



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, 7-114, 7-116, 7-172, 7-205,  
6 14-103.05, 22-101, and 22-103 and by adding Sections 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 5/7-114) (from Ch. 108 1/2, par. 7-114)

2 Sec. 7-114. Earnings. "Earnings":

3 (a) An amount to be determined by the board, equal to the  
4 sum of:

5 1. The total amount of money paid to an employee for  
6 personal services or official duties as an employee (except  
7 those employed as independent contractors) paid out of the  
8 general fund, or out of any special funds controlled by the  
9 municipality, or by any instrumentality thereof, or  
10 participating instrumentality, including compensation,  
11 fees, allowances, or other emolument paid for official  
12 duties (but not including automobile maintenance, travel  
13 expense, or reimbursements for expenditures incurred in  
14 the performance of duties) and, for fee offices, the fees  
15 or earnings of the offices to the extent such fees are paid  
16 out of funds controlled by the municipality, or  
17 instrumentality or participating instrumentality; and

18 2. The money value, as determined by rules prescribed  
19 by the governing body of the municipality, or  
20 instrumentality thereof, of any board, lodging, fuel,  
21 laundry, and other allowances provided an employee in lieu  
22 of money.

23 (b) For purposes of determining benefits payable under this  
24 fund payments to a person who is engaged in an independently  
25 established trade, occupation, profession or business and who



1 is paid for his service on a basis other than a monthly or  
2 other regular salary, are not earnings.

3 (c) If a disabled participating employee is eligible to  
4 receive Workers' Compensation for an accidental injury and the  
5 participating municipality or instrumentality which employed  
6 the participating employee when injured continues to pay the  
7 participating employee regular salary or other compensation or  
8 pays the employee an amount in excess of the Workers'  
9 Compensation amount, then earnings shall be deemed to be the  
10 total payments, including an amount equal to the Workers'  
11 Compensation payments. These payments shall be subject to  
12 employee contributions and allocated as if paid to the  
13 participating employee when the regular payroll amounts would  
14 have been paid if the participating employee had continued  
15 working, and creditable service shall be awarded for this  
16 period.

17 (d) If an elected official who is a participating employee  
18 becomes disabled but does not resign and is not removed from  
19 office, then earnings shall include all salary payments made  
20 for the remainder of that term of office and the official shall  
21 be awarded creditable service for the term of office.

22 (e) If a participating employee is paid pursuant to "An Act  
23 to provide for the continuation of compensation for law  
24 enforcement officers, correctional officers and firemen who  
25 suffer disabling injury in the line of duty", approved  
26 September 6, 1973, as amended, the payments shall be deemed

1 earnings, and the participating employee shall be awarded  
2 creditable service for this period.

3 (f) Additional compensation received by a person while  
4 serving as a supervisor of assessments, assessor, deputy  
5 assessor or member of a board of review from the State of  
6 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
7 Code shall not be earnings for purposes of this Article and  
8 shall not be included in the contribution formula or  
9 calculation of benefits for such person pursuant to this  
10 Article.

11 (g) For those persons who first become participating  
12 employees on or after the effective date of this amendatory Act  
13 of the 97th General Assembly, except for those participating  
14 employees who are covered by a collective bargaining agreement,  
15 earnings shall be limited to the base salary or other base  
16 compensation paid to the employee for employment by the  
17 employer, and shall not include, without limitation: overtime;  
18 commissions; bonuses; payment of any type in anticipation of  
19 retirement; termination or severance pay; lump sum payments for  
20 sick, compensatory, vacation time, or other benefits; indirect  
21 or in-kind payments for items such as housing, vehicles,  
22 lodging, travel, or clothing allowances; or any other type of  
23 payment that is a divergence from the normal progression  
24 patterns on which an individual's benefits should be based.

