



Rep. Karen May

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1 AMENDMENT TO HOUSE BILL 3474

2 AMENDMENT NO. _____. Amend House Bill 3474 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 7-116, 7-172, 7-205, 14-103.05, 22-101, and
6 22-103 and by adding Sections 1-160 and 1-161 as follows:

7 (40 ILCS 5/1-160)

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 or 18 of this Code, notwithstanding any other provision of this
15 Code to the contrary, but do not apply to any self-managed plan
16 established under this Code, to any person with respect to

1 service as a sheriff's law enforcement employee under Article
2 7, or to any participant of the retirement plan established
3 under Section 22-101.

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

16 (1) In Articles 7 (except for service as sheriff's law
17 enforcement employees) and 15, "final rate of earnings".

18 (2) In Articles 8, 9, 10, 11, and 12, "highest average
19 annual salary for any 4 consecutive years within the last
20 10 years of service immediately preceding the date of
21 withdrawal".

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

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

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

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

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 average
15 change in prices of goods and services purchased by all urban
16 consumers, United States city average, all items, 1982-84 =
17 100. The new amount resulting from each annual adjustment shall
18 be determined by the Public Pension Division of the Department
19 of Insurance and made available to the boards of the retirement
20 systems and pension funds by November 1 of each year.

21 (c) A member or participant is entitled to a retirement
22 annuity upon written application if he or she has attained age
23 67 and has at least 10 years of service credit and is otherwise
24 eligible under the requirements of the applicable Article.

25 A member or participant who has attained age 62 and has at
26 least 10 years of service credit and is otherwise eligible

1 under the requirements of the applicable Article may elect to
2 receive the lower retirement annuity provided in subsection (d)
3 of this Section.

4 (d) The retirement annuity of a member or participant who
5 is retiring after attaining age 62 with at least 10 years of
6 service credit shall be reduced by one-half of 1% for each full
7 month that the member's age is under age 67.

8 (e) Any retirement annuity or supplemental annuity shall be
9 subject to annual increases on the January 1 occurring either
10 on or after the attainment of age 67 or the first anniversary
11 of the annuity start date, whichever is later. Each annual
12 increase shall be calculated at 3% or one-half the annual
13 unadjusted percentage increase (but not less than zero) in the
14 consumer price index-u for the 12 months ending with the
15 September preceding each November 1, whichever is less, of the
16 originally granted retirement annuity. If the annual
17 unadjusted percentage change in the consumer price index-u for
18 the 12 months ending with the September preceding each November
19 1 is zero or there is a decrease, then the annuity shall not be
20 increased.

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 annuity
10 if the deceased member died while receiving a retirement
11 annuity or (2) in other cases, on each January 1 occurring
12 after the first anniversary of the commencement of the annuity.
13 Each annual increase shall be calculated at 3% or one-half the
14 annual unadjusted percentage increase (but not less than zero)
15 in the consumer price index-u for the 12 months ending with the
16 September preceding each November 1, whichever is less, of the
17 originally granted survivor's annuity. If the annual
18 unadjusted percentage change in the consumer price index-u for
19 the 12 months ending with the September preceding each November
20 1 is zero or there is a decrease, then the annuity shall not be
21 increased.

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

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

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

23 If a person who first becomes a member of a retirement
24 system or pension fund subject to this Section on or after the
25 effective date of this amendatory Act of the 97th General
26 Assembly is receiving a retirement annuity or retirement

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

14 (i) Notwithstanding any other provision of this Section, a
15 person who first becomes a participant of the retirement system
16 established under Article 15 on or after January 1, 2011 shall
17 have the option to enroll in the self-managed plan created
18 under Section 15-158.2 of this Code.

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

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

23 (40 ILCS 5/1-161 new)

24 Sec. 1-161. Provisions applicable to new hires.

25 (a) The provisions of this Section apply to a person who,

1 on or after the effective date of this amendatory Act of the
2 97th General Assembly, first becomes a member or a participant
3 under any retirement system or pension fund established under
4 this Code.

5 (b) "Final average salary" means the average monthly (or
6 annual) salary obtained by dividing the total salary or
7 earnings calculated under the Article applicable to the member
8 or participant during the 96 consecutive months (or 8
9 consecutive years) of service within the last 120 months (or 10
10 years) of service in which the total salary or earnings
11 calculated under the applicable Article was the highest by the
12 number of months (or years) of service in that period, except
13 that the salary shall be limited to the base salary or other
14 base compensation paid to the member or participant for
15 employment by the employer, and shall not include, without
16 limitation: overtime; commissions; bonuses; payment of any
17 type in anticipation of retirement; termination or severance
18 pay; lump sum payments for sick, compensatory, vacation time,
19 or other benefits; indirect or in-kind payments for items such
20 as housing, vehicles, lodging, travel, or clothing allowances;
21 or any other type of payment that is a divergence from the
22 normal progression patterns on which an individual's benefits
23 should be based. For the purposes of a person who first becomes
24 a member or participant of any retirement system or pension
25 fund to which this Section applies on or after the effective
26 date of this amendatory Act of the 97th General Assembly, in

1 this Code, "final average salary" shall be substituted for the
2 following:

3 (1) In Articles 7 (except for service as sheriff's law
4 enforcement employees) and 15, "final rate of earnings".

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

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

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

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

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

14 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

15 Sec. 7-116. "Final rate of earnings":

16 (a) For retirement and survivor annuities, the monthly
17 earnings obtained by dividing the total earnings received by
18 the employee during the period of either (1) the 48 consecutive
19 months of service within the last 120 months of service in
20 which his total earnings were the highest or (2) the employee's
21 total period of service, by the number of months of service in
22 such period.

23 (b) For death benefits, the higher of the rate determined
24 under paragraph (a) of this Section or total earnings received
25 in the last 12 months of service divided by twelve. If the

1 deceased employee has less than 12 months of service, the
2 monthly final rate shall be the monthly rate of pay the
3 employee was receiving when he began service.

4 (c) For disability benefits, the total earnings of a
5 participating employee in the last 12 calendar months of
6 service prior to the date he becomes disabled divided by 12.

