



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 1-160, 7-116, 7-172, 7-205, 14-103.05,
6 22-101, and 22-103 and by adding Sections 1-161 and 7-225 as
7 follows:

8 (40 ILCS 5/1-160)

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

10 (a) The provisions of this Section apply to a person who,
11 on or after January 1, 2011, first becomes a member or a
12 participant under any reciprocal retirement system or pension
13 fund established under this Code, other than a retirement
14 system or pension fund established under Article 2, 3, 4, 5, 6,
15 or 18 of this Code, notwithstanding any other provision of this
16 Code to the contrary, but do not apply to any self-managed plan

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

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. For the
13 purposes of a person who first becomes a member or participant
14 of any retirement system or pension fund to which this Section
15 applies on or after January 1, 2011, in this Code, "final
16 average salary" shall be substituted for the following:

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

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

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

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

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

26 (6) In Section 22-207, "wages or salary received by him

1 at the date of retirement or discharge".

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

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

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

26 A member or participant who has attained age 62 and has at

1 least 10 years of service credit and is otherwise eligible
2 under the requirements of the applicable Article may elect to
3 receive the lower retirement annuity provided in subsection (d)
4 of this Section.

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

9 (e) Any retirement annuity or supplemental annuity shall be
10 subject to annual increases on the January 1 occurring either
11 on or after the attainment of age 67 or the first anniversary
12 of the annuity start date, whichever is later. Each annual
13 increase shall be calculated at 3% or one-half the annual
14 unadjusted percentage increase (but not less than zero) in the
15 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 retirement 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 (f) The initial survivor's or widow's annuity of an
23 otherwise eligible survivor or widow of a retired member or
24 participant who first became a member or participant on or
25 after January 1, 2011 shall be in the amount of 66 2/3% of the
26 retired member's or participant's retirement annuity at the

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

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

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

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

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

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

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

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

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

1 (40 ILCS 5/1-161 new)

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

3 (a) The provisions of this Section apply to a person who,
4 on or after the effective date of this amendatory Act of the
5 97th General Assembly, first becomes a member or a participant
6 under any retirement system or pension fund established under
7 this Code.

8 (b) Pensionable earnings shall be limited to the base
9 salary or other base compensation paid to the member or
10 participant for employment by the employer, and shall not
11 include, without limitation: overtime; commissions; bonuses;
12 payment of any type in anticipation of retirement; termination
13 or severance pay; lump sum payments for sick, compensatory,
14 vacation time, or other benefits; indirect or in-kind payments
15 for items such as housing, vehicles, lodging, travel, or
16 clothing allowances; or any other type of payment that is a
17 divergence from the normal progression patterns on which an
18 individual's benefits should be based. For the purposes of a
19 person who first becomes a member or participant of any
20 retirement system or pension fund to which this Section applies
21 on or after the effective date of this amendatory Act of the
22 97th General Assembly, in this Code, "pensionable earnings"
23 shall be substituted for the following:

24 (1) In Articles 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 16,
25 17, and 18, "salary".

- 1 (2) In Article 7, "earnings".
2 (3) In Article 14, "compensation".
3 (4) In Article 15, "basic compensation".

4 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)
5 Sec. 7-116. "Final rate of earnings":

6 (a) For retirement and survivor annuities, the monthly
7 earnings obtained by dividing the total earnings received by
8 the employee during the period of either (1) the 48 consecutive
9 months of service within the last 120 months of service in
10 which his total earnings were the highest or (2) the employee's
11 total period of service, by the number of months of service in
12 such period.

13 (b) For death benefits, the higher of the rate determined
14 under paragraph (a) of this Section or total earnings received
15 in the last 12 months of service divided by twelve. If the
16 deceased employee has less than 12 months of service, the
17 monthly final rate shall be the monthly rate of pay the
18 employee was receiving when he began service.

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

22 (d) In computing the final rate of earnings: (1) the
23 earnings rate for all periods of prior service shall be
24 considered equal to the average earnings rate for the last 3
25 calendar years of prior service for which creditable service is

1 received under Section 7-139 or, if there is less than 3 years
2 of creditable prior service, the average for the total prior
3 service period for which creditable service is received under
4 Section 7-139; (2) for out of state service and authorized
5 leave, the earnings rate shall be the rate upon which service
6 credits are granted; (3) periods of military leave shall not be
7 considered; (4) the earnings rate for all periods of disability
8 shall be considered equal to the rate of earnings upon which
9 the employee's disability benefits are computed for such
10 periods; (5) the earnings to be considered for each of the
11 final three months of the final earnings period for persons who
12 first become participants on or after the effective date of
13 this amendatory Act of the 97th General Assembly and the
14 earnings to be considered for each of the final 24 months for
15 participants who first become participants on or after the
16 effective date of the this amendatory Act of the 97th General
17 Assembly shall not exceed 125% of the highest earnings of any
18 other month in the final earnings period; and (6) the annual
19 amount of final rate of earnings shall be the monthly amount
20 multiplied by the number of months of service normally required
21 by the position in a year.

