



Sen. John J. Cullerton

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1 AMENDMENT TO HOUSE BILL 3865

2 AMENDMENT NO. _____. Amend House Bill 3865, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Public Labor Relations Act is
6 amended by changing Sections 4 and 15 as follows:

7 (5 ILCS 315/4) (from Ch. 48, par. 1604)

8 Sec. 4. Management Rights. Employers shall not be required
9 to bargain over matters of inherent managerial policy, which
10 shall include such areas of discretion or policy as the
11 functions of the employer, standards of services, its overall
12 budget, the organizational structure and selection of new
13 employees, examination techniques and direction of employees.
14 Employers, however, shall be required to bargain collectively
15 with regard to policy matters directly affecting wages (but
16 subject to any applicable restrictions in Section 16-131.7 of

1 the Illinois Pension Code), hours and terms and conditions of
2 employment as well as the impact thereon upon request by
3 employee representatives, but excluding the changes, the
4 impact of changes, and the implementation of the changes set
5 forth in this amendatory Act of the 97th General Assembly.

6 To preserve the rights of employers and exclusive
7 representatives which have established collective bargaining
8 relationships or negotiated collective bargaining agreements
9 prior to the effective date of this Act, employers shall be
10 required to bargain collectively with regard to any matter
11 concerning wages (but subject to any applicable restrictions in
12 Section 16-131.7 of the Illinois Pension Code), hours or
13 conditions of employment about which they have bargained for
14 and agreed to in a collective bargaining agreement prior to the
15 effective date of this Act, but excluding the changes, the
16 impact of changes, and the implementation of the changes set
17 forth in this amendatory Act of the 97th General Assembly.

18 The chief judge of the judicial circuit that employs a
19 public employee who is a court reporter, as defined in the
20 Court Reporters Act, has the authority to hire, appoint,
21 promote, evaluate, discipline, and discharge court reporters
22 within that judicial circuit.

23 Nothing in this amendatory Act of the 94th General Assembly
24 shall be construed to intrude upon the judicial functions of
25 any court. This amendatory Act of the 94th General Assembly
26 applies only to nonjudicial administrative matters relating to

1 the collective bargaining rights of court reporters.

2 (Source: P.A. 94-98, eff. 7-1-05.)

3 (5 ILCS 315/15) (from Ch. 48, par. 1615)

4 Sec. 15. Act Takes Precedence.

5 (a) In case of any conflict between the provisions of this
6 Act and any other law (other than Section 5 of the State
7 Employees Group Insurance Act of 1971 and other than the
8 changes made to the Illinois Pension Code by Public Act 96-889
9 and the changes, impact of changes, and the implementation of
10 the changes made to the Illinois Pension Code and the State
11 Employees Group Insurance Act of 1971 by this amendatory Act of
12 the 97th ~~96th~~ General Assembly), executive order or
13 administrative regulation relating to wages, hours and
14 conditions of employment and employment relations, the
15 provisions of this Act or any collective bargaining agreement
16 negotiated thereunder shall prevail and control. Nothing in
17 this Act shall be construed to replace or diminish the rights
18 of employees established by Sections 28 and 28a of the
19 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
20 of the Regional Transportation Authority Act. The provisions of
21 this Act are subject to the changes made by this amendatory Act
22 of the 97th General Assembly, including Section 16-131.7 of the
23 Illinois Pension Code, and Section 5 of the State Employees
24 Group Insurance Act of 1971. Nothing in this Act shall be
25 construed to replace the necessity of complaints against a

1 sworn peace officer, as defined in Section 2(a) of the Uniform
2 Peace Officer Disciplinary Act, from having a complaint
3 supported by a sworn affidavit.

4 (b) Except as provided in subsection (a) above, any
5 collective bargaining contract between a public employer and a
6 labor organization executed pursuant to this Act shall
7 supersede any contrary statutes, charters, ordinances, rules
8 or regulations relating to wages, hours and conditions of
9 employment and employment relations adopted by the public
10 employer or its agents. Any collective bargaining agreement
11 entered into prior to the effective date of this Act shall
12 remain in full force during its duration.

13 (c) It is the public policy of this State, pursuant to
14 paragraphs (h) and (i) of Section 6 of Article VII of the
15 Illinois Constitution, that the provisions of this Act are the
16 exclusive exercise by the State of powers and functions which
17 might otherwise be exercised by home rule units. Such powers
18 and functions may not be exercised concurrently, either
19 directly or indirectly, by any unit of local government,
20 including any home rule unit, except as otherwise authorized by
21 this Act.

22 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

23 Section 10. The State Employees Group Insurance Act of 1971
24 is amended by adding Section 6.16 as follows:

1 (5 ILCS 375/6.16 new)

2 Sec. 6.16. Health benefit election for Tier I employees and
3 Tier I retirees.

4 (a) For purposes of this Section:

5 "Eligible Tier I employee" means an individual who makes or
6 is deemed to have made an election under paragraph (1) of
7 subsection (a) of Sections 2-110.3 and 16-131.7 of the Illinois
8 Pension Code.

9 "Eligible Tier I retiree" means an individual who makes or
10 is deemed to have made an election under paragraph (1) of
11 subsection (a-5) of Sections 2-110.3 and 16-131.7 of the
12 Illinois Pension Code.

13 "Program of health benefits" means (i) a health plan, as
14 defined in subsection (o) of Section 3 of this Act, that is
15 designed and contracted for by the Director under this Act or
16 any successor Act or (ii) if administration of that health plan
17 is transferred to a trust established by the State or an
18 independent Board in order to provide health benefits to a
19 class of a persons that includes eligible Tier I retirees, then
20 the plan of health benefits provided through that trust.

21 (b) As adequate and legal consideration for making the
22 election under paragraph (1) of subsection (a) or (a-5) of
23 Sections 2-110.3 and 16-131.7 of the Illinois Pension Code,
24 each eligible Tier I employee and each eligible Tier I retiree
25 shall receive a vested and enforceable contractual right to
26 participate in a program of health benefits while he or she

1 qualifies as an annuitant or retired employee, or as a TRS
2 benefit recipient receiving a retirement annuity. That right
3 also extends to such a person's dependents, survivors, and TRS
4 dependent beneficiaries, who are eligible under the applicable
5 program of health benefits.