7 (d) In computing the final rate of earnings: (1) the
8 earnings rate for all periods of prior service shall be
9 considered equal to the average earnings rate for the last 3
10 calendar years of prior service for which creditable service is
11 received under Section 7-139 or, if there is less than 3 years
12 of creditable prior service, the average for the total prior
13 service period for which creditable service is received under
14 Section 7-139; (2) for out of state service and authorized
15 leave, the earnings rate shall be the rate upon which service
16 credits are granted; (3) periods of military leave shall not be
17 considered; (4) the earnings rate for all periods of disability
18 shall be considered equal to the rate of earnings upon which
19 the employee's disability benefits are computed for such
20 periods; (5) the earnings to be considered for each of the
21 final three months of the final earnings period for persons who
22 were participants before the effective date of this amendatory
23 Act of the 97th General Assembly and the earnings to be
24 considered for each of the final 24 months for participants who
25 first become participants on or after the effective date of the
26 this amendatory Act of the 97th General Assembly shall not

1 exceed 125% of the highest earnings of any other month in the
2 final earnings period; and (6) the annual amount of final rate
3 of earnings shall be the monthly amount multiplied by the
4 number of months of service normally required by the position
5 in a year.

6 (Source: P.A. 90-448, eff. 8-16-97.)

7 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

8 Sec. 7-172. Contributions by participating municipalities
9 and participating instrumentalities.

10 (a) Each participating municipality and each participating
11 instrumentality shall make payment to the fund as follows:

12 1. municipality contributions in an amount determined
13 by applying the municipality contribution rate to each
14 payment of earnings paid to each of its participating
15 employees;

16 2. an amount equal to the employee contributions
17 provided by paragraphs (a) and (b) of Section 7-173,
18 whether or not the employee contributions are withheld as
19 permitted by that Section;

20 3. all accounts receivable, together with interest
21 charged thereon, as provided in Section 7-209;

22 4. if it has no participating employees with current
23 earnings, an amount payable which, over a closed period of
24 20 years for participating municipalities and 10 years for
25 participating instrumentalities, will amortize, at the

1 effective rate for that year, any unfunded obligation. The
2 unfunded obligation shall be computed as provided in
3 paragraph 2 of subsection (b);

4 5. if it has fewer than 7 participating employees or a
5 negative balance in its municipality reserve, the greater
6 of (A) an amount payable that, over a period of 20 years,
7 will amortize at the effective rate for that year any
8 unfunded obligation, computed as provided in paragraph 2 of
9 subsection (b) or (B) the amount required by paragraph 1 of
10 this subsection (a).

11 (b) A separate municipality contribution rate shall be
12 determined for each calendar year for all participating
13 municipalities together with all instrumentalities thereof.
14 The municipality contribution rate shall be determined for
15 participating instrumentalities as if they were participating
16 municipalities. The municipality contribution rate shall be
17 the sum of the following percentages:

18 1. The percentage of earnings of all the participating
19 employees of all participating municipalities and
20 participating instrumentalities which, if paid over the
21 entire period of their service, will be sufficient when
22 combined with all employee contributions available for the
23 payment of benefits, to provide all annuities for
24 participating employees, and the \$3,000 death benefit
25 payable under Sections 7-158 and 7-164, such percentage to
26 be known as the normal cost rate.

1 2. The percentage of earnings of the participating
2 employees of each participating municipality and
3 participating instrumentalities necessary to adjust for
4 the difference between the present value of all benefits,
5 excluding temporary and total and permanent disability and
6 death benefits, to be provided for its participating
7 employees and the sum of its accumulated municipality
8 contributions and the accumulated employee contributions
9 and the present value of expected future employee and
10 municipality contributions pursuant to subparagraph 1 of
11 this paragraph (b). This adjustment shall be spread over
12 the remainder of the period that is allowable under
13 generally accepted accounting principles.

14 3. The percentage of earnings of the participating
15 employees of all municipalities and participating
16 instrumentalities necessary to provide the present value
17 of all temporary and total and permanent disability
18 benefits granted during the most recent year for which
19 information is available.

20 4. The percentage of earnings of the participating
21 employees of all participating municipalities and
22 participating instrumentalities necessary to provide the
23 present value of the net single sum death benefits expected
24 to become payable from the reserve established under
25 Section 7-206 during the year for which this rate is fixed.

26 5. The percentage of earnings necessary to meet any

1 deficiency arising in the Terminated Municipality Reserve.

2 (c) A separate municipality contribution rate shall be
3 computed for each participating municipality or participating
4 instrumentality for its sheriff's law enforcement employees.

5 A separate municipality contribution rate shall be
6 computed for the sheriff's law enforcement employees of each
7 forest preserve district that elects to have such employees.
8 For the period from January 1, 1986 to December 31, 1986, such
9 rate shall be the forest preserve district's regular rate plus
10 2%.

11 In the event that the Board determines that there is an
12 actuarial deficiency in the account of any municipality with
13 respect to a person who has elected to participate in the Fund
14 under Section 3-109.1 of this Code, the Board may adjust the
15 municipality's contribution rate so as to make up that
16 deficiency over such reasonable period of time as the Board may
17 determine.

18 (d) The Board may establish a separate municipality
19 contribution rate for all employees who are program
20 participants employed under the federal Comprehensive
21 Employment Training Act by all of the participating
22 municipalities and instrumentalities. The Board may also
23 provide that, in lieu of a separate municipality rate for these
24 employees, a portion of the municipality contributions for such
25 program participants shall be refunded or an extra charge
26 assessed so that the amount of municipality contributions

1 retained or received by the fund for all CETA program
2 participants shall be an amount equal to that which would be
3 provided by the separate municipality contribution rate for all
4 such program participants. Refunds shall be made to prime
5 sponsors of programs upon submission of a claim therefor and
6 extra charges shall be assessed to participating
7 municipalities and instrumentalities. In establishing the
8 municipality contribution rate as provided in paragraph (b) of
9 this Section, the use of a separate municipality contribution
10 rate for program participants or the refund of a portion of the
11 municipality contributions, as the case may be, may be
12 considered.

13 (e) Computations of municipality contribution rates for
14 the following calendar year shall be made prior to the
15 beginning of each year, from the information available at the
16 time the computations are made, and on the assumption that the
17 employees in each participating municipality or participating
18 instrumentality at such time will continue in service until the
19 end of such calendar year at their respective rates of earnings
20 at such time.

21 (f) Any municipality which is the recipient of State
22 allocations representing that municipality's contributions for
23 retirement annuity purposes on behalf of its employees as
24 provided in Section 12-21.16 of the Illinois Public Aid Code
25 shall pay the allocations so received to the Board for such
26 purpose. Estimates of State allocations to be received during

1 any taxable year shall be considered in the determination of
2 the municipality's tax rate for that year under Section 7-171.
3 If a special tax is levied under Section 7-171, none of the
4 proceeds may be used to reimburse the municipality for the
5 amount of State allocations received and paid to the Board. Any
6 multiple-county or consolidated health department which
7 receives contributions from a county under Section 11.2 of "An
8 Act in relation to establishment and maintenance of county and
9 multiple-county health departments", approved July 9, 1943, as
10 amended, or distributions under Section 3 of the Department of
11 Public Health Act, shall use these only for municipality
12 contributions by the health department.