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

23 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

24 Sec. 7-172. Contributions by participating municipalities
25 and participating instrumentalities.

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

3 1. municipality contributions in an amount determined
4 by applying the municipality contribution rate to each
5 payment of earnings paid to each of its participating
6 employees;

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

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

13 4. if it has no participating employees with current
14 earnings, an amount payable which, over a closed period of
15 20 years for participating municipalities and 10 years for
16 participating instrumentalities, will amortize, at the
17 effective rate for that year, any unfunded obligation. The
18 unfunded obligation shall be computed as provided in
19 paragraph 2 of subsection (b);

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

1 (b) A separate municipality contribution rate shall be
2 determined for each calendar year for all participating
3 municipalities together with all instrumentalities thereof.
4 The municipality contribution rate shall be determined for
5 participating instrumentalities as if they were participating
6 municipalities. The municipality contribution rate shall be
7 the sum of the following percentages:

8 1. The percentage of earnings of all the participating
9 employees of all participating municipalities and
10 participating instrumentalities which, if paid over the
11 entire period of their service, will be sufficient when
12 combined with all employee contributions available for the
13 payment of benefits, to provide all annuities for
14 participating employees, and the \$3,000 death benefit
15 payable under Sections 7-158 and 7-164, such percentage to
16 be known as the normal cost rate.

17 2. The percentage of earnings of the participating
18 employees of each participating municipality and
19 participating instrumentalities necessary to adjust for
20 the difference between the present value of all benefits,
21 excluding temporary and total and permanent disability and
22 death benefits, to be provided for its participating
23 employees and the sum of its accumulated municipality
24 contributions and the accumulated employee contributions
25 and the present value of expected future employee and
26 municipality contributions pursuant to subparagraph 1 of

1 this paragraph (b). This adjustment shall be spread over
2 the remainder of the period that is allowable under
3 generally accepted accounting principles.

4 3. The percentage of earnings of the participating
5 employees of all municipalities and participating
6 instrumentalities necessary to provide the present value
7 of all temporary and total and permanent disability
8 benefits granted during the most recent year for which
9 information is available.

10 4. The percentage of earnings of the participating
11 employees of all participating municipalities and
12 participating instrumentalities necessary to provide the
13 present value of the net single sum death benefits expected
14 to become payable from the reserve established under
15 Section 7-206 during the year for which this rate is fixed.

16 5. The percentage of earnings necessary to meet any
17 deficiency arising in the Terminated Municipality Reserve.

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

21 A separate municipality contribution rate shall be
22 computed for the sheriff's law enforcement employees of each
23 forest preserve district that elects to have such employees.
24 For the period from January 1, 1986 to December 31, 1986, such
25 rate shall be the forest preserve district's regular rate plus
26 2%.

1 In the event that the Board determines that there is an
2 actuarial deficiency in the account of any municipality with
3 respect to a person who has elected to participate in the Fund
4 under Section 3-109.1 of this Code, the Board may adjust the
5 municipality's contribution rate so as to make up that
6 deficiency over such reasonable period of time as the Board may
7 determine.

8 (d) The Board may establish a separate municipality
9 contribution rate for all employees who are program
10 participants employed under the federal Comprehensive
11 Employment Training Act by all of the participating
12 municipalities and instrumentalities. The Board may also
13 provide that, in lieu of a separate municipality rate for these
14 employees, a portion of the municipality contributions for such
15 program participants shall be refunded or an extra charge
16 assessed so that the amount of municipality contributions
17 retained or received by the fund for all CETA program
18 participants shall be an amount equal to that which would be
19 provided by the separate municipality contribution rate for all
20 such program participants. Refunds shall be made to prime
21 sponsors of programs upon submission of a claim therefor and
22 extra charges shall be assessed to participating
23 municipalities and instrumentalities. In establishing the
24 municipality contribution rate as provided in paragraph (b) of
25 this Section, the use of a separate municipality contribution
26 rate for program participants or the refund of a portion of the

1 municipality contributions, as the case may be, may be
2 considered.

3 (e) Computations of municipality contribution rates for
4 the following calendar year shall be made prior to the
5 beginning of each year, from the information available at the
6 time the computations are made, and on the assumption that the
7 employees in each participating municipality or participating
8 instrumentality at such time will continue in service until the
9 end of such calendar year at their respective rates of earnings
10 at such time.

11 (f) Any municipality which is the recipient of State
12 allocations representing that municipality's contributions for
13 retirement annuity purposes on behalf of its employees as
14 provided in Section 12-21.16 of the Illinois Public Aid Code
15 shall pay the allocations so received to the Board for such
16 purpose. Estimates of State allocations to be received during
17 any taxable year shall be considered in the determination of
18 the municipality's tax rate for that year under Section 7-171.
19 If a special tax is levied under Section 7-171, none of the
20 proceeds may be used to reimburse the municipality for the
21 amount of State allocations received and paid to the Board. Any
22 multiple-county or consolidated health department which
23 receives contributions from a county under Section 11.2 of "An
24 Act in relation to establishment and maintenance of county and
25 multiple-county health departments", approved July 9, 1943, as
26 amended, or distributions under Section 3 of the Department of

1 Public Health Act, shall use these only for municipality
2 contributions by the health department.

3 (g) Municipality contributions for the several purposes
4 specified shall, for township treasurers and employees in the
5 offices of the township treasurers who meet the qualifying
6 conditions for coverage hereunder, be allocated among the
7 several school districts and parts of school districts serviced
8 by such treasurers and employees in the proportion which the
9 amount of school funds of each district or part of a district
10 handled by the treasurer bears to the total amount of all
11 school funds handled by the treasurer.

12 From the funds subject to allocation among districts and
13 parts of districts pursuant to the School Code, the trustees
14 shall withhold the proportionate share of the liability for
15 municipality contributions imposed upon such districts by this
16 Section, in respect to such township treasurers and employees
17 and remit the same to the Board.