6 (c) Notwithstanding subsection (b), eligible Tier I
7 employees and eligible Tier I retirees may be required to make
8 contributions toward the cost of coverage under a program of
9 health benefits.

10 (d) The vested and enforceable contractual right to a
11 program of health benefits is not offered as, and shall not be
12 considered, a pension benefit under Article XIII, Section 5 of
13 the Illinois Constitution, the Illinois Pension Code, or any
14 subsequent or successor enactment providing pension benefits.

15 (e) Notwithstanding any other provision of this Act, a Tier
16 I employee or Tier I retiree who has made an election under
17 paragraph (2) of subsection (a) or (a-5) of Sections 2-110.3
18 and 16-131.7 of the Illinois Pension Code shall not be entitled
19 to participate in the program of health benefits as an
20 annuitant or retired employee, or as a TRS benefit recipient
21 receiving a retirement annuity, regardless of any contrary
22 election pursuant to any of those Sections under any other
23 retirement system.

24 Notwithstanding any other provision of this Act, a Tier I
25 employee who is not entitled to participate in the program of
26 health benefits as an annuitant or retired employee, or as a

1 TRS benefit recipient receiving a retirement annuity, due to an
2 election under paragraph (2) of subsection (a) or (a-5) of
3 Sections 2-110.3 and 16-131.7 of the Illinois Pension Code
4 shall not be required to make contributions toward the program
5 of health benefits while he or she is an employee or active
6 contributor. However, an active employee may be required to
7 make contributions toward health benefits he or she receives
8 during active employment.

9 (f) The Department shall coordinate with each retirement
10 system administering an election in accordance with this
11 amendatory Act of the 97th General Assembly to provide
12 information concerning the impact of the election of health
13 benefits. Each System shall include information prepared by the
14 Department in the required election packet. The Department
15 shall make information available to Tier I employees and Tier I
16 retirees through video materials, group presentations,
17 consultation by telephone or other electronic means, or any
18 combination of these methods.

19 Section 15. The Governor's Office of Management and Budget
20 Act is amended by changing Sections 7 and 8 as follows:

21 (20 ILCS 3005/7) (from Ch. 127, par. 417)

22 Sec. 7. All statements and estimates of expenditures
23 submitted to the Office in connection with the preparation of a
24 State budget, and any other estimates of expenditures,

1 supporting requests for appropriations, shall be formulated
2 according to the various functions and activities for which the
3 respective department, office or institution of the State
4 government (including the elective officers in the executive
5 department and including the University of Illinois and the
6 judicial department) is responsible. All such statements and
7 estimates of expenditures relating to a particular function or
8 activity shall be further formulated or subject to analysis in
9 accordance with the following classification of objects:

- 10 (1) Personal services
- 11 (2) State contribution for employee group insurance
- 12 (3) Contractual services
- 13 (4) Travel
- 14 (5) Commodities
- 15 (6) Equipment
- 16 (7) Permanent improvements
- 17 (8) Land
- 18 (9) Electronic Data Processing
- 19 (10) Telecommunication services
- 20 (11) Operation of Automotive Equipment
- 21 (12) Contingencies
- 22 (13) Reserve
- 23 (14) Interest
- 24 (15) Awards and Grants
- 25 (16) Debt Retirement
- 26 (17) Non-cost Charges-

1 (18) State retirement contribution for annual normal cost

2 (19) State retirement contribution for unfunded accrued
3 liability.

4 (Source: P.A. 93-25, eff. 6-20-03.)

5 (20 ILCS 3005/8) (from Ch. 127, par. 418)

6 Sec. 8. When used in connection with a State budget or
7 expenditure or estimate, items (1) through (16) in the
8 classification of objects stated in Section 7 shall have the
9 meanings ascribed to those items in Sections 14 through 24.7,
10 respectively, of the State Finance Act. ~~"An Act in relation to~~
11 ~~State finance", approved June 10, 1919, as amended.~~

12 When used in connection with a State budget or expenditure
13 or estimate, items (18) and (19) in the classification of
14 objects stated in Section 7 shall have the meanings ascribed to
15 those items in Sections 24.12 and 24.13, respectively, of the
16 State Finance Act.

17 (Source: P.A. 82-325.)

18 Section 20. The Illinois State Auditing Act is amended by
19 adding Section 2-8.1 as follows:

20 (30 ILCS 5/2-8.1 new)

21 Sec. 2-8.1. Actuarial Responsibilities.

22 (a) The Auditor General shall contract with or hire an
23 actuary to serve as the State Actuary. The State Actuary shall

1 be retained by, serve at the pleasure of, and be under the
2 supervision of the Auditor General and shall be paid from
3 appropriations to the office of the Auditor General. The State
4 Actuary may be selected by the Auditor General without engaging
5 in a competitive procurement process.

6 (b) The State Actuary shall:

7 (1) review assumptions and valuations prepared by
8 actuaries retained by the boards of trustees of the
9 State-funded retirement systems;

10 (2) issue preliminary reports to the boards of trustees
11 of the State-funded retirement systems concerning proposed
12 certifications of required State contributions submitted
13 to the State Actuary by those boards;

14 (3) cooperate with the boards of trustees of the
15 State-funded retirement systems to identify recommended
16 changes in actuarial assumptions that the boards must
17 consider before finalizing their certifications of the
18 required State contributions;

19 (4) conduct reviews of the actuarial practices of the
20 boards of trustees of the State-funded retirement systems;

21 (5) make additional reports as directed by joint
22 resolution of the General Assembly; and

23 (6) perform any other duties assigned by the Auditor
24 General, including, but not limited to, reviews of the
25 actuarial practices of other entities.