13 (g) Municipality contributions for the several purposes
14 specified shall, for township treasurers and employees in the
15 offices of the township treasurers who meet the qualifying
16 conditions for coverage hereunder, be allocated among the
17 several school districts and parts of school districts serviced
18 by such treasurers and employees in the proportion which the
19 amount of school funds of each district or part of a district
20 handled by the treasurer bears to the total amount of all
21 school funds handled by the treasurer.

22 From the funds subject to allocation among districts and
23 parts of districts pursuant to the School Code, the trustees
24 shall withhold the proportionate share of the liability for
25 municipality contributions imposed upon such districts by this
26 Section, in respect to such township treasurers and employees

1 and remit the same to the Board.

2 The municipality contribution rate for an educational
3 service center shall initially be the same rate for each year
4 as the regional office of education or school district which
5 serves as its administrative agent. When actuarial data become
6 available, a separate rate shall be established as provided in
7 subparagraph (i) of this Section.

8 The municipality contribution rate for a public agency,
9 other than a vocational education cooperative, formed under the
10 Intergovernmental Cooperation Act shall initially be the
11 average rate for the municipalities which are parties to the
12 intergovernmental agreement. When actuarial data become
13 available, a separate rate shall be established as provided in
14 subparagraph (i) of this Section.

15 (h) Each participating municipality and participating
16 instrumentality shall make the contributions in the amounts
17 provided in this Section in the manner prescribed from time to
18 time by the Board and all such contributions shall be
19 obligations of the respective participating municipalities and
20 participating instrumentalities to this fund. The failure to
21 deduct any employee contributions shall not relieve the
22 participating municipality or participating instrumentality of
23 its obligation to this fund. Delinquent payments of
24 contributions due under this Section may, with interest, be
25 recovered by civil action against the participating
26 municipalities or participating instrumentalities.

1 Municipality contributions, other than the amount necessary
2 for employee contributions and Social Security contributions,
3 for periods of service by employees from whose earnings no
4 deductions were made for employee contributions to the fund,
5 may be charged to the municipality reserve for the municipality
6 or participating instrumentality.

7 (i) Contributions by participating instrumentalities shall
8 be determined as provided herein except that the percentage
9 derived under subparagraph 2 of paragraph (b) of this Section,
10 and the amount payable under subparagraph 4 of paragraph (a) of
11 this Section, shall be based on an amortization period of 10
12 years.

13 (j) Notwithstanding the other provisions of this Section,
14 the additional unfunded liability accruing as a result of this
15 amendatory Act of the 94th General Assembly shall be amortized
16 over a period of 30 years beginning on January 1 of the second
17 calendar year following the calendar year in which this
18 amendatory Act takes effect, except that the employer may
19 provide for a longer amortization period by adopting a
20 resolution or ordinance specifying a 35-year or 40-year period
21 and submitting a certified copy of the ordinance or resolution
22 to the fund no later than June 1 of the calendar year following
23 the calendar year in which this amendatory Act takes effect.

24 (k) If the amount of a participating employee's earnings
25 for any calendar year used to determine the participating
26 employee's retirement annuity, determined on a full-time

1 equivalent basis, exceeds the amount of his or her earnings
2 with the same participating municipality or participating
3 instrumentality for the previous calendar year, determined on a
4 full-time equivalent basis, by more than 6%, then the
5 participating municipality or participating instrumentality
6 shall pay to the fund, in addition to all other payments
7 required under this Article and in accordance with guidelines
8 established by the fund, the present value of the increase in
9 benefits resulting from the portion of the increase in earnings
10 that is in excess of 6%. This present value shall be computed
11 by the fund on the basis of the actuarial assumptions and
12 tables used in the most recent actuarial valuation of the fund
13 that is available at the time of the computation. The fund may
14 require the participating municipality or participating
15 instrumentality to provide any pertinent information or
16 documentation.

17 Whenever it determines that a payment is or may be required
18 under this subsection (k), the fund shall calculate the amount
19 of the payment and bill the participating municipality or
20 participating instrumentality for that amount. The bill shall
21 specify the calculations used to determine the amount due. If
22 the participating municipality or participating
23 instrumentality disputes the amount of the bill, it may, within
24 30 days after receipt of the bill, apply to the fund in writing
25 for a recalculation. The application must specify in detail the
26 grounds of the dispute. Upon receiving a timely application for

1 recalculation, the fund shall review the application and, if
2 appropriate, recalculate the amount due. The participating
3 municipality and participating instrumentality contributions
4 required under this subsection (k) may be paid in the form of a
5 lump sum within 90 days after receipt of the bill. If the
6 participating municipality and participating instrumentality
7 contributions are not paid within 90 days after receipt of the
8 bill, then interest will be charged at a rate equal to the
9 fund's annual actuarially assumed rate of return on investment
10 compounded annually from the 91st day after receipt of the
11 bill. Payments must be concluded within 3 years after receipt
12 of the bill by the participating municipality or participating
13 instrumentality.

14 When assessing payment for any amount due under this
15 subsection (k), the fund shall exclude earnings increases
16 resulting from overload or overtime earnings.

17 When assessing payment for any amount due under this
18 subsection (k), the fund shall also exclude earnings increases
19 attributable to standard employment promotions resulting in
20 increased responsibility and workload.

21 (Source: P.A. 96-1084, eff. 7-16-10; 96-1140, eff. 7-21-10;
22 revised 9-16-10.)

23 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

24 Sec. 7-205. Reserves for annuities. Appropriate reserves
25 shall be created for payment of all annuities granted under

1 this Article at the time such annuities are granted and in
2 amounts determined to be necessary under actuarial tables
3 adopted by the Board upon recommendation of the actuary of the
4 fund. All annuities payable shall be charged to the annuity
5 reserve.

6 1. Amounts credited to annuity reserves shall be derived by
7 transfer of all the employee credits from the appropriate
8 employee reserves and by charges to the municipality reserve of
9 those municipalities in which the retiring employee has
10 accumulated service. If a retiring employee has accumulated
11 service in more than one participating municipality or
12 participating instrumentality, the aggregate municipality
13 charges for non-concurrent service shall be calculated as
14 follows:

15 (A) for purposes of calculating the annuity reserve, an
16 annuity will be calculated based on service and adjusted
17 earnings with each employer (without regard to the vesting
18 requirement contained in subsection (a) of Section 7-142);
19 and

20 (B) the difference between the municipality charges
21 for the actual annuity granted and the aggregation of the
22 municipality charges based upon the ratio of each from
23 those calculations to the aggregated total from paragraph
24 (A) of this item 1.