18 The municipality contribution rate for an educational
19 service center shall initially be the same rate for each year
20 as the regional office of education or school district which
21 serves as its administrative agent. When actuarial data become
22 available, a separate rate shall be established as provided in
23 subparagraph (i) of this Section.

24 The municipality contribution rate for a public agency,
25 other than a vocational education cooperative, formed under the
26 Intergovernmental Cooperation Act shall initially be the

1 average rate for the municipalities which are parties to the
2 intergovernmental agreement. When actuarial data become
3 available, a separate rate shall be established as provided in
4 subparagraph (i) of this Section.

5 (h) Each participating municipality and participating
6 instrumentality shall make the contributions in the amounts
7 provided in this Section in the manner prescribed from time to
8 time by the Board and all such contributions shall be
9 obligations of the respective participating municipalities and
10 participating instrumentalities to this fund. The failure to
11 deduct any employee contributions shall not relieve the
12 participating municipality or participating instrumentality of
13 its obligation to this fund. Delinquent payments of
14 contributions due under this Section may, with interest, be
15 recovered by civil action against the participating
16 municipalities or participating instrumentalities.
17 Municipality contributions, other than the amount necessary
18 for employee contributions and Social Security contributions,
19 for periods of service by employees from whose earnings no
20 deductions were made for employee contributions to the fund,
21 may be charged to the municipality reserve for the municipality
22 or participating instrumentality.

23 (i) Contributions by participating instrumentalities shall
24 be determined as provided herein except that the percentage
25 derived under subparagraph 2 of paragraph (b) of this Section,
26 and the amount payable under subparagraph 4 of paragraph (a) of

1 this Section, shall be based on an amortization period of 10
2 years.

3 (j) Notwithstanding the other provisions of this Section,
4 the additional unfunded liability accruing as a result of this
5 amendatory Act of the 94th General Assembly shall be amortized
6 over a period of 30 years beginning on January 1 of the second
7 calendar year following the calendar year in which this
8 amendatory Act takes effect, except that the employer may
9 provide for a longer amortization period by adopting a
10 resolution or ordinance specifying a 35-year or 40-year period
11 and submitting a certified copy of the ordinance or resolution
12 to the fund no later than June 1 of the calendar year following
13 the calendar year in which this amendatory Act takes effect.

14 (k) If the amount of a participating employee's reported
15 earnings for any of the 12-month periods used to determine the
16 final rate of earnings exceeds the employee's 12 month reported
17 earnings with the same employer for the previous year by the
18 greater of 6% or 1.5 times the annual increase in the consumer
19 price index-u, as established by the United States Department
20 of Labor for the preceding September, the participating
21 municipality or participating instrumentality that paid those
22 earnings shall pay to the Fund, in addition to any other
23 contributions required under this Article, the present value of
24 the increase in the pension resulting from the portion of the
25 increase in salary that is in excess of the greater of 6% or
26 1.5 times the annual increase in the Consumer Price Index-U, as

1 determined by the Fund. This present value shall be computed on
2 the basis of the actuarial assumptions and tables used in the
3 most recent actuarial valuation of the Fund that is available
4 at the time of the computation.

5 Whenever it determines that a payment is or may be required
6 under this subsection (k), the fund shall calculate the amount
7 of the payment and bill the participating municipality or
8 participating instrumentality for that amount. The bill shall
9 specify the calculations used to determine the amount due. If
10 the participating municipality or participating
11 instrumentality disputes the amount of the bill, it may, within
12 30 days after receipt of the bill, apply to the fund in writing
13 for a recalculation. The application must specify in detail the
14 grounds of the dispute. Upon receiving a timely application for
15 recalculation, the fund shall review the application and, if
16 appropriate, recalculate the amount due. The participating
17 municipality and participating instrumentality contributions
18 required under this subsection (k) may be paid in the form of a
19 lump sum within 90 days after receipt of the bill. If the
20 participating municipality and participating instrumentality
21 contributions are not paid within 90 days after receipt of the
22 bill, then interest will be charged at a rate equal to the
23 fund's annual actuarially assumed rate of return on investment
24 compounded annually from the 91st day after receipt of the
25 bill. Payments must be concluded within 3 years after receipt
26 of the bill by the participating municipality or participating

1 instrumentality.

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

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

9

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

12 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

13 Sec. 7-205. Reserves for annuities. Appropriate reserves
14 shall be created for payment of all annuities granted under
15 this Article at the time such annuities are granted and in
16 amounts determined to be necessary under actuarial tables
17 adopted by the Board upon recommendation of the actuary of the
18 fund. All annuities payable shall be charged to the annuity
19 reserve.

20 1. Amounts credited to annuity reserves shall be derived by
21 transfer of all the employee credits from the appropriate
22 employee reserves and by charges to the municipality reserve of
23 those municipalities in which the retiring employee has
24 accumulated service. If a retiring employee has accumulated
25 service in more than one participating municipality or

1 participating instrumentality, the aggregate municipality
2 charges for non-concurrent service shall be calculated as
3 follows:

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

9 (B) the difference between the municipality charges
10 for the actual annuity granted and the aggregation of the
11 municipality charges based upon the ratio of each from
12 those calculations to the aggregated total from paragraph
13 (A) of this item 1.