26 (c) On or before January 1, 2013 and each January 1

1 thereafter, the Auditor General shall submit a written report
2 to the General Assembly and Governor documenting the initial
3 assumptions and valuations prepared by actuaries retained by
4 the boards of trustees of the State-funded retirement systems,
5 any changes recommended by the State Actuary in the actuarial
6 assumptions, and the responses of each board to the State
7 Actuary's recommendations.

8 (d) For the purposes of this Section, "State-funded
9 retirement system" means a retirement system established
10 pursuant to Article 2, 14, 15, 16, or 18 of the Illinois
11 Pension Code.

12 Section 25. The State Finance Act is amended by changing
13 Section 13 and by adding Sections 24.12 and 24.13 as follows:

14 (30 ILCS 105/13) (from Ch. 127, par. 149)

15 Sec. 13. The objects and purposes for which appropriations
16 are made are classified and standardized by items as follows:

17 (1) Personal services;

18 (2) State contribution for employee group insurance;

19 (3) Contractual services;

20 (4) Travel;

21 (5) Commodities;

22 (6) Equipment;

23 (7) Permanent improvements;

24 (8) Land;

- 1 (9) Electronic Data Processing;
- 2 (10) Operation of automotive equipment;
- 3 (11) Telecommunications services;
- 4 (12) Contingencies;
- 5 (13) Reserve;
- 6 (14) Interest;
- 7 (15) Awards and Grants;
- 8 (16) Debt Retirement;
- 9 (17) Non-Cost Charges;
- 10 (18) State retirement contribution for annual normal cost;
- 11 (19) State retirement contribution for unfunded accrued
- 12 liability;
- 13 (20) ~~(18)~~ Purchase Contract for Real Estate.

14 When an appropriation is made to an officer, department,
15 institution, board, commission or other agency, or to a private
16 association or corporation, in one or more of the items above
17 specified, such appropriation shall be construed in accordance
18 with the definitions and limitations specified in this Act,
19 unless the appropriation act otherwise provides.

20 An appropriation for a purpose other than one specified and
21 defined in this Act may be made only as an additional, separate
22 and distinct item, specifically stating the object and purpose
23 thereof.

24 (Source: P.A. 84-263; 84-264.)

25 (30 ILCS 105/24.12 new)

1 Sec. 24.12. "State retirement contribution for annual
2 normal cost" defined. The term "State retirement contribution
3 for annual normal cost" means the portion of the total required
4 State contribution to a retirement system for a fiscal year
5 that represents the State's portion of the System's projected
6 normal cost for that fiscal year, as determined and certified
7 by the board of trustees of the retirement system in
8 conformance with the applicable provisions of the Illinois
9 Pension Code.

10 (30 ILCS 105/24.13 new)

11 Sec. 24.13. "State retirement contribution for unfunded
12 accrued liability" defined. The term "State retirement
13 contribution for unfunded accrued liability" means the portion
14 of the total required State contribution to a retirement system
15 for a fiscal year that is not included in the State retirement
16 contribution for annual normal cost.

17 Section 30. The Illinois Pension Code is amended by
18 changing Sections 1-103.3, 1-160, 2-108, 2-119.1, 2-124,
19 2-134, 7-109, 14-106, 14-135.08, 15-107, 15-113.2, 15-113.6,
20 15-163, 15-165, 16-106, 16-121, 16-127, 16-133.1, 16-136.1,
21 16-152, 16-158, 16-163, 16-165, 16-203, 18-140, 20-121,
22 20-123, 20-124, and 20-125 and by adding Sections 1-161, 1-162,
23 2-105.1, 2-105.2, 2-107.9, 2-110.3, 16-106.4, 16-106.5,
24 16-106.6, 16-121.1, 16-131.7, 16-133.6, and 16-158.2 as

1 follows:

2 (40 ILCS 5/1-103.3)

3 Sec. 1-103.3. Application of 1994 amendment; funding
4 standard.

5 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
6 ~~of 1994~~ that change the method of calculating, certifying, and
7 paying the required State contributions to the retirement
8 systems established under Articles 2, 14, 15, 16, and 18 shall
9 first apply to the State contributions required for State
10 fiscal year 1996.

11 (b) (Blank). ~~The General Assembly declares that a funding~~
12 ~~ratio (the ratio of a retirement system's total assets to its~~
13 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
14 ~~State funded retirement systems in Illinois, and it finds that~~
15 ~~a funding ratio of 90% is now the generally recognized norm~~
16 ~~throughout the nation for public employee retirement systems~~
17 ~~that are considered to be financially secure and funded in an~~
18 ~~appropriate and responsible manner.~~

19 (c) Every 5 years, beginning in 1999, the Commission on
20 Government Forecasting and Accountability, in consultation
21 with the affected retirement systems and the Governor's Office
22 of Management and Budget (formerly Bureau of the Budget), shall
23 consider and determine whether the funding goals ~~90% funding~~
24 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
25 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate

1 funding goals ~~goal~~ for State-funded retirement systems in
2 Illinois, and it shall report its findings and recommendations
3 on this subject to the Governor and the General Assembly.

4 (Source: P.A. 93-1067, eff. 1-15-05.)

5 (40 ILCS 5/1-160)

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

7 (a) The provisions of this Section apply to a person who,
8 on or after January 1, 2011, first becomes a member or a
9 participant under any reciprocal retirement system or pension
10 fund established under this Code, other than a retirement
11 system or pension fund established under Article 2, 3, 4, 5, 6,
12 or 18 of this Code, notwithstanding any other provision of this
13 Code to the contrary, but do not apply (i) to any self-managed
14 plan established under this Code, (ii) to any person with
15 respect to service as a sheriff's law enforcement employee
16 under Article 7, (iii) to any person with respect to service
17 for which the person participates in the cash balance plan
18 established under Section 1-161, or (iv) to any participant of
19 the retirement plan established under Section 22-101.

20 A person subject to this Section with respect to service
21 under the State Universities Retirement System may irrevocably
22 elect to transfer to the cash balance plan under Section 1-161
23 with respect to service under the State Universities Retirement
24 System by filing with the State Universities Retirement System
25 in the manner required by that System, his or her irrevocable

1 written election to transfer to the cash balance plan.
2 Participation in the cash balance plan shall begin no earlier
3 than July 1, 2013.