25 Aggregate municipality charges for concurrent service
26 shall be prorated based on the employee's earnings. The

1 municipality charges for retirement annuities calculated under
2 subparagraph a of subparagraph 1 of subsection (a) of Section
3 7-142 shall be prorated based on actual contributions ~~prorated~~
4 ~~on a basis of the employee's earnings in case of concurrent~~
5 ~~service and creditable service in other cases.~~

6 2. Supplemental annuities shall be handled as a separate
7 annuity and amounts to be credited to the annuity reserve
8 therefor shall be derived in the same manner as a regular
9 annuity.

10 3. When a retirement annuity is granted to an employee with
11 a spouse eligible for a surviving spouse annuity, there shall
12 be credited to the annuity reserve an amount to fund the cost
13 of both the retirement and surviving spouse annuity as a joint
14 and survivors annuity.

15 4. Beginning January 1, 1989, when a retirement annuity is
16 awarded, an amount equal to the present value of the \$3,000
17 death benefit payable upon the death of the annuitant shall be
18 transferred to the annuity reserve from the appropriate
19 municipality reserves in the same manner as the transfer for
20 annuities.

21 5. All annuity reserves shall be revalued annually as of
22 December 31. Beginning as of December 31, 1973, adjustment
23 required therein by such revaluation shall be charged or
24 credited to the earnings and experience variation reserve.

25 6. There shall be credited to the annuity reserve all of
26 the payments made by annuitants under Section 7-144.2, plus an

1 additional amount from the earnings and experience variation
2 reserve to fund the cost of the incremental annuities granted
3 to annuitants making these payments.

4 7. As of December 31, 1972, the excess in the annuity
5 reserve shall be transferred to the municipality reserves. An
6 amount equal to the deficiency in the reserve of participating
7 municipalities and participating instrumentalities which have
8 no participating employees shall be allocated to their
9 reserves. The remainder shall be allocated in amounts
10 proportionate to the present value, as of January 1, 1972, of
11 annuities of annuitants of the remaining participating
12 municipalities and participating instrumentalities.

13 (Source: P.A. 89-136, eff. 7-14-95.)

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

15 Sec. 14-103.05. Employee.

16 (a) Any person employed by a Department who receives salary
17 for personal services rendered to the Department on a warrant
18 issued pursuant to a payroll voucher certified by a Department
19 and drawn by the State Comptroller upon the State Treasurer,
20 including an elected official described in subparagraph (d) of
21 Section 14-104, shall become an employee for purpose of
22 membership in the Retirement System on the first day of such
23 employment.

24 A person entering service on or after January 1, 1972 and
25 prior to January 1, 1984 shall become a member as a condition

1 of employment and shall begin making contributions as of the
2 first day of employment.

3 A person entering service on or after January 1, 1984
4 shall, upon completion of 6 months of continuous service which
5 is not interrupted by a break of more than 2 months, become a
6 member as a condition of employment. Contributions shall begin
7 the first of the month after completion of the qualifying
8 period.

9 A person employed by the Chicago Metropolitan Agency for
10 Planning on the effective date of this amendatory Act of the
11 95th General Assembly who was a member of this System as an
12 employee of the Chicago Area Transportation Study and makes an
13 election under Section 14-104.13 to participate in this System
14 for his or her employment with the Chicago Metropolitan Agency
15 for Planning.

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

1 (a-5) A person entering service on or after December 1,
2 2010 shall become a member as a condition of employment and
3 shall begin making contributions as of the first day of
4 employment. A person serving in the qualifying period on
5 December 1, 2010 will become a member on December 1, 2010 and
6 shall begin making contributions as of December 1, 2010.

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

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

11 (2) incumbents of offices normally filled by vote of
12 the people;

13 (3) except as otherwise provided in this Section, any
14 person appointed by the Governor with the advice and
15 consent of the Senate unless that person elects to
16 participate in this system;

17 (3.1) any person serving as a commissioner of an ethics
18 commission created under the State Officials and Employees
19 Ethics Act unless that person elects to participate in this
20 system with respect to that service as a commissioner;

21 (3.2) any person serving as a part-time employee in any
22 of the following positions: Legislative Inspector General,
23 Special Legislative Inspector General, employee of the
24 Office of the Legislative Inspector General, Executive
25 Director of the Legislative Ethics Commission, or staff of
26 the Legislative Ethics Commission, regardless of whether

1 he or she is in active service on or after July 8, 2004
2 (the effective date of Public Act 93-685), unless that
3 person elects to participate in this System with respect to
4 that service; in this item (3.2), a "part-time employee" is
5 a person who is not required to work at least 35 hours per
6 week;

7 (3.3) any person who has made an election under Section
8 1-123 and who is serving either as legal counsel in the
9 Office of the Governor or as Chief Deputy Attorney General;

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

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

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

22 (7) enrollees of the Illinois Young Adult Conservation
23 Corps program, administered by the Department of Natural
24 Resources, authorized grantee pursuant to Title VIII of the
25 "Comprehensive Employment and Training Act of 1973", 29 USC
26 993, as now or hereafter amended;

1 (8) enrollees and temporary staff of programs
2 administered by the Department of Natural Resources under
3 the Youth Conservation Corps Act of 1970;

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

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

24 (11) any person who is a member of the Oil and Gas
25 Board created by Section 1.2 of the Illinois Oil and Gas
26 Act, and receives per diem compensation rather than a

1 salary, notwithstanding that such per diem compensation is
2 paid by warrant issued pursuant to a payroll voucher; ~~or~~

3 (12) a person employed by the State Board of Higher
4 Education in a position with the Illinois Century Network
5 as of June 30, 2004, who remains continuously employed
6 after that date by the Department of Central Management
7 Services in a position with the Illinois Century Network
8 and participates in the Article 15 system with respect to
9 that employment; ~~-~~

10 (13) any person who first becomes a member of the Civil
11 Service Commission on or after the effective date of this
12 amendatory Act of the 97th General Assembly;

13 (14) any person, other than the Director of Employment
14 Security, who first becomes a member of the Board of Review
15 of the Department of Employment Security on or after the
16 effective date of this amendatory Act of the 97th General
17 Assembly;

18 (15) any person who first becomes a member of the Civil
19 Service Commission on or after the effective date of this
20 amendatory Act of the 97th General Assembly;

21 (16) any person who first becomes a member of the
22 Illinois Liquor Control Commission on or after the
23 effective date of this amendatory Act of the 97th General
24 Assembly;

25 (17) any person who first becomes a member of the
26 Secretary of State Merit Commission on or after the

1 effective date of this amendatory Act of the 97th General
2 Assembly;