14 Aggregate municipality charges for concurrent service
15 shall be prorated based on the employee's earnings. The
16 municipality charges for retirement annuities calculated under
17 subparagraph a of subparagraph 1 of subsection (a) of Section
18 7-142 shall be prorated based on actual contributions ~~prorated~~
19 ~~on a basis of the employee's earnings in case of concurrent~~
20 ~~service and creditable service in other cases.~~

21 2. Supplemental annuities shall be handled as a separate
22 annuity and amounts to be credited to the annuity reserve
23 therefor shall be derived in the same manner as a regular
24 annuity.

25 3. When a retirement annuity is granted to an employee with
26 a spouse eligible for a surviving spouse annuity, there shall

1 be credited to the annuity reserve an amount to fund the cost
2 of both the retirement and surviving spouse annuity as a joint
3 and survivors annuity.

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

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

14 6. There shall be credited to the annuity reserve all of
15 the payments made by annuitants under Section 7-144.2, plus an
16 additional amount from the earnings and experience variation
17 reserve to fund the cost of the incremental annuities granted
18 to annuitants making these payments.

19 7. As of December 31, 1972, the excess in the annuity
20 reserve shall be transferred to the municipality reserves. An
21 amount equal to the deficiency in the reserve of participating
22 municipalities and participating instrumentalities which have
23 no participating employees shall be allocated to their
24 reserves. The remainder shall be allocated in amounts
25 proportionate to the present value, as of January 1, 1972, of
26 annuities of annuitants of the remaining participating

1 municipalities and participating instrumentalities.

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

3 (40 ILCS 5/7-225 new)

4 Sec. 7-225. Increases in salary; pension impact statement.
5 Before increasing the salary of a municipal officer, executive,
6 or manager by 12% or more:

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

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

19 (3) the authorities authorizing this increase must
20 sign the pension impact statement, acknowledging receipt
21 and understanding of the effects of the increase; and

22 (4) the municipality must pay the costs associated with
23 the pension impact statement.

24 The provisions of this Section do not apply to increases
25 attributable to standard employment promotions resulting in

1 increased responsibility and workloads.

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

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

12 A person entering service on or after January 1, 1972 and
13 prior to January 1, 1984 shall become a member as a condition
14 of employment and shall begin making contributions as of the
15 first day of employment.

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

22 A person employed by the Chicago Metropolitan Agency for
23 Planning on the effective date of this amendatory Act of the
24 95th General Assembly who was a member of this System as an
25 employee of the Chicago Area Transportation Study and makes an

1 election under Section 14-104.13 to participate in this System
2 for his or her employment with the Chicago Metropolitan Agency
3 for Planning.

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

15 (a-5) A person entering service on or after December 1,
16 2010 shall become a member as a condition of employment and
17 shall begin making contributions as of the first day of
18 employment. A person serving in the qualifying period on
19 December 1, 2010 will become a member on December 1, 2010 and
20 shall begin making contributions as of December 1, 2010.

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

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

25 (2) incumbents of offices normally filled by vote of
26 the people;

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

5 (3.1) any person serving as a commissioner of an ethics
6 commission created under the State Officials and Employees
7 Ethics Act unless that person elects to participate in this
8 system with respect to that service as a commissioner;

9 (3.2) any person serving as a part-time employee in any
10 of the following positions: Legislative Inspector General,
11 Special Legislative Inspector General, employee of the
12 Office of the Legislative Inspector General, Executive
13 Director of the Legislative Ethics Commission, or staff of
14 the Legislative Ethics Commission, regardless of whether
15 he or she is in active service on or after July 8, 2004
16 (the effective date of Public Act 93-685), unless that
17 person elects to participate in this System with respect to
18 that service; in this item (3.2), a "part-time employee" is
19 a person who is not required to work at least 35 hours per
20 week;

21 (3.3) any person who has made an election under Section
22 1-123 and who is serving either as legal counsel in the
23 Office of the Governor or as Chief Deputy Attorney General;

24 (4) except as provided in Section 14-108.2 or
25 14-108.2c, any person who is covered or eligible to be
26 covered by the Teachers' Retirement System of the State of

1 Illinois, the State Universities Retirement System, or the
2 Judges Retirement System of Illinois;

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

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

10 (7) enrollees of the Illinois Young Adult Conservation
11 Corps program, administered by the Department of Natural
12 Resources, authorized grantee pursuant to Title VIII of the
13 "Comprehensive Employment and Training Act of 1973", 29 USC
14 993, as now or hereafter amended;

15 (8) enrollees and temporary staff of programs
16 administered by the Department of Natural Resources under
17 the Youth Conservation Corps Act of 1970;

18 (9) any person who is a member of any professional
19 licensing or disciplinary board created under an Act
20 administered by the Department of Professional Regulation
21 or a successor agency or created or re-created after the
22 effective date of this amendatory Act of 1997, and who
23 receives per diem compensation rather than a salary,
24 notwithstanding that such per diem compensation is paid by
25 warrant issued pursuant to a payroll voucher; such persons
26 have never been included in the membership of this System,

1 and this amendatory Act of 1987 (P.A. 84-1472) is not
2 intended to effect any change in the status of such
3 persons;

4 (10) any person who is a member of the Illinois Health
5 Care Cost Containment Council, and receives per diem
6 compensation rather than a salary, notwithstanding that
7 such per diem compensation is paid by warrant issued
8 pursuant to a payroll voucher; such persons have never been
9 included in the membership of this System, and this
10 amendatory Act of 1987 is not intended to effect any change
11 in the status of such persons;

