System, which includes retirement annuities  
20 payable directly from the System, as provided in Sections  
21 18-124, 18-125, and 18-125.1; survivor's annuities payable  
22 directly from the System, as provided in Sections 18-128,  
23 18-128.01, 18-128.1, 18-128.1, and 18-128.3; and contribution  
24 refunds, as provided in Section 18-129.

1 (40 ILCS 5/18-118.2 new)

2 Sec. 18-118.2. Self-managed plan. "Self-managed plan"  
3 means the defined contribution retirement program maintained  
4 by the System, as described in Section 18-133.2. The  
5 self-managed plan does not include retirement annuities or  
6 survivor's benefits payable directly from the System, as  
7 provided in Sections 18-124, 18-125, 18-125.1, 18-128,  
8 18-128.01, 18-128.1, 18-128.1, and 18-128.3 or refunds  
9 determined under Section 18-129.

10 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

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

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

20 (2) A participant who continues to serve as a judge  
21 after becoming eligible to receive the maximum rate of  
22 annuity may elect, through a written direction filed with  
23 the Board, to discontinue contributing to the System. Any  
24 such option elected by a judge shall be irrevocable unless  
25 prior to January 1, 2000, and while continuing to serve as

1 judge, the judge (A) files with the Board a letter  
2 cancelling the direction to discontinue contributing to  
3 the System and requesting that such contributing resume,  
4 and (B) pays into the System an amount equal to the total  
5 of the discontinued contributions plus interest thereon at  
6 5% per annum. Service credits earned in any other  
7 "participating system" as defined in Article 20 of this  
8 Code shall be considered for purposes of determining a  
9 judge's eligibility to discontinue contributions under  
10 this subdivision (a) (2).

11 (3) A participant who (i) has attained age 60, (ii)  
12 continues to serve as a judge after becoming eligible to  
13 receive the maximum rate of annuity, and (iii) has not  
14 elected to discontinue contributing to the System under  
15 subdivision (a) (2) of this Section (or has revoked any such  
16 election) may elect, through a written direction filed with  
17 the Board, to make contributions to the System based only  
18 on the amount of the increases in salary received by the  
19 judge on or after the date of the election, rather than the  
20 total salary received. If a judge who is making  
21 contributions to the System on the effective date of this  
22 amendatory Act of the 91st General Assembly makes an  
23 election to limit contributions under this subdivision  
24 (a) (3) within 90 days after that effective date, the  
25 election shall be deemed to become effective on that  
26 effective date and the judge shall be entitled to receive a

1 refund of any excess contributions paid to the System  
2 during that 90-day period; any other election under this  
3 subdivision (a) (3) becomes effective on the first of the  
4 month following the date of the election. An election to  
5 limit contributions under this subdivision (a) (3) is  
6 irrevocable. Service credits earned in any other  
7 participating system as defined in Article 20 of this Code  
8 shall be considered for purposes of determining a judge's  
9 eligibility to make an election under this subdivision  
10 (a) (3).

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

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

23 (d) Notwithstanding any provision in this Section to the  
24 contrary, for a participant who first becomes a participant  
25 under this Article after January 1, 2011, any contributions on  
26 amounts in excess of the Social Security Covered Wage Base for

1 that year, including the contributions for a survivor's  
2 annuity, shall instead be used to finance the benefits under  
3 Section 18-133.2.

4 (Source: P.A. 91-653, eff. 12-10-99.)

5 (40 ILCS 5/18-133.2 new)

6 Sec. 18-133.2. Self-managed plan.

7 (a) The Judges Retirement System of Illinois must establish  
8 and administer a self-managed plan that shall offer  
9 participants the opportunity to accumulate assets for  
10 retirement through a combination of participant and State  
11 contributions that may be invested in mutual funds, collective  
12 investment funds, or other investment products and used to  
13 purchase annuity contracts, either fixed or variable or a  
14 combination of fixed and variable. The plan must be qualified  
15 under the Internal Revenue Code of 1986.