3 (18) any person who first becomes a member of the Human
4 Rights Commission on or after the effective date of this
5 amendatory Act of the 97th General Assembly;

6 (19) any person who first becomes a member of the State
7 Mining Board on or after the effective date of this
8 amendatory Act of the 97th General Assembly;

9 (20) any person who first becomes a member of the
10 Property Tax Appeal Board on or after the effective date of
11 this amendatory Act of the 97th General Assembly;

12 (21) any person who first becomes a member of the
13 Illinois Racing Board on or after the effective date of
14 this amendatory Act of the 97th General Assembly;

15 (22) any person who first becomes a member of the
16 Department of State Police Merit Board on or after the
17 effective date of this amendatory Act of the 97th General
18 Assembly;

19 (23) any person who first becomes a member of the
20 Illinois State Toll Highway Authority on or after the
21 effective date of this amendatory Act of the 97th General
22 Assembly; or

23 (24) any person who first becomes a member of the
24 Illinois State Board of Elections on or after the effective
25 date of this amendatory Act of the 97th General Assembly.

26 (c) An individual who represents or is employed as an

1 officer or employee of a statewide labor organization that
2 represents members of this System may participate in the System
3 and shall be deemed an employee, provided that (1) the
4 individual has previously earned creditable service under this
5 Article, (2) the individual files with the System an
6 irrevocable election to become a participant within 6 months
7 after the effective date of this amendatory Act of the 94th
8 General Assembly, and (3) the individual does not receive
9 credit for that employment under any other provisions of this
10 Code. An employee under this subsection (c) is responsible for
11 paying to the System both (i) employee contributions based on
12 the actual compensation received for service with the labor
13 organization and (ii) employer contributions based on the
14 percentage of payroll certified by the board; all or any part
15 of these contributions may be paid on the employee's behalf or
16 picked up for tax purposes (if authorized under federal law) by
17 the labor organization.

18 A person who is an employee as defined in this subsection
19 (c) may establish service credit for similar employment prior
20 to becoming an employee under this subsection by paying to the
21 System for that employment the contributions specified in this
22 subsection, plus interest at the effective rate from the date
23 of service to the date of payment. However, credit shall not be
24 granted under this subsection (c) for any such prior employment
25 for which the applicant received credit under any other
26 provision of this Code or during which the applicant was on a

1 leave of absence.

2 (Source: P.A. 95-677, eff. 10-11-07; 96-1490, eff. 1-1-11.)

3 (40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

4 Sec. 22-101. Retirement Plan for Chicago Transit Authority
5 Employees.

6 (a) There shall be established and maintained by the
7 Authority created by the "Metropolitan Transit Authority Act",
8 approved April 12, 1945, as amended, (referred to in this
9 Section as the "Authority") a financially sound pension and
10 retirement system adequate to provide for all payments when due
11 under such established system or as modified from time to time
12 by ordinance of the Chicago Transit Board or collective
13 bargaining agreement. For this purpose, the Board must make
14 contributions to the established system as required under this
15 Section and may make any additional contributions provided for
16 by Board ordinance or collective bargaining agreement. The
17 participating employees shall make such periodic payments to
18 the established system as required under this Section and may
19 make any additional contributions provided for by Board
20 ordinance or collective bargaining agreement.

21 Provisions shall be made by the Board for all officers,
22 except trustees who first become members on after the effective
23 date of this amendatory Act of the 97th General Assembly, and
24 employees of the Authority appointed pursuant to the
25 "Metropolitan Transit Authority Act" to become, subject to

1 reasonable rules and regulations, participants of the pension
2 or retirement system with uniform rights, privileges,
3 obligations and status as to the class in which such officers
4 and employees belong. The terms, conditions and provisions of
5 any pension or retirement system or of any amendment or
6 modification thereof affecting employees who are members of any
7 labor organization may be established, amended or modified by
8 agreement with such labor organization, provided the terms,
9 conditions and provisions must be consistent with this Act, the
10 annual funding levels for the retirement system established by
11 law must be met and the benefits paid to future participants in
12 the system may not exceed the benefit ceilings set for future
13 participants under this Act and the contribution levels
14 required by the Authority and its employees may not be less
15 than the contribution levels established under this Act.

16 (b) The Board of Trustees shall consist of 11 members
17 appointed as follows: (i) 5 trustees shall be appointed by the
18 Chicago Transit Board; (ii) 3 trustees shall be appointed by an
19 organization representing the highest number of Chicago
20 Transit Authority participants; (iii) one trustee shall be
21 appointed by an organization representing the second-highest
22 number of Chicago Transit Authority participants; (iv) one
23 trustee shall be appointed by the recognized coalition
24 representatives of participants who are not represented by an
25 organization with the highest or second-highest number of
26 Chicago Transit Authority participants; and (v) one trustee

1 shall be selected by the Regional Transportation Authority
2 Board of Directors, and the trustee shall be a professional
3 fiduciary who has experience in the area of collectively
4 bargained pension plans. Trustees shall serve until a successor
5 has been appointed and qualified, or until resignation, death,
6 incapacity, or disqualification.

7 Any person appointed as a trustee of the board shall
8 qualify by taking an oath of office that he or she will
9 diligently and honestly administer the affairs of the system
10 and will not knowingly violate or willfully permit the
11 violation of any of the provisions of law applicable to the
12 Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110,
13 1-111, 1-114, and 1-115 of the Illinois Pension Code.

14 Each trustee shall cast individual votes, and a majority
15 vote shall be final and binding upon all interested parties,
16 provided that the Board of Trustees may require a supermajority
17 vote with respect to the investment of the assets of the
18 Retirement Plan, and may set forth that requirement in the
19 Retirement Plan documents, by-laws, or rules of the Board of
20 Trustees. Each trustee shall have the rights, privileges,
21 authority, and obligations as are usual and customary for such
22 fiduciaries.

23 The Board of Trustees may cause amounts on deposit in the
24 Retirement Plan to be invested in those investments that are
25 permitted investments for the investment of moneys held under
26 any one or more of the pension or retirement systems of the

1 State, any unit of local government or school district, or any
2 agency or instrumentality thereof. The Board, by a vote of at
3 least two-thirds of the trustees, may transfer investment
4 management to the Illinois State Board of Investment, which is
5 hereby authorized to manage these investments when so requested
6 by the Board of Trustees.

7 Notwithstanding any other provision of this Article or any
8 law to the contrary, any person who first becomes a trustee on
9 or after the effective date of this Act shall not be eligible
10 to participate in this Retirement Plan.