12 (11) any person who is a member of the Oil and Gas
13 Board created by Section 1.2 of the Illinois Oil and Gas
14 Act, and receives per diem compensation rather than a
15 salary, notwithstanding that such per diem compensation is
16 paid by warrant issued pursuant to a payroll voucher; ~~or~~

17 (12) a person employed by the State Board of Higher
18 Education in a position with the Illinois Century Network
19 as of June 30, 2004, who remains continuously employed
20 after that date by the Department of Central Management
21 Services in a position with the Illinois Century Network
22 and participates in the Article 15 system with respect to
23 that employment; ~~or~~

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

1 (14) any person, other than the Director of Employment
2 Security, who first becomes a member of the Board of Review
3 of the Department of Employment Security on or after the
4 effective date of this amendatory Act of the 97th General
5 Assembly;

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

9 (16) any person who first becomes a member of the
10 Illinois Liquor Control Commission on or after the
11 effective date of this amendatory Act of the 97th General
12 Assembly;

13 (17) any person who first becomes a member of the
14 Secretary of State Merit Commission on or after the
15 effective date of this amendatory Act of the 97th General
16 Assembly;

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

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

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

26 (21) any person who first becomes a member of the

1 Illinois Racing Board on or after the effective date of
2 this amendatory Act of the 97th General Assembly;

3 (22) any person who first becomes a member of the
4 Department of State Police Merit Board on or after the
5 effective date of this amendatory Act of the 97th General
6 Assembly;

7 (23) any person who first becomes a member of the
8 Illinois State Toll Highway Authority on or after the
9 effective date of this amendatory Act of the 97th General
10 Assembly; or

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

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

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

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

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

17 (40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

18 Sec. 22-101. Retirement Plan for Chicago Transit Authority
19 Employees.

20 (a) There shall be established and maintained by the
21 Authority created by the "Metropolitan Transit Authority Act",
22 approved April 12, 1945, as amended, (referred to in this
23 Section as the "Authority") a financially sound pension and
24 retirement system adequate to provide for all payments when due
25 under such established system or as modified from time to time

1 by ordinance of the Chicago Transit Board or collective
2 bargaining agreement. For this purpose, the Board must make
3 contributions to the established system as required under this
4 Section and may make any additional contributions provided for
5 by Board ordinance or collective bargaining agreement. The
6 participating employees shall make such periodic payments to
7 the established system as required under this Section and may
8 make any additional contributions provided for by Board
9 ordinance or collective bargaining agreement.

10 Provisions shall be made by the Board for all officers,
11 except trustees who first become members on after the effective
12 date of this amendatory Act of the 97th General Assembly, and
13 employees of the Authority appointed pursuant to the
14 "Metropolitan Transit Authority Act" to become, subject to
15 reasonable rules and regulations, participants of the pension
16 or retirement system with uniform rights, privileges,
17 obligations and status as to the class in which such officers
18 and employees belong. The terms, conditions and provisions of
19 any pension or retirement system or of any amendment or
20 modification thereof affecting employees who are members of any
21 labor organization may be established, amended or modified by
22 agreement with such labor organization, provided the terms,
23 conditions and provisions must be consistent with this Act, the
24 annual funding levels for the retirement system established by
25 law must be met and the benefits paid to future participants in
26 the system may not exceed the benefit ceilings set for future

1 participants under this Act and the contribution levels
2 required by the Authority and its employees may not be less
3 than the contribution levels established under this Act.

4 (b) The Board of Trustees shall consist of 11 members
5 appointed as follows: (i) 5 trustees shall be appointed by the
6 Chicago Transit Board; (ii) 3 trustees shall be appointed by an
7 organization representing the highest number of Chicago
8 Transit Authority participants; (iii) one trustee shall be
9 appointed by an organization representing the second-highest
10 number of Chicago Transit Authority participants; (iv) one
11 trustee shall be appointed by the recognized coalition
12 representatives of participants who are not represented by an
13 organization with the highest or second-highest number of
14 Chicago Transit Authority participants; and (v) one trustee
15 shall be selected by the Regional Transportation Authority
16 Board of Directors, and the trustee shall be a professional
17 fiduciary who has experience in the area of collectively
18 bargained pension plans. Trustees shall serve until a successor
19 has been appointed and qualified, or until resignation, death,
20 incapacity, or disqualification.

21 Any person appointed as a trustee of the board shall
22 qualify by taking an oath of office that he or she will
23 diligently and honestly administer the affairs of the system
24 and will not knowingly violate or willfully permit the
25 violation of any of the provisions of law applicable to the
26 Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110,

1 1-111, 1-114, and 1-115 of the Illinois Pension Code.

2 Each trustee shall cast individual votes, and a majority
3 vote shall be final and binding upon all interested parties,
4 provided that the Board of Trustees may require a supermajority
5 vote with respect to the investment of the assets of the
6 Retirement Plan, and may set forth that requirement in the
7 Retirement Plan documents, by-laws, or rules of the Board of
8 Trustees. Each trustee shall have the rights, privileges,
9 authority, and obligations as are usual and customary for such
10 fiduciaries.

11 The Board of Trustees may cause amounts on deposit in the
12 Retirement Plan to be invested in those investments that are
13 permitted investments for the investment of moneys held under
14 any one or more of the pension or retirement systems of the
15 State, any unit of local government or school district, or any
16 agency or instrumentality thereof. The Board, by a vote of at
17 least two-thirds of the trustees, may transfer investment
18 management to the Illinois State Board of Investment, which is
19 hereby authorized to manage these investments when so requested
20 by the Board of Trustees.