16 The Judges Retirement System of Illinois shall be the plan  
17 sponsor for the self-managed plan and shall prepare a plan  
18 document and adopt any rules and procedures as are considered  
19 necessary or desirable for the administration of the  
20 self-managed plan. Consistent with its fiduciary duty to the  
21 participants and beneficiaries of the self-managed plan, the  
22 Board of Trustees of the System may delegate aspects of plan  
23 administration as it sees fit to companies authorized to do  
24 business in this State.

25 (b) Notwithstanding any other provision of this Article,

1 for a participant who first becomes a participant under this  
2 Article after January 1, 2011, any portion of the participant's  
3 yearly salary that exceeds the Social Security Covered Wage  
4 Base for that year shall be subject to the self-managed plan  
5 created under this Section.

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

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

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

19 (3) the suitability of the benefits to the needs and  
20 interests of the participants and the State; and

21 (4) the ability of the company to provide benefits  
22 under the contract and the financial stability of the  
23 company.

24 The System shall periodically review each approved  
25 company. A company may continue to provide administrative  
26 services and funding vehicles for the self-managed plan only so

1 long as it continues to be an approved company under contract  
2 with the Board.

3 In addition to the companies approved by the System under  
4 this subsection (c), the System may offer its participants an  
5 investment fund managed by the Illinois State Board of  
6 Investment.

7 (d) Participants in the program must be allowed to direct  
8 the transfer of their account balances among the various  
9 investment options offered, subject to applicable contractual  
10 provisions. The participant shall not be deemed a fiduciary by  
11 reason of providing such investment direction. A person who is  
12 a fiduciary shall not be liable for any loss resulting from  
13 that investment direction and shall not be deemed to have  
14 breached any fiduciary duty by acting in accordance with that  
15 direction. Neither the System nor the State shall guarantee any  
16 of the investments in the participant's account balances.

17 (e) Participation in the self-managed plan under this  
18 Section shall constitute participation in the Judges  
19 Retirement System of Illinois.

20 (f) The self-managed plan shall be funded by contributions  
21 from participants in the self-managed plan and State  
22 contributions as provided in this Section.

23 The contribution rate for participants in the self-managed  
24 plan under this Section shall be equal to the member  
25 contribution rate for other participants in the System, as  
26 provided in Section 18-133. This required contribution shall be

1 made as an employer pick-up under Section 414(h) of the  
2 Internal Revenue Code of 1986 or any successor Section thereof.  
3 Any participant in the System's traditional benefit package  
4 prior to his or her election to participate in the self-managed  
5 plan shall continue to have the employer pick up the  
6 contributions required under Section 18-133. However, the  
7 amounts picked up after the election of the self-managed plan  
8 shall be remitted to and treated as assets of the self-managed  
9 plan. In no event shall a participant have the option of  
10 receiving these amounts in cash. Participants may make  
11 additional contributions to the self-managed plan in  
12 accordance with procedures prescribed by the System, to the  
13 extent permitted under rules adopted by the System.

14 The program shall provide for State contributions to be  
15 credited to each self-managed plan participant in an amount  
16 equal to the employee contributions required under this  
17 Section.

18 The State of Illinois shall make contributions by  
19 appropriations to the System for participants in the  
20 self-managed plan under this Section. The amount required shall  
21 be certified by the Board of Trustees of the System and paid by  
22 the State in accordance with Sections 18-132 and 18-140. The  
23 System shall not be obligated to remit the required State  
24 contributions to any of the insurance and annuity companies,  
25 mutual fund companies, banks, trust companies, financial  
26 institutions, or other sponsors of any of the funding vehicles



1 offered under the self-managed plan until it has received the  
2 required State contributions from the State.

3 (g) If a participant in the self-managed plan who is  
4 otherwise vested under this Article terminates employment, the  
5 participant shall be entitled to a benefit that is based on the  
6 account values attributable to both State and member  
7 contributions and any investment return thereon.

8 If a participant in the self-managed plan who is not  
9 otherwise vested under this Article terminates employment, the  
10 participant shall be entitled to a benefit based solely on the  
11 account values attributable to the participant's contributions  
12 and any investment return thereon, and the State contributions  
13 and any investment return thereon shall be forfeited. Any State  
14 contributions that are forfeited shall be held in escrow by the  
15 company investing those contributions and shall be used, as  
16 directed by the System, for future allocations of State  
17 contributions.

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.".