4 A person subject to this Section with respect to service
5 under the Teachers' Retirement System of the State of Illinois
6 may irrevocably elect to transfer to the cash balance plan
7 under Section 1-161 with respect to service under the Teachers'
8 Retirement System of the State of Illinois by filing with the
9 Teachers' Retirement System of the State of Illinois in the
10 manner required by that System, his or her irrevocable written
11 election to transfer to the cash balance plan. Participation in
12 the cash balance plan shall begin no earlier than July 1, 2013.

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

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

1 (2) In Articles 8, 9, 10, 11, and 12, "highest average
2 annual salary for any 4 consecutive years within the last
3 10 years of service immediately preceding the date of
4 withdrawal".

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

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

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

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

10 (b-5) Beginning on January 1, 2011, for all purposes under
11 this Code (including without limitation the calculation of
12 benefits and employee contributions), the annual earnings,
13 salary, or wages (based on the plan year) of a member or
14 participant to whom this Section applies shall not exceed
15 \$106,800; however, that amount shall annually thereafter be
16 increased by the lesser of (i) 3% of that amount, including all
17 previous adjustments, or (ii) one-half the annual unadjusted
18 percentage increase (but not less than zero) in the consumer
19 price index-u for the 12 months ending with the September
20 preceding each November 1, including all previous adjustments.

21 For the purposes of this Section, "consumer price index-u"
22 means the index published by the Bureau of Labor Statistics of
23 the United States Department of Labor that measures the average
24 change in prices of goods and services purchased by all urban
25 consumers, United States city average, all items, 1982-84 =
26 100. The new amount resulting from each annual adjustment shall

1 be determined by the Public Pension Division of the Department
2 of Insurance and made available to the boards of the retirement
3 systems and pension funds by November 1 of each year.

4 (c) A member or participant is entitled to a retirement
5 annuity upon written application if he or she has attained age
6 67 and has at least 10 years of service credit and is otherwise
7 eligible under the requirements of the applicable Article.

8 A member or participant who has attained age 62 and has at
9 least 10 years of service credit and is otherwise eligible
10 under the requirements of the applicable Article may elect to
11 receive the lower retirement annuity provided in subsection (d)
12 of this Section.

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

17 (e) Any retirement annuity or supplemental annuity shall be
18 subject to annual increases on the January 1 occurring either
19 on or after the attainment of age 67 or the first anniversary
20 of the annuity start date, whichever is later. Each annual
21 increase shall be calculated at 3% or one-half the annual
22 unadjusted percentage increase (but not less than zero) in the
23 consumer price index-u for the 12 months ending with the
24 September preceding each November 1, whichever is less, of the
25 originally granted retirement annuity. If the annual
26 unadjusted percentage change in the consumer price index-u for

1 the 12 months ending with the September preceding each November
2 1 is zero or there is a decrease, then the annuity shall not be
3 increased.

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

1 unadjusted percentage change in the consumer price index-u for
2 the 12 months ending with the September preceding each November
3 1 is zero or there is a decrease, then the annuity shall not be
4 increased.

5 (g) The benefits in Section 14-110 apply only if the person
6 is a State policeman, a fire fighter in the fire protection
7 service of a department, or a security employee of the
8 Department of Corrections or the Department of Juvenile
9 Justice, as those terms are defined in subsection (c) ~~(b)~~ of
10 Section 14-110. A person who meets the requirements of this
11 Section is entitled to an annuity calculated under the
12 provisions of Section 14-110, in lieu of the regular or minimum
13 retirement annuity, only if the person has withdrawn from
14 service with not less than 20 years of eligible creditable
15 service and has attained age 60, regardless of whether the
16 attainment of age 60 occurs while the person is still in
17 service.

18 (h) If a person who first becomes a member or a participant
19 of a retirement system or pension fund subject to this Section
20 on or after January 1, 2011 is receiving a retirement annuity
21 or retirement pension under that system or fund and becomes a
22 member or participant under any other system or fund created by
23 this Code and is employed on a full-time basis, except for
24 those members or participants exempted from the provisions of
25 this Section under subsection (a) of this Section, then the
26 person's retirement annuity or retirement pension under that

1 system or fund shall be suspended during that employment. Upon
2 termination of that employment, the person's retirement
3 annuity or retirement pension payments shall resume and be
4 recalculated if recalculation is provided for under the
5 applicable Article of this Code.

6 If a person who first becomes a member of a retirement
7 system or pension fund subject to this Section on or after
8 January 1, 2012 and is receiving a retirement annuity or
9 retirement pension under that system or fund ~~and~~ accepts on a
10 contractual basis a position to provide services to a
11 governmental entity from which he or she has retired, then that
12 person's annuity or retirement pension earned as an active
13 employee of the employer shall be suspended during that
14 contractual service. A person receiving an annuity or
15 retirement pension under this Code shall notify the pension
16 fund or retirement system from which he or she is receiving an
17 annuity or retirement pension, as well as his or her
18 contractual employer, of his or her retirement status before
19 accepting contractual employment. A person who fails to submit
20 such notification shall be guilty of a Class A misdemeanor and
21 required to pay a fine of \$1,000. Upon termination of that
22 contractual employment, the person's retirement annuity or
23 retirement pension payments shall resume and, if appropriate,
24 be recalculated under the applicable provisions of this Code.

25 (i) Notwithstanding any other provision of this Section, a
26 person who first becomes a participant of the retirement system

1 established under Article 15 on or after January 1, 2011 shall
2 have the option to enroll in the self-managed plan created
3 under Section 15-158.2 of this Code.

4 (j) In the case of a conflict between the provisions of
5 this Section and any other provision of this Code, the
6 provisions of this Section shall control.

7 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
8 97-609, eff. 1-1-12.)