25 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

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

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

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

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

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

19 (d) In computing the final rate of earnings: (1) the  
20 earnings rate for all periods of prior service shall be  
21 considered equal to the average earnings rate for the last 3  
22 calendar years of prior service for which creditable service is  
23 received under Section 7-139 or, if there is less than 3 years  
24 of creditable prior service, the average for the total prior  
25 service period for which creditable service is received under  
26 Section 7-139; (2) for out of state service and authorized

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

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

19 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

20 Sec. 7-172. Contributions by participating municipalities  
21 and participating instrumentalities.

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

24 1. municipality contributions in an amount determined  
25 by applying the municipality contribution rate to each

1 payment of earnings paid to each of its participating  
2 employees;

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

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

9 4. if it has no participating employees with current  
10 earnings, an amount payable which, over a closed period of  
11 20 years for participating municipalities and 10 years for  
12 participating instrumentalities, will amortize, at the  
13 effective rate for that year, any unfunded obligation. The  
14 unfunded obligation shall be computed as provided in  
15 paragraph 2 of subsection (b);

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

23 (b) A separate municipality contribution rate shall be  
24 determined for each calendar year for all participating  
25 municipalities together with all instrumentalities thereof.  
26 The municipality contribution rate shall be determined for

1 participating instrumentalities as if they were participating  
2 municipalities. The municipality contribution rate shall be  
3 the sum of the following percentages:

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

13 2. The percentage of earnings of the participating  
14 employees of each participating municipality and  
15 participating instrumentalities necessary to adjust for  
16 the difference between the present value of all benefits,  
17 excluding temporary and total and permanent disability and  
18 death benefits, to be provided for its participating  
19 employees and the sum of its accumulated municipality  
20 contributions and the accumulated employee contributions  
21 and the present value of expected future employee and  
22 municipality contributions pursuant to subparagraph 1 of  
23 this paragraph (b). This adjustment shall be spread over  
24 the remainder of the period that is allowable under  
25 generally accepted accounting principles.

26 3. The percentage of earnings of the participating

1 employees of all municipalities and participating  
2 instrumentalities necessary to provide the present value  
3 of all temporary and total and permanent disability  
4 benefits granted during the most recent year for which  
5 information is available.

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

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

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

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

23 In the event that the Board determines that there is an  
24 actuarial deficiency in the account of any municipality with  
25 respect to a person who has elected to participate in the Fund  
26 under Section 3-109.1 of this Code, the Board may adjust the

1 municipality's contribution rate so as to make up that  
2 deficiency over such reasonable period of time as the Board may  
3 determine.

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

25 (e) Computations of municipality contribution rates for  
26 the following calendar year shall be made prior to the



1 beginning of each year, from the information available at the  
2 time the computations are made, and on the assumption that the  
3 employees in each participating municipality or participating  
4 instrumentality at such time will continue in service until the  
5 end of such calendar year at their respective rates of earnings  
6 at such time.

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

25 (g) Municipality contributions for the several purposes  
26 specified shall, for township treasurers and employees in the

1 offices of the township treasurers who meet the qualifying  
2 conditions for coverage hereunder, be allocated among the  
3 several school districts and parts of school districts serviced  
4 by such treasurers and employees in the proportion which the  
5 amount of school funds of each district or part of a district  
6 handled by the treasurer bears to the total amount of all  
7 school funds handled by the treasurer.

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

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

20 The municipality contribution rate for a public agency,  
21 other than a vocational education cooperative, formed under the  
22 Intergovernmental Cooperation Act shall initially be the  
23 average rate for the municipalities which are parties to the  
24 intergovernmental agreement. When actuarial data become  
25 available, a separate rate shall be established as provided in  
26 subparagraph (i) of this Section.

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

19           (i) Contributions by participating instrumentalities shall  
20 be determined as provided herein except that the percentage  
21 derived under subparagraph 2 of paragraph (b) of this Section,  
22 and the amount payable under subparagraph 4 of paragraph (a) of  
23 this Section, shall be based on an amortization period of 10  
24 years.

25           (j) Notwithstanding the other provisions of this Section,  
26 the additional unfunded liability accruing as a result of this

1 amendatory Act of the 94th General Assembly shall be amortized  
2 over a period of 30 years beginning on January 1 of the second  
3 calendar year following the calendar year in which this  
4 amendatory Act takes effect, except that the employer may  
5 provide for a longer amortization period by adopting a  
6 resolution or ordinance specifying a 35-year or 40-year period  
7 and submitting a certified copy of the ordinance or resolution  
8 to the fund no later than June 1 of the calendar year following  
9 the calendar year in which this amendatory Act takes effect.