11 (c) All individuals who were previously participants in the
12 Retirement Plan for Chicago Transit Authority Employees shall
13 remain participants, and shall receive the same benefits
14 established by the Retirement Plan for Chicago Transit
15 Authority Employees, except as provided in this amendatory Act
16 or by subsequent legislative enactment or amendment to the
17 Retirement Plan. For Authority employees hired on or after the
18 effective date of this amendatory Act of the 95th General
19 Assembly, the Retirement Plan for Chicago Transit Authority
20 Employees shall be the exclusive retirement plan and such
21 employees shall not be eligible for any supplemental plan,
22 except for a deferred compensation plan funded only by employee
23 contributions.

24 For all Authority employees who are first hired on or after
25 the effective date of this amendatory Act of the 95th General
26 Assembly and are participants in the Retirement Plan for

1 Chicago Transit Authority Employees, the following terms,
2 conditions and provisions with respect to retirement shall be
3 applicable:

4 (1) Such participant shall be eligible for an unreduced
5 retirement allowance for life upon the attainment of age 64
6 with 25 years of continuous service.

7 (2) Such participant shall be eligible for a reduced
8 retirement allowance for life upon the attainment of age 55
9 with 10 years of continuous service.

10 (3) For the purpose of determining the retirement
11 allowance to be paid to a retiring employee, the term
12 "Continuous Service" as used in the Retirement Plan for
13 Chicago Transit Authority Employees shall also be deemed to
14 include all pension credit for service with any retirement
15 system established under Article 8 or Article 11 of this
16 Code, provided that the employee forfeits and relinquishes
17 all pension credit under Article 8 or Article 11 of this
18 Code, and the contribution required under this subsection
19 is made by the employee. The Retirement Plan's actuary
20 shall determine the contribution paid by the employee as an
21 amount equal to the normal cost of the benefit accrued, had
22 the service been rendered as an employee, plus interest per
23 annum from the time such service was rendered until the
24 date the payment is made.

25 (d) From the effective date of this amendatory Act through
26 December 31, 2008, all participating employees shall

1 contribute to the Retirement Plan in an amount not less than 6%
2 of compensation, and the Authority shall contribute to the
3 Retirement Plan in an amount not less than 12% of compensation.

4 (e)(1) Beginning January 1, 2009 the Authority shall make
5 contributions to the Retirement Plan in an amount equal to
6 twelve percent (12%) of compensation and participating
7 employees shall make contributions to the Retirement Plan in an
8 amount equal to six percent (6%) of compensation. These
9 contributions may be paid by the Authority and participating
10 employees on a payroll or other periodic basis, but shall in
11 any case be paid to the Retirement Plan at least monthly.

12 (2) For the period ending December 31, 2040, the amount
13 paid by the Authority in any year with respect to debt service
14 on bonds issued for the purposes of funding a contribution to
15 the Retirement Plan under Section 12c of the Metropolitan
16 Transit Authority Act, other than debt service paid with the
17 proceeds of bonds or notes issued by the Authority for any year
18 after calendar year 2008, shall be treated as a credit against
19 the amount of required contribution to the Retirement Plan by
20 the Authority under subsection (e)(1) for the following year up
21 to an amount not to exceed 6% of compensation paid by the
22 Authority in that following year.

23 (3) By September 15 of each year beginning in 2009 and
24 ending on December 31, 2039, on the basis of a report prepared
25 by an enrolled actuary retained by the Plan, the Board of
26 Trustees of the Retirement Plan shall determine the estimated

1 funded ratio of the total assets of the Retirement Plan to its
2 total actuarially determined liabilities. A report containing
3 that determination and the actuarial assumptions on which it is
4 based shall be filed with the Authority, the representatives of
5 its participating employees, the Auditor General of the State
6 of Illinois, and the Regional Transportation Authority. If the
7 funded ratio is projected to decline below 60% in any year
8 before 2040, the Board of Trustees shall also determine the
9 increased contribution required each year as a level percentage
10 of payroll over the years remaining until 2040 using the
11 projected unit credit actuarial cost method so the funded ratio
12 does not decline below 60% and include that determination in
13 its report. If the actual funded ratio declines below 60% in
14 any year prior to 2040, the Board of Trustees shall also
15 determine the increased contribution required each year as a
16 level percentage of payroll during the years after the then
17 current year using the projected unit credit actuarial cost
18 method so the funded ratio is projected to reach at least 60%
19 no later than 10 years after the then current year and include
20 that determination in its report. Within 60 days after
21 receiving the report, the Auditor General shall review the
22 determination and the assumptions on which it is based, and if
23 he finds that the determination and the assumptions on which it
24 is based are unreasonable in the aggregate, he shall issue a
25 new determination of the funded ratio, the assumptions on which
26 it is based and the increased contribution required each year

1 as a level percentage of payroll over the years remaining until
2 2040 using the projected unit credit actuarial cost method so
3 the funded ratio does not decline below 60%, or, in the event
4 of an actual decline below 60%, so the funded ratio is
5 projected to reach 60% by no later than 10 years after the then
6 current year. If the Board of Trustees or the Auditor General
7 determine that an increased contribution is required to meet
8 the funded ratio required by the subsection, effective January
9 1 following the determination or 30 days after such
10 determination, whichever is later, one-third of the increased
11 contribution shall be paid by participating employees and
12 two-thirds by the Authority, in addition to the contributions
13 required by this subsection (1).

14 (4) For the period beginning 2040, the minimum contribution
15 to the Retirement Plan for each fiscal year shall be an amount
16 determined by the Board of Trustees of the Retirement Plan to
17 be sufficient to bring the total assets of the Retirement Plan
18 up to 90% of its total actuarial liabilities by the end of
19 2059. Participating employees shall be responsible for
20 one-third of the required contribution and the Authority shall
21 be responsible for two-thirds of the required contribution. In
22 making these determinations, the Board of Trustees shall
23 calculate the required contribution each year as a level
24 percentage of payroll over the years remaining to and including
25 fiscal year 2059 using the projected unit credit actuarial cost
26 method. A report containing that determination and the

1 actuarial assumptions on which it is based shall be filed by
2 September 15 of each year with the Authority, the
3 representatives of its participating employees, the Auditor
4 General of the State of Illinois and the Regional
5 Transportation Authority. If the funded ratio is projected to
6 fail to reach 90% by December 31, 2059, the Board of Trustees
7 shall also determine the increased contribution required each
8 year as a level percentage of payroll over the years remaining
9 until December 31, 2059 using the projected unit credit
10 actuarial cost method so the funded ratio will meet 90% by
11 December 31, 2059 and include that determination in its report.
12 Within 60 days after receiving the report, the Auditor General
13 shall review the determination and the assumptions on which it
14 is based and if he finds that the determination and the
15 assumptions on which it is based are unreasonable in the
16 aggregate, he shall issue a new determination of the funded
17 ratio, the assumptions on which it is based and the increased
18 contribution required each year as a level percentage of
19 payroll over the years remaining until December 31, 2059 using
20 the projected unit credit actuarial cost method so the funded
21 ratio reaches no less than 90% by December 31, 2059. If the
22 Board of Trustees or the Auditor General determine that an
23 increased contribution is required to meet the funded ratio
24 required by this subsection, effective January 1 following the
25 determination or 30 days after such determination, whichever is
26 later, one-third of the increased contribution shall be paid by

1 participating employees and two-thirds by the Authority, in
2 addition to the contributions required by subsection (e) (1).