9 (40 ILCS 5/1-161 new)

10 Sec. 1-161. Cash Balance Plan.

11 (a) Participation and Applicability. This Section applies
12 to all new cash balance plan participants and all legacy Tier
13 II participants.

14 (b) Title. The package of benefits provided under this
15 Section may be referred to as the "cash balance plan". Persons
16 subject to the provisions of this Section may be referred to as
17 "participants in the cash balance plan".

18 (b-5) Definitions. As used in this Section:

19 "Account" means the notional cash balance account
20 established under this Section for a participant in the cash
21 balance plan.

22 "Consumer Price Index-U" means the Consumer Price Index
23 published by the Bureau of Labor Statistics of the United
24 States Department of Labor that measures the average change in
25 prices of goods and services purchased by all urban consumers,

1 United States city average, all items, 1982-84 = 100.

2 "Salary" means "salary" as defined in Article 16, whichever
3 is applicable, without regard to the limitation in subsection
4 (b-5) of Section 1-160.

5 "Legacy Tier II participant" means a person who was subject
6 to Section 1-160 with respect to service under Article 16 of
7 this Code and who irrevocably elects to participate in the cash
8 balance plan created under this Section. That election must be
9 made in writing, in the manner provided by the applicable
10 retirement system.

11 "New cash balance plan participant" means a person who, on
12 or after July 1, 2013, first begins to participate in the
13 retirement system established under Article 16 of this Code.

14 (c) Cash Balance Account. A notional cash balance account
15 shall be established by the applicable retirement system for
16 each participant in the cash balance plan. The account is
17 notional and does not contain any actual money segregated from
18 the commingled assets of the retirement system. The cash
19 balance in the account is to be used in calculating benefits as
20 provided in this Section, but is not to be used in the
21 calculation of any refund, transfer, or other benefit under the
22 applicable Article of this Code.

23 The amounts to be credited to the cash balance account
24 shall consist of (i) amounts contributed by or on behalf of the
25 participant as employee contributions, (ii) notional employer
26 contributions, and (iii) interest credit that is attributable

1 to the account, all as provided in this Section.

2 Whenever necessary for the prompt calculation or
3 administration, or when the System lacks information necessary
4 to the calculation or administration otherwise required of or
5 for a benefit under this Section, the applicable retirement
6 system may estimate an amount to be credited to or debited from
7 a participant's cash balance account and then adjust the amount
8 so credited or debited when more accurate information becomes
9 available.

10 The applicable retirement system shall give to each
11 participant in the cash balance plan who has not yet retired
12 annual notice of (1) the balance in the participant's cash
13 balance account and (2) an estimate of the retirement annuity
14 that will be payable to the participant if he or she retires at
15 age 59 1/2.

16 (c-5) Initial Account Balance for Legacy Tier II
17 Participants. The applicable retirement system shall establish
18 an initial account balance for each legacy Tier II participant
19 when he or she begins participation in the cash balance plan.
20 The initial account balance shall be an amount equal to the
21 employee contribution refund that the participant would be
22 eligible to receive under the applicable Article of this Code
23 if the participant terminated employment on that date and
24 elected a refund of contributions, as prescribed by the board
25 of the applicable retirement system.

26 (d) Employee Contributions. New cash balance plan

1 participants and legacy Tier II participants shall make
2 employee contributions to the applicable retirement system at
3 the rates required under the applicable Article of this Code.
4 The amount of each contribution shall be credited to the
5 participant's cash balance account upon receipt and after the
6 retirement system's reconciliation of the contribution.

7 (e) Notional Employer Contributions. Upon receipt of each
8 employee contribution under subsection (d), an amount
9 representing the employer contribution shall be credited to the
10 participant's cash balance account. For a participant in the
11 cash balance plan under Article 16, the notional employer
12 contribution shall be 3.4% of salary.

13 The notional employer contribution to be credited to the
14 participant's account is not the same as the actual employer
15 contributions required under subsection (p) and the provisions
16 of the applicable Article of this Code.

17 (e-1) Optional Employer Contributions. Employers may make
18 optional additional contributions to the applicable retirement
19 system on behalf of their employees who are participants in the
20 cash balance plan in accordance with procedures prescribed by
21 the retirement system, to the extent permitted by federal law
22 and the rules prescribed by the retirement system. The optional
23 additional contributions under this subsection are actual
24 monetary contributions to the retirement system, and the amount
25 of each optional additional contribution shall be credited to
26 the participant's cash balance account upon receipt and after

1 the retirement system's reconciliation of the contribution.

2 (f) Interest Credit. An amount representing earnings on
3 investments shall be determined by the retirement system in
4 accordance with this Section and credited to the participant's
5 cash balance account for each fiscal year in which there is a
6 positive balance in that account; except that no additional
7 interest credit shall be credited while an annuity based on the
8 account is being paid. The interest credit amount shall be a
9 percentage of the average quarterly balance in the cash balance
10 account during that fiscal year, and shall be calculated on
11 June 30.

12 The percentage shall be the assumed treasury rate for the
13 previous fiscal year, unless neither the retirement system's
14 actual rate of investment earnings for the previous fiscal year
15 nor the retirement system's actual rate of investment earnings
16 for the five-year period ending at the end of the previous
17 fiscal year is less than the assumed treasury rate.

18 If both the retirement system's actual rate of investment
19 earnings for the previous fiscal year and the actual rate of
20 investment earnings for the five-year period ending at the end
21 of the previous fiscal year are at least the assumed treasury
22 rate, then the percentage shall be:

23 (i) the assumed treasury rate, plus

24 (ii) two-thirds of the amount of the actual rate of
25 investment earnings for the previous fiscal year that
26 exceeds the assumed treasury rate.

1 However, in no event shall the percentage applied under this
2 subsection exceed 10%.

3 For the purposes of this subsection only, "previous fiscal
4 year" means fiscal year ending one year before the interest
5 rate is calculated.

6 For the purposes of this subsection only, "assumed treasury
7 rate" means the average annual yield of the 30-year U.S.
8 Treasury Bond over the previous fiscal year, but not less than
9 4%.