10 (k) Except for persons covered by a collective bargaining  
11 agreement, if the amount of a participating employee's reported  
12 earnings for any of the 12-month periods used to determine the  
13 final rate of earnings exceeds the employee's 12 month reported  
14 earnings with the same employer for the previous year by the  
15 greater of 6% or 1.5 times the annual increase in the consumer  
16 price index-u, as established by the United States Department  
17 of Labor for the preceding September, the participating  
18 municipality or participating instrumentality that paid those  
19 earnings shall pay to the Fund, in addition to any other  
20 contributions required under this Article, the present value of  
21 the increase in the pension resulting from the portion of the  
22 increase in salary that is in excess of the greater of 6% or  
23 1.5 times the annual increase in the Consumer Price Index-U, as  
24 determined by the Fund. This present value shall be computed on  
25 the basis of the actuarial assumptions and tables used in the  
26 most recent actuarial valuation of the Fund that is available

1 at the time of the computation.

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

25 When assessing payment for any amount due under this  
26 subsection (k), the fund shall exclude earnings increases

1 resulting from overload or overtime earnings.

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

6  
7 (Source: P.A. 96-1084, eff. 7-16-10; 96-1140, eff. 7-21-10;  
8 revised 9-16-10.)

9 (40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

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

17 1. Amounts credited to annuity reserves shall be derived by  
18 transfer of all the employee credits from the appropriate  
19 employee reserves and by charges to the municipality reserve of  
20 those municipalities in which the retiring employee has  
21 accumulated service. If a retiring employee has accumulated  
22 service in more than one participating municipality or  
23 participating instrumentality, the aggregate municipality  
24 charges for non-concurrent service shall be calculated as  
25 follows:

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

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

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

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

22          3. When a retirement annuity is granted to an employee with  
23          a spouse eligible for a surviving spouse annuity, there shall  
24          be credited to the annuity reserve an amount to fund the cost  
25          of both the retirement and surviving spouse annuity as a joint  
26          and survivors annuity.

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

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

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

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

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



1 (40 ILCS 5/7-225 new)

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

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

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

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

20 (4) the municipality must pay the costs associated with  
21 the pension impact statement.

22 The provisions of this Section do not apply to increases  
23 attributable to standard employment promotions resulting in  
24 increased responsibility and workloads.

25 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

1           Sec. 14-103.05. Employee.

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

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

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

20           A person employed by the Chicago Metropolitan Agency for  
21 Planning on the effective date of this amendatory Act of the  
22 95th General Assembly who was a member of this System as an  
23 employee of the Chicago Area Transportation Study and makes an  
24 election under Section 14-104.13 to participate in this System  
25 for his or her employment with the Chicago Metropolitan Agency  
26 for Planning.

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

12           (a-5) A person entering service on or after December 1,  
13 2010 shall become a member as a condition of employment and  
14 shall begin making contributions as of the first day of  
15 employment. A person serving in the qualifying period on  
16 December 1, 2010 will become a member on December 1, 2010 and  
17 shall begin making contributions as of December 1, 2010.

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

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

22           (2) incumbents of offices normally filled by vote of  
23 the people;

24           (3) except as otherwise provided in this Section, any  
25 person appointed by the Governor with the advice and  
26 consent of the Senate unless that person elects to

1 participate in this system;

2 (3.1) any person serving as a commissioner of an ethics  
3 commission created under the State Officials and Employees  
4 Ethics Act unless that person elects to participate in this  
5 system with respect to that service as a commissioner;

6 (3.2) any person serving as a part-time employee in any  
7 of the following positions: Legislative Inspector General,  
8 Special Legislative Inspector General, employee of the  
9 Office of the Legislative Inspector General, Executive  
10 Director of the Legislative Ethics Commission, or staff of  
11 the Legislative Ethics Commission, regardless of whether  
12 he or she is in active service on or after July 8, 2004  
13 (the effective date of Public Act 93-685), unless that  
14 person elects to participate in this System with respect to  
15 that service; in this item (3.2), a "part-time employee" is  
16 a person who is not required to work at least 35 hours per  
17 week;