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

25 (c) All individuals who were previously participants in the
26 Retirement Plan for Chicago Transit Authority Employees shall

1 remain participants, and shall receive the same benefits
2 established by the Retirement Plan for Chicago Transit
3 Authority Employees, except as provided in this amendatory Act
4 or by subsequent legislative enactment or amendment to the
5 Retirement Plan. For Authority employees hired on or after the
6 effective date of this amendatory Act of the 95th General
7 Assembly, the Retirement Plan for Chicago Transit Authority
8 Employees shall be the exclusive retirement plan and such
9 employees shall not be eligible for any supplemental plan,
10 except for a deferred compensation plan funded only by employee
11 contributions.

12 For all Authority employees who are first hired on or after
13 the effective date of this amendatory Act of the 95th General
14 Assembly and are participants in the Retirement Plan for
15 Chicago Transit Authority Employees, the following terms,
16 conditions and provisions with respect to retirement shall be
17 applicable:

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

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

24 (3) For the purpose of determining the retirement
25 allowance to be paid to a retiring employee, the term
26 "Continuous Service" as used in the Retirement Plan for

1 Chicago Transit Authority Employees shall also be deemed to
2 include all pension credit for service with any retirement
3 system established under Article 8 or Article 11 of this
4 Code, provided that the employee forfeits and relinquishes
5 all pension credit under Article 8 or Article 11 of this
6 Code, and the contribution required under this subsection
7 is made by the employee. The Retirement Plan's actuary
8 shall determine the contribution paid by the employee as an
9 amount equal to the normal cost of the benefit accrued, had
10 the service been rendered as an employee, plus interest per
11 annum from the time such service was rendered until the
12 date the payment is made.

13 (d) From the effective date of this amendatory Act through
14 December 31, 2008, all participating employees shall
15 contribute to the Retirement Plan in an amount not less than 6%
16 of compensation, and the Authority shall contribute to the
17 Retirement Plan in an amount not less than 12% of compensation.

18 (e) (1) Beginning January 1, 2009 the Authority shall make
19 contributions to the Retirement Plan in an amount equal to
20 twelve percent (12%) of compensation and participating
21 employees shall make contributions to the Retirement Plan in an
22 amount equal to six percent (6%) of compensation. These
23 contributions may be paid by the Authority and participating
24 employees on a payroll or other periodic basis, but shall in
25 any case be paid to the Retirement Plan at least monthly.

26 (2) For the period ending December 31, 2040, the amount

1 paid by the Authority in any year with respect to debt service
2 on bonds issued for the purposes of funding a contribution to
3 the Retirement Plan under Section 12c of the Metropolitan
4 Transit Authority Act, other than debt service paid with the
5 proceeds of bonds or notes issued by the Authority for any year
6 after calendar year 2008, shall be treated as a credit against
7 the amount of required contribution to the Retirement Plan by
8 the Authority under subsection (e) (1) for the following year up
9 to an amount not to exceed 6% of compensation paid by the
10 Authority in that following year.

11 (3) By September 15 of each year beginning in 2009 and
12 ending on December 31, 2039, on the basis of a report prepared
13 by an enrolled actuary retained by the Plan, the Board of
14 Trustees of the Retirement Plan shall determine the estimated
15 funded ratio of the total assets of the Retirement Plan to its
16 total actuarially determined liabilities. A report containing
17 that determination and the actuarial assumptions on which it is
18 based shall be filed with the Authority, the representatives of
19 its participating employees, the Auditor General of the State
20 of Illinois, and the Regional Transportation Authority. If the
21 funded ratio is projected to decline below 60% in any year
22 before 2040, the Board of Trustees shall also determine the
23 increased contribution required each year as a level percentage
24 of payroll over the years remaining until 2040 using the
25 projected unit credit actuarial cost method so the funded ratio
26 does not decline below 60% and include that determination in

1 its report. If the actual funded ratio declines below 60% in
2 any year prior to 2040, the Board of Trustees shall also
3 determine the increased contribution required each year as a
4 level percentage of payroll during the years after the then
5 current year using the projected unit credit actuarial cost
6 method so the funded ratio is projected to reach at least 60%
7 no later than 10 years after the then current year and include
8 that determination in its report. Within 60 days after
9 receiving the report, the Auditor General shall review the
10 determination and the assumptions on which it is based, and if
11 he finds that the determination and the assumptions on which it
12 is based are unreasonable in the aggregate, he shall issue a
13 new determination of the funded ratio, the assumptions on which
14 it is based and the increased contribution required each year
15 as a level percentage of payroll over the years remaining until
16 2040 using the projected unit credit actuarial cost method so
17 the funded ratio does not decline below 60%, or, in the event
18 of an actual decline below 60%, so the funded ratio is
19 projected to reach 60% by no later than 10 years after the then
20 current year. If the Board of Trustees or the Auditor General
21 determine that an increased contribution is required to meet
22 the funded ratio required by the subsection, effective January
23 1 following the determination or 30 days after such
24 determination, whichever is later, one-third of the increased
25 contribution shall be paid by participating employees and
26 two-thirds by the Authority, in addition to the contributions

1 required by this subsection (1).