10 When a person applies for a benefit under this Section, the
11 retirement system shall apply an interest credit based on a
12 proration of an estimate of what the interest credit will be
13 for the relevant year. When the retirement system certifies the
14 credit on June 30, it shall adjust the benefit accordingly.

15 (f-10) Distribution upon Termination of Employment. Upon
16 termination of active employment with at least 5 years of
17 service credit under the applicable retirement system and prior
18 to making application for an annuity under this Section, a
19 participant in the cash balance plan may make an irrevocable
20 election to distribute an amount not to exceed 40% of the
21 balance in the participant's account in the form of a direct
22 rollover to another qualified plan, to the extent allowed by
23 federal law. If the participant makes such an election, then
24 the amount distributed shall be debited from the participant's
25 cash balance account. A participant in the cash balance plan
26 shall be allowed only one distribution under this subsection.

1 The remaining balance in the participant's account shall be
2 used for the determination of other benefits provided under
3 this Section.

4 (f-15) Refund. In lieu of receiving a distribution under
5 subsection (f-10), at any time after terminating active
6 employment under the applicable retirement system, but before
7 receiving a retirement annuity under this Section, a
8 participant in the cash balance plan may elect to receive a
9 refund under this subsection. The refund shall consist of an
10 amount equal to the amount of all employee contributions
11 credited to the participant's account, but shall not include
12 any interest credit or employer contributions. If the
13 participant so requests, the refund may be paid in the form of
14 a direct rollover to another qualified plan, to the extent
15 allowed by federal law and in accordance with the rules of the
16 applicable retirement system. Upon payment of the refund, the
17 participant's notional cash balance account shall be closed.

18 The participant's credits in the applicable retirement
19 system shall be terminated upon payment of a refund under this
20 subsection.

21 (g) Retirement Annuity. A participant in the cash balance
22 plan may begin collecting a retirement annuity at age 59 1/2,
23 but no earlier than the date of termination of active
24 employment under the applicable retirement system.

25 The amount of the retirement annuity shall be calculated by
26 the retirement system, based on the balance in the cash balance

1 account, the assumption of future investment returns as
2 specified in this subsection, the participant's election to
3 have a lifetime survivor's annuity as specified in this
4 subsection, the annual increase in retirement annuity as
5 specified in subsection (h), the annual increase in survivor's
6 annuity as specified in subsection (l), and any actuarial
7 assumptions and tables adopted by the board of the retirement
8 system for this purpose. The calculation shall determine the
9 amount of retirement annuity, on an actuarially equivalent
10 basis, that shall be designed to result in the balance in the
11 participant's account arriving at zero on the date when the
12 last payment of the retirement annuity (or survivor's annuity,
13 if the participant elects to provide for a survivor's annuity
14 pursuant to this subsection) is anticipated to be paid under
15 the relevant actuarial assumptions. A retirement annuity or a
16 survivor's annuity provided under this Section shall be a life
17 annuity and shall not expire if the account balance equals
18 zero.

19 The annuity payment shall begin on the date specified by
20 the participant submitting a written application, which date
21 shall not be prior to termination of employment or more than
22 one year before the application is received by the board;
23 however, if the participant is not an employee of an employer
24 participating in this System or in a participating system as
25 defined in Article 20 of this Code on April 1 of the calendar
26 year next following the calendar year in which the participant

1 attains age 70 1/2, the annuity payment period shall begin on
2 that date regardless of whether an application has been filed.

3 The participant may elect, under the participant's written
4 application for retirement, to receive a reduced annuity
5 payable for his or her life and to have a lifetime survivor's
6 annuity in a monthly amount equal to 50%, 75%, or 100% of that
7 reduced monthly amount, to be paid after the participant's
8 death to his or her eligible survivor. Eligibility for a
9 survivor's annuity shall be determined under the applicable
10 Article of this Code.

11 For the purpose of calculating retirement annuities,
12 future investment returns shall be assumed to be a percentage
13 equal to the average yield of the 30-year U.S. Treasury Bond
14 over the 5 fiscal years prior to the calculation of the initial
15 retirement annuity, plus 250 basis points; but not less than 4%
16 nor more than 8%.

17 (h) Annual Increase in Retirement Annuity. The retirement
18 annuity shall be subject to an automatic annual increase in an
19 amount equal to 3% of the originally granted annuity on each
20 January 1 occurring on or after the first anniversary of the
21 annuity start date.

22 (i) Disability Benefits. The disability benefits provided
23 under the applicable retirement system apply to new cash
24 balance plan participants and legacy Tier II participants in
25 the cash balance plan, subject to and in accordance with the
26 eligibility and other provisions of the applicable Article.

1 Retirement due to disability under Section 16-149.2 shall
2 be deemed a disability benefit for the purposes of this Section
3 and shall apply to new cash balance plan participants and
4 legacy Tier II participants.

5 The board of the retirement system shall designate
6 annually, as a percentage of salary, an amount representing the
7 anticipated average cost of providing disability benefits for
8 new cash balance plan participants and legacy Tier II
9 participants. The amount so designated shall not exceed 1% of
10 the cash balance plan participant's salary and shall be
11 deducted annually from the account of each new cash balance
12 plan participant and each legacy Tier II participant.

13 (j) Return to Service. Upon a return to service under the
14 same retirement system after beginning to receive a retirement
15 annuity under the cash balance plan, the retirement annuity
16 shall be suspended and active participation in the cash balance
17 plan shall resume. Upon termination of the employment, the
18 retirement annuity shall resume in an amount to be recalculated
19 in accordance with subsection (g), taking into effect the
20 changes in the cash balance account. If a retired annuitant
21 returns to service, his or her notional cash balance account
22 shall be decreased by each payment of retirement annuity prior
23 to the return to service.

24 (k) Survivor's Annuity - Death before Retirement. In the
25 case of the death of a new cash balance plan participant or
26 legacy Tier II participant who had less than 5 years of service

1 under the applicable Article and had not begun receiving a
2 retirement annuity, the eligible survivor shall be entitled
3 only to a refund of employee contributions under subsection
4 (f-15).