18 (3.3) any person who has made an election under Section  
19 1-123 and who is serving either as legal counsel in the  
20 Office of the Governor or as Chief Deputy Attorney General;

21 (4) except as provided in Section 14-108.2 or  
22 14-108.2c, any person who is covered or eligible to be  
23 covered by the Teachers' Retirement System of the State of  
24 Illinois, the State Universities Retirement System, or the  
25 Judges Retirement System of Illinois;

26 (5) an employee of a municipality or any other

1 political subdivision of the State;

2 (6) any person who becomes an employee after June 30,  
3 1979 as a public service employment program participant  
4 under the Federal Comprehensive Employment and Training  
5 Act and whose wages or fringe benefits are paid in whole or  
6 in part by funds provided under such Act;

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

12 (8) enrollees and temporary staff of programs  
13 administered by the Department of Natural Resources under  
14 the Youth Conservation Corps Act of 1970;

15 (9) any person who is a member of any professional  
16 licensing or disciplinary board created under an Act  
17 administered by the Department of Professional Regulation  
18 or a successor agency or created or re-created after the  
19 effective date of this amendatory Act of 1997, and who  
20 receives per diem compensation rather than a salary,  
21 notwithstanding that such per diem compensation is paid by  
22 warrant issued pursuant to a payroll voucher; such persons  
23 have never been included in the membership of this System,  
24 and this amendatory Act of 1987 (P.A. 84-1472) is not  
25 intended to effect any change in the status of such  
26 persons;

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

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

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

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

24          (14) any person, other than the Director of Employment  
25          Security, who first becomes a member of the Board of Review  
26          of the Department of Employment Security on or after the

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

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

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

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

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

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

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

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

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

1 Department of State Police Merit Board on or after the  
2 effective date of this amendatory Act of the 97th General  
3 Assembly;

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

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

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



1 picked up for tax purposes (if authorized under federal law) by  
2 the labor organization.

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

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

14 (40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

15 Sec. 22-101. Retirement Plan for Chicago Transit Authority  
16 Employees.

17 (a) There shall be established and maintained by the  
18 Authority created by the "Metropolitan Transit Authority Act",  
19 approved April 12, 1945, as amended, (referred to in this  
20 Section as the "Authority") a financially sound pension and  
21 retirement system adequate to provide for all payments when due  
22 under such established system or as modified from time to time  
23 by ordinance of the Chicago Transit Board or collective  
24 bargaining agreement. For this purpose, the Board must make  
25 contributions to the established system as required under this

1 Section and may make any additional contributions provided for  
2 by Board ordinance or collective bargaining agreement. The  
3 participating employees shall make such periodic payments to  
4 the established system as required under this Section and may  
5 make any additional contributions provided for by Board  
6 ordinance or collective bargaining agreement.

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

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

18           Any person appointed as a trustee of the board shall  
19 qualify by taking an oath of office that he or she will  
20 diligently and honestly administer the affairs of the system  
21 and will not knowingly violate or willfully permit the  
22 violation of any of the provisions of law applicable to the  
23 Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110,  
24 1-111, 1-114, and 1-115 of the Illinois Pension Code.

25           Each trustee shall cast individual votes, and a majority  
26 vote shall be final and binding upon all interested parties,

1 provided that the Board of Trustees may require a supermajority  
2 vote with respect to the investment of the assets of the  
3 Retirement Plan, and may set forth that requirement in the  
4 Retirement Plan documents, by-laws, or rules of the Board of  
5 Trustees. Each trustee shall have the rights, privileges,  
6 authority, and obligations as are usual and customary for such  
7 fiduciaries.