2 (4) For the period beginning 2040, the minimum contribution
3 to the Retirement Plan for each fiscal year shall be an amount
4 determined by the Board of Trustees of the Retirement Plan to
5 be sufficient to bring the total assets of the Retirement Plan
6 up to 90% of its total actuarial liabilities by the end of
7 2059. Participating employees shall be responsible for
8 one-third of the required contribution and the Authority shall
9 be responsible for two-thirds of the required contribution. In
10 making these determinations, the Board of Trustees shall
11 calculate the required contribution each year as a level
12 percentage of payroll over the years remaining to and including
13 fiscal year 2059 using the projected unit credit actuarial cost
14 method. A report containing that determination and the
15 actuarial assumptions on which it is based shall be filed by
16 September 15 of each year with the Authority, the
17 representatives of its participating employees, the Auditor
18 General of the State of Illinois and the Regional
19 Transportation Authority. If the funded ratio is projected to
20 fail to reach 90% by December 31, 2059, the Board of Trustees
21 shall also determine the increased contribution required each
22 year as a level percentage of payroll over the years remaining
23 until December 31, 2059 using the projected unit credit
24 actuarial cost method so the funded ratio will meet 90% by
25 December 31, 2059 and include that determination in its report.
26 Within 60 days after receiving the report, the Auditor General

1 shall review the determination and the assumptions on which it
2 is based and if he finds that the determination and the
3 assumptions on which it is based are unreasonable in the
4 aggregate, he shall issue a new determination of the funded
5 ratio, the assumptions on which it is based and the increased
6 contribution required each year as a level percentage of
7 payroll over the years remaining until December 31, 2059 using
8 the projected unit credit actuarial cost method so the funded
9 ratio reaches no less than 90% by December 31, 2059. If the
10 Board of Trustees or the Auditor General determine that an
11 increased contribution is required to meet the funded ratio
12 required by this subsection, effective January 1 following the
13 determination or 30 days after such determination, whichever is
14 later, one-third of the increased contribution shall be paid by
15 participating employees and two-thirds by the Authority, in
16 addition to the contributions required by subsection (e) (1).

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

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

1 (g) The Board of Trustees shall certify to the Governor,
2 the General Assembly, the Auditor General, the Board of the
3 Regional Transportation Authority, and the Authority at least
4 90 days prior to the end of each fiscal year the amount of the
5 required contributions to the retirement system for the next
6 retirement system fiscal year under this Section. The
7 certification shall include a copy of the actuarial
8 recommendations upon which it is based. In addition, copies of
9 the certification shall be sent to the Commission on Government
10 Forecasting and Accountability and the Mayor of Chicago.

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

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

19 (B) One and seventy-five hundredths percent (1.75%) of
20 his "Average Annual Compensation in the highest four (4)
21 completed Plan Years" for each year (including fractions
22 thereof to completed calendar months) of continuous
23 service as provided for in the Retirement Plan for Chicago
24 Transit Authority Employees.

25 Provided, however that:

26 (2) As to an employee who first becomes entitled to a

1 retirement allowance commencing on or after January 1, 1993,
2 the retirement allowance shall be the amount determined in
3 accordance with the following formula:

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

8 (B) One and eighty hundredths percent (1.80%) of his
9 "Average Annual Compensation in the highest four (4)
10 completed Plan Years" for each year (including fractions
11 thereof to completed calendar months) of continuous
12 service as provided for in the Retirement Plan for Chicago
13 Transit Authority Employees.

14 Provided, however that:

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

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

23 (B) One and eighty-five hundredths percent (1.85%) of
24 his "Average Annual Compensation in the highest four (4)
25 completed Plan Years" for each year (including fractions
26 thereof to completed calendar months) of continuous

1 service as provided for in the Retirement Plan for Chicago
2 Transit Authority Employees.

3 Provided, however that:

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

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

12 (B) Two percent (2%) of his "Average Annual
13 Compensation in the highest four (4) completed Plan Years"
14 for each year (including fractions thereof to completed
15 calendar months) of continuous service as provided for in
16 the Retirement Plan for Chicago Transit Authority
17 Employees.

18 Provided, however that:

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

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

1 (B) Two and fifteen hundredths percent (2.15%) of his
2 "Average Annual Compensation in the highest four (4)
3 completed Plan Years" for each year (including fractions
4 thereof to completed calendar months) of continuous
5 service as provided for in the Retirement Plan for Chicago
6 Transit Authority Employees.

7 The changes made by this amendatory Act of the 95th General
8 Assembly, to the extent that they affect the rights or
9 privileges of Authority employees that are currently the
10 subject of collective bargaining, have been agreed to between
11 the authorized representatives of these employees and of the
12 Authority prior to enactment of this amendatory Act, as
13 evidenced by a Memorandum of Understanding between these
14 representatives that will be filed with the Secretary of State
15 Index Department and designated as "95-GA-C05". The General
16 Assembly finds and declares that those changes are consistent
17 with 49 U.S.C. 5333(b) (also known as Section 13(c) of the
18 Federal Transit Act) because of this agreement between
19 authorized representatives of these employees and of the
20 Authority, and that any future amendments to the provisions of
21 this amendatory Act of the 95th General Assembly, to the extent
22 those amendments would affect the rights and privileges of
23 Authority employees that are currently the subject of
24 collective bargaining, would be consistent with 49 U.S.C.
25 5333(b) if and only if those amendments were agreed to between
26 these authorized representatives prior to enactment.