5 In the case of the death of a new cash balance plan
6 participant or legacy Tier II participant who had at least 5
7 years of service under the applicable Article and had not begun
8 receiving a retirement annuity, the eligible survivor shall be
9 entitled to receive a survivor's annuity beginning at age 59
10 1/2 upon written application. The survivor's annuity shall be
11 calculated in the same manner as a retirement annuity under
12 subsection (g). At any time before receiving a survivor's
13 annuity, the eligible survivor may claim a distribution under
14 subsection (f-10) or a refund under subsection (f-15). The
15 deceased participant's account shall continue to receive
16 interest credit until the eligible survivor begins to receive a
17 survivor's annuity or receives a refund of employee
18 contributions under subsection (f-15).

19 Eligibility for a survivor's annuity shall be determined
20 under the applicable Article of this Code. A child's or
21 parent's annuity for an otherwise eligible child or dependent
22 parent shall be in the same amount, if any, prescribed under
23 the applicable Article.

24 (l) Annual Increase in Survivor's Annuity. A survivor's
25 annuity granted under subsection (g) or (k) shall be subject to
26 an automatic annual increase in an amount equal to 3% of the

1 originally granted annuity on each January 1 occurring on or
2 after the first anniversary of the annuity start date.

3 (m) Applicability of Provisions. The following provisions,
4 if and as they exist in this Code, do not apply to participants
5 in the cash balance plan with respect to participation in the
6 cash balance plan, except as they are specifically provided for
7 in this Section:

8 (1) minimum service or vesting requirements (other
9 than as provided in this Section);

10 (2) provisions limiting a retirement annuity to a
11 specified percentage of salary;

12 (3) provisions authorizing a minimum retirement or
13 survivor's annuity or a supplemental annuity;

14 (4) provisions authorizing any form of retirement
15 annuity or survivor's annuity not authorized under this
16 Section;

17 (5) provisions authorizing a reversionary annuity
18 (other than a survivor's annuity under subsection (g));

19 (6) provisions authorizing a refund of employee
20 contributions upon termination of service (except as
21 provided in this Section) or any lump-sum payout in lieu of
22 a retirement or survivor's annuity (other than the
23 distribution under subsection (f-10) or the refund under
24 subsection (f-15) of this Section;

25 (7) provisions authorizing optional service credits or
26 the payment of optional additional contributions (other

1 than the optional employer contributions specifically
2 authorized in subsection (e-1)); or

3 (8) a level income option.

4 The Retirement Systems Reciprocal Act applies to
5 participants in the cash balance plan who qualify under Article
6 20 of this Code, but it does not affect the calculation of
7 benefits payable under this Section.

8 The other provisions of this Code continue to apply to
9 participants in the cash balance plan, to the extent that they
10 do not conflict with this Section. In the case of a conflict
11 between the provisions of this Section and any other provision
12 of this Code, the provisions of this Section control.

13 (n) Rules. The Board of Trustees of the applicable
14 retirement system may adopt rules and procedures for the
15 implementation of this Section, including but not limited to
16 determinations of how to integrate the administration of this
17 Section with the requirements of the applicable Article and any
18 other applicable provisions of this Code.

19 (o) Public Pension Division. The Public Pension Division of
20 the Department of Insurance shall determine in October of each
21 year the annual unadjusted percentage increase (but not less
22 than zero) in the Consumer Price Index-U for the 12 months
23 ending with the preceding September. The Division shall certify
24 its determination to the Board of Trustees of the State
25 Universities Retirement System by November 1 of each year.

26 (p) Actual Employer Contributions. Payment of employer

1 contributions with respect to participants in the cash balance
2 plan shall be the responsibility of the actual employer. These
3 contributions shall be determined under and paid in accordance
4 with the provisions of Sections 16-158. Optional employer
5 contributions may be paid by employers in any amount, but must
6 be paid in the manner specified by the applicable retirement
7 system.

8 (q) Prospective Modification. The provisions set forth in
9 this Section are subject to prospective changes made by law
10 provided that any such changes shall not apply to any benefits
11 accrued under this Section prior to the effective date of any
12 amendatory Act of the General Assembly.

13 (r) An employee who participates in the cash balance plan
14 under this Section may elect to participate in the optional
15 cash balance plan under Section 1-162.

16 (s) Qualified Plan Status. No provision of this Section
17 shall be interpreted in a way that would cause the applicable
18 retirement system to cease to be a qualified plan under section
19 461 (a) of the Internal Revenue Code of 1986.

20 (40 ILCS 5/1-162 new)

21 Sec. 1-162. Optional cash balance plan.

22 (a) Participation and Applicability. Beginning on July 1,
23 2013, the following persons may elect to participate in the
24 optional cash balance plan created under this Section:

25 (1) any person who participates in the cash balance

1 plan established under Section 1-161; and

2 (2) any Tier I employee who has made the election under
3 paragraph (1) of subsection (a) or (a-5) of Section
4 16-131.7.

5 The Board of Trustees of the applicable retirement system
6 shall promulgate rules to create an annual election wherein a
7 person eligible to participate in the optional cash balance
8 plan may elect to participate, and an active employee who is a
9 participant in the plan may elect to cease active
10 participation. The election to cease active participation
11 shall not disqualify the employee from eligibility to receive
12 an interest credit under subsection (f), a distribution upon
13 termination under subsection (f-10), a refund under subsection
14 (f-15), a retirement annuity under subsection (f-15), a
15 retirement annuity under subsection (g), or a survivor annuity
16 under subsection (k), or from eligibility to resume active
17 participation in the optional cash balance plan in a subsequent
18 year.

19 (b) Title. The package of benefits provided under this
20 Section may be referred to as the "optional cash balance plan".
21 Persons subject to the provisions of this Section may be
22 referred to as "participants in the optional cash balance
23 plan".

24 (b-5) Definitions. As used in this Section:

25 "Account" means the notional cash balance account
26 established under this Section for a participant in the

1 optional cash balance plan.