3 (5) Beginning in 2060, the minimum contribution for each
4 year shall be the amount needed to maintain the total assets of
5 the Retirement Plan at 90% of the total actuarial liabilities
6 of the Plan, and the contribution shall be funded two-thirds by
7 the Authority and one-third by the participating employees in
8 accordance with this subsection.

9 (f) The Authority shall take the steps necessary to comply
10 with Section 414(h) (2) of the Internal Revenue Code of 1986, as
11 amended, to permit the pick-up of employee contributions under
12 subsections (d) and (e) on a tax-deferred basis.

13 (g) The Board of Trustees shall certify to the Governor,
14 the General Assembly, the Auditor General, the Board of the
15 Regional Transportation Authority, and the Authority at least
16 90 days prior to the end of each fiscal year the amount of the
17 required contributions to the retirement system for the next
18 retirement system fiscal year under this Section. The
19 certification shall include a copy of the actuarial
20 recommendations upon which it is based. In addition, copies of
21 the certification shall be sent to the Commission on Government
22 Forecasting and Accountability and the Mayor of Chicago.

23 (h) (1) As to an employee who first becomes entitled to a
24 retirement allowance commencing on or after November 30, 1989,
25 the retirement allowance shall be the amount determined in
26 accordance with the following formula:

1 (A) One percent (1%) of his "Average Annual
2 Compensation in the highest four (4) completed Plan Years"
3 for each full year of continuous service from the date of
4 original employment to the effective date of the Plan; plus

5 (B) One and seventy-five hundredths percent (1.75%) of
6 his "Average Annual Compensation in the highest four (4)
7 completed Plan Years" for each year (including fractions
8 thereof to completed calendar months) of continuous
9 service as provided for in the Retirement Plan for Chicago
10 Transit Authority Employees.

11 Provided, however that:

12 (2) As to an employee who first becomes entitled to a
13 retirement allowance commencing on or after January 1, 1993,
14 the retirement allowance shall be the amount determined in
15 accordance with the following formula:

16 (A) One percent (1%) of his "Average Annual
17 Compensation in the highest four (4) completed Plan Years"
18 for each full year of continuous service from the date of
19 original employment to the effective date of the Plan; plus

20 (B) One and eighty hundredths percent (1.80%) of his
21 "Average Annual Compensation in the highest four (4)
22 completed Plan Years" for each year (including fractions
23 thereof to completed calendar months) of continuous
24 service as provided for in the Retirement Plan for Chicago
25 Transit Authority Employees.

26 Provided, however that:

1 (3) As to an employee who first becomes entitled to a
2 retirement allowance commencing on or after January 1, 1994,
3 the retirement allowance shall be the amount determined in
4 accordance with the following formula:

5 (A) One percent (1%) of his "Average Annual
6 Compensation in the highest four (4) completed Plan Years"
7 for each full year of continuous service from the date of
8 original employment to the effective date of the Plan; plus

9 (B) One and eighty-five hundredths percent (1.85%) of
10 his "Average Annual Compensation in the highest four (4)
11 completed Plan Years" for each year (including fractions
12 thereof to completed calendar months) of continuous
13 service as provided for in the Retirement Plan for Chicago
14 Transit Authority Employees.

15 Provided, however that:

16 (4) As to an employee who first becomes entitled to a
17 retirement allowance commencing on or after January 1, 2000,
18 the retirement allowance shall be the amount determined in
19 accordance with the following formula:

20 (A) One percent (1%) of his "Average Annual
21 Compensation in the highest four (4) completed Plan Years"
22 for each full year of continuous service from the date of
23 original employment to the effective date of the Plan; plus

24 (B) Two percent (2%) of his "Average Annual
25 Compensation in the highest four (4) completed Plan Years"
26 for each year (including fractions thereof to completed

1 calendar months) of continuous service as provided for in
2 the Retirement Plan for Chicago Transit Authority
3 Employees.

4 Provided, however that:

5 (5) As to an employee who first becomes entitled to a
6 retirement allowance commencing on or after January 1, 2001,
7 the retirement allowance shall be the amount determined in
8 accordance with the following formula:

9 (A) One percent (1%) of his "Average Annual
10 Compensation in the highest four (4) completed Plan Years"
11 for each full year of continuous service from the date of
12 original employment to the effective date of the Plan; plus

13 (B) Two and fifteen hundredths percent (2.15%) of his
14 "Average Annual Compensation in the highest four (4)
15 completed Plan Years" for each year (including fractions
16 thereof to completed calendar months) of continuous
17 service as provided for in the Retirement Plan for Chicago
18 Transit Authority Employees.

19 The changes made by this amendatory Act of the 95th General
20 Assembly, to the extent that they affect the rights or
21 privileges of Authority employees that are currently the
22 subject of collective bargaining, have been agreed to between
23 the authorized representatives of these employees and of the
24 Authority prior to enactment of this amendatory Act, as
25 evidenced by a Memorandum of Understanding between these
26 representatives that will be filed with the Secretary of State

1 Index Department and designated as "95-GA-C05". The General
2 Assembly finds and declares that those changes are consistent
3 with 49 U.S.C. 5333(b) (also known as Section 13(c) of the
4 Federal Transit Act) because of this agreement between
5 authorized representatives of these employees and of the
6 Authority, and that any future amendments to the provisions of
7 this amendatory Act of the 95th General Assembly, to the extent
8 those amendments would affect the rights and privileges of
9 Authority employees that are currently the subject of
10 collective bargaining, would be consistent with 49 U.S.C.
11 5333(b) if and only if those amendments were agreed to between
12 these authorized representatives prior to enactment.

13 (i) Early retirement incentive plan; funded ratio.

14 (1) Beginning on the effective date of this Section, no
15 early retirement incentive shall be offered to
16 participants of the Plan unless the Funded Ratio of the
17 Plan is at least 80% or more.

18 (2) For the purposes of this Section, the Funded Ratio
19 shall be the Adjusted Assets divided by the Actuarial
20 Accrued Liability developed in accordance with Statement
21 #25 promulgated by the Government Accounting Standards
22 Board and the actuarial assumptions described in the Plan.
23 The Adjusted Assets shall be calculated based on the
24 methodology described in the Plan.