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

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

6 (2) For the purposes of this Section, the Funded Ratio
7 shall be the Adjusted Assets divided by the Actuarial
8 Accrued Liability developed in accordance with Statement
9 #25 promulgated by the Government Accounting Standards
10 Board and the actuarial assumptions described in the Plan.
11 The Adjusted Assets shall be calculated based on the
12 methodology described in the Plan.

13 (j) Nothing in this amendatory Act of the 95th General
14 Assembly shall impair the rights or privileges of Authority
15 employees under any other law.

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

17 (40 ILCS 5/22-103)

18 Sec. 22-103. Regional Transportation Authority and related
19 pension plans.

20 (a) As used in this Section:

21 "Affected pension plan" means a defined-benefit pension
22 plan supported in whole or in part by employer contributions
23 and maintained by the Regional Transportation Authority, the
24 Suburban Bus Division, or the Commuter Rail Division, or any
25 combination thereof, under the general authority of the

1 Regional Transportation Authority Act, including but not
2 limited to any such plan that has been established under or is
3 subject to a collective bargaining agreement or is limited to
4 employees covered by a collective bargaining agreement.

5 "Affected pension plan" does not include any pension fund or
6 retirement system subject to Section 22-101 of this Section.

7 "Authority" means the Regional Transportation Authority
8 created under the Regional Transportation Authority Act.

9 "Contributing employer" means an employer that is required
10 to make contributions to an affected pension plan under the
11 terms of that plan.

12 "Funding ratio" means the ratio of an affected pension
13 plan's assets to the present value of its actuarial
14 liabilities, as determined at its latest actuarial valuation in
15 accordance with applicable actuarial assumptions and
16 recommendations.

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

20 (b) The contributing employers of each affected pension
21 plan have a general duty to make the required employer
22 contributions to the affected pension plan in a timely manner
23 in accordance with the terms of the plan. A contributing
24 employer must make contributions to the affected pension plan
25 as required under this subsection and, if applicable,
26 subsection (c); a contributing employer may make any additional

1 contributions provided for by the board of the employer or
2 collective bargaining agreement.

3 (c) In the case of an affected pension plan that is
4 under-funded on January 1, 2009 or becomes under-funded at any
5 time after that date, the contributing employers shall
6 contribute to the affected pension plan, in addition to all
7 amounts otherwise required, amounts sufficient to bring the
8 funding ratio of the affected pension plan up to 90% in
9 accordance with an amortization schedule adopted jointly by the
10 contributing employers and the trustee of the affected pension
11 plan. The amortization schedule may extend for any period up to
12 a maximum of 50 years and shall provide for additional employer
13 contributions in substantially equal annual amounts over the
14 selected period. If the contributing employers and the trustee
15 of the affected pension plan do not agree on an appropriate
16 period for the amortization schedule within 6 months of the
17 date of determination that the plan is under-funded, then the
18 amortization schedule shall be based on a period of 50 years.

19 In the case of an affected pension plan that has more than
20 one contributing employer, each contributing employer's share
21 of the total additional employer contributions required under
22 this subsection shall be determined: (i) in proportion to the
23 amounts, if any, by which the respective contributing employers
24 have failed to meet their contribution obligations under the
25 terms of the affected pension plan; or (ii) if all of the
26 contributing employers have met their contribution obligations

1 under the terms of the affected pension plan, then in the same
2 proportion as they are required to contribute under the terms
3 of that plan. In the case of an affected pension plan that has
4 only one contributing employer, that contributing employer is
5 responsible for all of the additional employer contributions
6 required under this subsection.

7 If an under-funded pension plan is determined to have
8 achieved a funding ratio of at least 90% during the period when
9 an amortization schedule is in force under this Section, the
10 contributing employers and the trustee of the affected pension
11 plan, acting jointly, may cancel the amortization schedule and
12 the contributing employers may cease making additional
13 contributions under this subsection for as long as the affected
14 pension plan retains a funding ratio of at least 90%.

15 (d) Beginning January 1, 2009, if the Authority fails to
16 pay to an affected pension fund within 30 days after it is due
17 (i) any employer contribution that it is required to make as a
18 contributing employer, (ii) any additional employer
19 contribution that it is required to pay under subsection (c),
20 or (iii) any payment that it is required to make under Section
21 4.02a or 4.02b of the Regional Transportation Authority Act,
22 the trustee of the affected pension fund shall promptly so
23 notify the Commission on Government Forecasting and
24 Accountability, the Mayor of Chicago, the Governor, and the
25 General Assembly.

26 (e) For purposes of determining employer contributions,

1 assets, and actuarial liabilities under this subsection,
2 contributions, assets, and liabilities relating to health care
3 benefits shall not be included.

4 (f) This amendatory Act of the 94th General Assembly does
5 not affect or impair the right of any contributing employer or
6 its employees to collectively bargain the amount or level of
7 employee contributions to an affected pension plan, to the
8 extent that the plan includes employees subject to collective
9 bargaining.

10 (g) Notwithstanding any other provision of this Article or
11 any law to the contrary, a person who, on or after the
12 effective date of this amendatory Act of the 97th General
13 Assembly, first becomes a director on the Suburban Bus Board,
14 the Commuter Rail Board, or the Board of Directors of the
15 Regional Transportation Authority shall not be eligible to
16 participate in an affected pension plan.

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

18 Section 15. The State Mandates Act is amended by adding
19 Section 8.35 as follows:

20 (30 ILCS 805/8.35 new)

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