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

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

22 (c) All individuals who were previously participants in the  
23 Retirement Plan for Chicago Transit Authority Employees shall  
24 remain participants, and shall receive the same benefits  
25 established by the Retirement Plan for Chicago Transit  
26 Authority Employees, except as provided in this amendatory Act

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

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

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

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

21 (3) For the purpose of determining the retirement  
22 allowance to be paid to a retiring employee, the term  
23 "Continuous Service" as used in the Retirement Plan for  
24 Chicago Transit Authority Employees shall also be deemed to  
25 include all pension credit for service with any retirement  
26 system established under Article 8 or Article 11 of this

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

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

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

23 (2) For the period ending December 31, 2040, the amount  
24 paid by the Authority in any year with respect to debt service  
25 on bonds issued for the purposes of funding a contribution to  
26 the Retirement Plan under Section 12c of the Metropolitan

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

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

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

25 (4) For the period beginning 2040, the minimum contribution  
26 to the Retirement Plan for each fiscal year shall be an amount



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

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

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

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

24 (g) The Board of Trustees shall certify to the Governor,  
25 the General Assembly, the Auditor General, the Board of the  
26 Regional Transportation Authority, and the Authority at least

1 90 days prior to the end of each fiscal year the amount of the  
2 required contributions to the retirement system for the next  
3 retirement system fiscal year under this Section. The  
4 certification shall include a copy of the actuarial  
5 recommendations upon which it is based. In addition, copies of  
6 the certification shall be sent to the Commission on Government  
7 Forecasting and Accountability and the Mayor of Chicago.

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

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

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

22 Provided, however that:

23 (2) As to an employee who first becomes entitled to a  
24 retirement allowance commencing on or after January 1, 1993,  
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 eighty hundredths percent (1.80%) of his  
6           "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          (3) As to an employee who first becomes entitled to a  
13          retirement allowance commencing on or after January 1, 1994,  
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-five hundredths percent (1.85%) of  
21               his "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           (4) As to an employee who first becomes entitled to a  
2 retirement allowance commencing on or after January 1, 2000,  
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) Two percent (2%) of his "Average Annual  
10 Compensation in the highest four (4) completed Plan Years"  
11 for each year (including fractions thereof to completed  
12 calendar months) of continuous service as provided for in  
13 the Retirement Plan for Chicago Transit Authority  
14 Employees.

15 Provided, however that:

16           (5) As to an employee who first becomes entitled to a  
17 retirement allowance commencing on or after January 1, 2001,  
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 and fifteen hundredths percent (2.15%) of his  
25 "Average Annual Compensation in the highest four (4)  
26 completed Plan Years" for each year (including fractions

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

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

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

25           (1) Beginning on the effective date of this Section, no  
26          early retirement incentive shall be offered to

1 participants of the Plan unless the Funded Ratio of the  
2 Plan is at least 80% or more.

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

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

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

14 (40 ILCS 5/22-103)

15 Sec. 22-103. Regional Transportation Authority and related  
16 pension plans.

17 (a) As used in this Section:

18 "Affected pension plan" means a defined-benefit pension  
19 plan supported in whole or in part by employer contributions  
20 and maintained by the Regional Transportation Authority, the  
21 Suburban Bus Division, or the Commuter Rail Division, or any  
22 combination thereof, under the general authority of the  
23 Regional Transportation Authority Act, including but not  
24 limited to any such plan that has been established under or is  
25 subject to a collective bargaining agreement or is limited to

1 employees covered by a collective bargaining agreement.  
2 "Affected pension plan" does not include any pension fund or  
3 retirement system subject to Section 22-101 of this Section.

4 "Authority" means the Regional Transportation Authority  
5 created under the Regional Transportation Authority Act.

6 "Contributing employer" means an employer that is required  
7 to make contributions to an affected pension plan under the  
8 terms of that plan.

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

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

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

26 (c) In the case of an affected pension plan that is



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

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

1 only one contributing employer, that contributing employer is  
2 responsible for all of the additional employer contributions  
3 required under this subsection.

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

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

23 (e) For purposes of determining employer contributions,  
24 assets, and actuarial liabilities under this subsection,  
25 contributions, assets, and liabilities relating to health care  
26 benefits shall not be included.

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

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

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

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

17 (30 ILCS 805/8.35 new)

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