25 (j) Nothing in this amendatory Act of the 95th General
26 Assembly shall impair the rights or privileges of Authority

1 employees under any other law.

2 (Source: P.A. 94-839, eff. 6-6-06; 95-708, eff. 1-18-08.)

3 (40 ILCS 5/22-103)

4 Sec. 22-103. Regional Transportation Authority and related
5 pension plans.

6 (a) As used in this Section:

7 "Affected pension plan" means a defined-benefit pension
8 plan supported in whole or in part by employer contributions
9 and maintained by the Regional Transportation Authority, the
10 Suburban Bus Division, or the Commuter Rail Division, or any
11 combination thereof, under the general authority of the
12 Regional Transportation Authority Act, including but not
13 limited to any such plan that has been established under or is
14 subject to a collective bargaining agreement or is limited to
15 employees covered by a collective bargaining agreement.
16 "Affected pension plan" does not include any pension fund or
17 retirement system subject to Section 22-101 of this Section.

18 "Authority" means the Regional Transportation Authority
19 created under the Regional Transportation Authority Act.

20 "Contributing employer" means an employer that is required
21 to make contributions to an affected pension plan under the
22 terms of that plan.

23 "Funding ratio" means the ratio of an affected pension
24 plan's assets to the present value of its actuarial
25 liabilities, as determined at its latest actuarial valuation in

1 accordance with applicable actuarial assumptions and
2 recommendations.

3 "Under-funded pension plan" or "under-funded" means an
4 affected pension plan that, at the time of its last actuarial
5 valuation, has a funding ratio of less than 90%.

6 (b) The contributing employers of each affected pension
7 plan have a general duty to make the required employer
8 contributions to the affected pension plan in a timely manner
9 in accordance with the terms of the plan. A contributing
10 employer must make contributions to the affected pension plan
11 as required under this subsection and, if applicable,
12 subsection (c); a contributing employer may make any additional
13 contributions provided for by the board of the employer or
14 collective bargaining agreement.

15 (c) In the case of an affected pension plan that is
16 under-funded on January 1, 2009 or becomes under-funded at any
17 time after that date, the contributing employers shall
18 contribute to the affected pension plan, in addition to all
19 amounts otherwise required, amounts sufficient to bring the
20 funding ratio of the affected pension plan up to 90% in
21 accordance with an amortization schedule adopted jointly by the
22 contributing employers and the trustee of the affected pension
23 plan. The amortization schedule may extend for any period up to
24 a maximum of 50 years and shall provide for additional employer
25 contributions in substantially equal annual amounts over the
26 selected period. If the contributing employers and the trustee

1 of the affected pension plan do not agree on an appropriate
2 period for the amortization schedule within 6 months of the
3 date of determination that the plan is under-funded, then the
4 amortization schedule shall be based on a period of 50 years.

5 In the case of an affected pension plan that has more than
6 one contributing employer, each contributing employer's share
7 of the total additional employer contributions required under
8 this subsection shall be determined: (i) in proportion to the
9 amounts, if any, by which the respective contributing employers
10 have failed to meet their contribution obligations under the
11 terms of the affected pension plan; or (ii) if all of the
12 contributing employers have met their contribution obligations
13 under the terms of the affected pension plan, then in the same
14 proportion as they are required to contribute under the terms
15 of that plan. In the case of an affected pension plan that has
16 only one contributing employer, that contributing employer is
17 responsible for all of the additional employer contributions
18 required under this subsection.

19 If an under-funded pension plan is determined to have
20 achieved a funding ratio of at least 90% during the period when
21 an amortization schedule is in force under this Section, the
22 contributing employers and the trustee of the affected pension
23 plan, acting jointly, may cancel the amortization schedule and
24 the contributing employers may cease making additional
25 contributions under this subsection for as long as the affected
26 pension plan retains a funding ratio of at least 90%.

1 (d) Beginning January 1, 2009, if the Authority fails to
2 pay to an affected pension fund within 30 days after it is due
3 (i) any employer contribution that it is required to make as a
4 contributing employer, (ii) any additional employer
5 contribution that it is required to pay under subsection (c),
6 or (iii) any payment that it is required to make under Section
7 4.02a or 4.02b of the Regional Transportation Authority Act,
8 the trustee of the affected pension fund shall promptly so
9 notify the Commission on Government Forecasting and
10 Accountability, the Mayor of Chicago, the Governor, and the
11 General Assembly.

12 (e) For purposes of determining employer contributions,
13 assets, and actuarial liabilities under this subsection,
14 contributions, assets, and liabilities relating to health care
15 benefits shall not be included.

16 (f) This amendatory Act of the 94th General Assembly does
17 not affect or impair the right of any contributing employer or
18 its employees to collectively bargain the amount or level of
19 employee contributions to an affected pension plan, to the
20 extent that the plan includes employees subject to collective
21 bargaining.

22 (g) Notwithstanding any other provision of this Article or
23 any law to the contrary, a person who, on or after the
24 effective date of this amendatory Act of the 97th General
25 Assembly, first becomes a director on the Suburban Bus Board,
26 the Commuter Rail Board, or the Board of Directors of the

1 Regional Transportation Authority shall not be eligible to
2 participate in an affected pension plan.

3 (Source: P.A. 94-839, eff. 6-6-06.)

4 Section 10. The Illinois Municipal Code is amended by
5 adding Section 3.1-50-30 as follows:

6 (65 ILCS 5/3.1-50-30 new)

7 Sec. 3.1-50-30. Increases in salary; pension impact
8 statement. Before increasing the salary of a municipal officer,
9 executive, or manager:

10 (1) the authorities of the respective municipality who
11 are authorizing the increase must contact the Illinois
12 Municipal Retirement Fund as to the effect of that increase
13 in salary on the pension benefits of that participant;

14 (2) the Illinois Municipal Retirement Fund must
15 respond with a written "Pension Impact Statement" stating
16 the effect of that increase in salary on the pension
17 benefits of that participant, and any other relevant effect
18 of the increase, including payment of the present value of
19 the increase in benefits resulting from the portion of any
20 increase in salary that is in excess of 6% as provided
21 under subsection (k) of Section 7-172, if applicable; and

22 (3) the authorities authorizing this increase must
23 sign the Pension Impact Statement, acknowledging receipt
24 and understanding of the effects of the increase.

1 Section 15. The State Mandates Act is amended by adding
2 Section 8.35 as follows:

3 (30 ILCS 805/8.35 new)

4 Sec. 8.35. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 97th General Assembly."