2 "Consumer Price Index-U" means the Consumer Price Index
3 published by the Bureau of Labor Statistics of the United
4 States Department of Labor that measures the average change in
5 prices of goods and services purchased by all urban consumers,
6 United States city average, all items, 1982-84 = 100.

7 "Salary" means "salary" as defined in Article 16, without
8 regard to the limitation in subsection (b-5) of Section 1-160.

9 "Tier I employee" means a person who is a Tier I employee
10 under the applicable Article of this Code.

11 (c) Cash Balance Account. A notional cash balance account
12 shall be established by the applicable retirement system for
13 each participant in the optional cash balance plan. The account
14 is notional and does not contain any actual money segregated
15 from the commingled assets of the retirement system. The cash
16 balance in the account is to be used in calculating benefits as
17 provided in this Section, but is not to be used in the
18 calculation of any refund, transfer, or other benefit under the
19 applicable Article of this Code.

20 The amounts to be credited to the cash balance account
21 shall consist of (i) amounts contributed by or on behalf of the
22 participant as employee contributions, (ii) notional employer
23 contributions, and (iii) interest credit that is attributable
24 to the account, all as provided in this Section.

25 Whenever necessary for the prompt calculation or
26 administration, or when the System lacks information necessary

1 to the calculation or administration otherwise required of or
2 for a benefit under this Section, the applicable retirement
3 system may estimate an amount to be credited to or debited from
4 a participant's cash balance account and then adjust the amount
5 so credited or debited when more accurate information becomes
6 available.

7 The applicable retirement system shall give to each
8 participant in the optional cash balance plan who has not yet
9 retired annual notice of (1) the balance in the participant's
10 cash balance account and (2) an estimate of the retirement
11 annuity that will be payable to the participant if he or she
12 retires at age 59 1/2.

13 (d) Employee Contributions. In addition to the other
14 contributions required under the applicable Article, each
15 participant shall make contributions to the applicable
16 retirement system at the rate of 2% of each payment of salary.
17 The amount of each contribution shall be credited to the
18 participant's cash balance account upon receipt and after the
19 retirement system's reconciliation of the contribution.

20 (e) Optional Employer Contributions. Employers may make
21 optional additional contributions to the applicable retirement
22 system on behalf of their employees who are participants in the
23 optional cash balance plan in accordance with procedures
24 prescribed by the retirement system, to the extent permitted by
25 federal law and the rules prescribed by the retirement system.
26 The optional additional contributions under this subsection

1 are actual monetary contributions to the retirement system, and
2 the amount of each optional additional contribution shall be
3 credited to the participant's cash balance account upon receipt
4 and after the retirement system's reconciliation of the
5 contribution.

6 (f) Interest Credit. An amount representing earnings on
7 investments shall be determined by the retirement system in
8 accordance with this Section and credited to the participant's
9 cash balance account for each fiscal year in which there is a
10 positive balance in that account; except that no additional
11 interest credit shall be credited while an annuity based on the
12 account is being paid. The interest credit amount shall be a
13 percentage of the average quarterly balance in the cash balance
14 account during that fiscal year, and shall be calculated on
15 June 30.

16 The percentage shall be the assumed treasury rate for the
17 previous fiscal year, unless neither the retirement system's
18 actual rate of investment earnings for the previous fiscal year
19 nor the retirement system's actual rate of investment earnings
20 for the five-year period ending at the end of the previous
21 fiscal year is less than the assumed treasury rate.

22 If both the retirement system's actual rate of investment
23 earnings for the previous fiscal year and the actual rate of
24 investment earnings for the five-year period ending at the end
25 of the previous fiscal year are at least the assumed treasury
26 rate, then the percentage shall be:

1 (i) the assumed treasury rate, plus

2 (ii) two-thirds of the amount of the actual rate of
3 investment earnings for the previous fiscal year that
4 exceeds the assumed treasury rate.

5 However, in no event shall the percentage applied under this
6 subsection exceed 10%.

7 For the purposes of this subsection only, "previous fiscal
8 year" means fiscal year ending one year before the interest
9 rate is calculated.

10 For the purposes of this subsection only, "assumed treasury
11 rate" means the average annual yield of the 30-year U.S.
12 Treasury Bond over the previous fiscal year, but not less than
13 4%.

14 When a person applies for a benefit under this Section, the
15 retirement system shall apply an interest credit based on a
16 proration of an estimate of what the interest credit will be
17 for the relevant year. When the retirement system certifies the
18 credit on June 30, it shall adjust the benefit accordingly.

19 (f-10) Distribution upon Termination of Employment. Upon
20 termination of active employment with at least 5 years of
21 service credit under the applicable retirement system and prior
22 to making application for an annuity under this Section, a
23 participant in the optional cash balance plan may make an
24 irrevocable election to distribute an amount not to exceed 40%
25 of the balance in the participant's account in the form of a
26 direct rollover to another qualified plan, to the extent

1 allowed by federal law. If the participant makes such an
2 election, then the amount distributed shall be debited from the
3 participant's cash balance account. A participant in the
4 optional cash balance plan shall be allowed only one
5 distribution under this subsection. The remaining balance in
6 the participant's account shall be used for the determination
7 of other benefits provided under this Section.

8 (f-15) Refund. In lieu of receiving a distribution under
9 subsection (f-10), at any time after terminating active
10 employment under the applicable retirement system, but before
11 receiving a retirement annuity under this Section, a
12 participant in the optional cash balance plan may elect to
13 receive a refund under this subsection. The refund shall
14 consist of an amount equal to the amount of all employee
15 contributions credited to the participant's account, but shall
16 not include any interest credit or employer contributions. If
17 the participant so requests, the refund may be paid in the form
18 of a direct rollover to another qualified plan, to the extent
19 allowed by federal law and in accordance with the rules of the
20 applicable retirement system. Upon payment of the refund, the
21 participant's notional cash balance account shall be closed.

22 (g) Retirement Annuity. A participant in the optional cash
23 balance plan may begin collecting a retirement annuity at age
24 59 1/2, but no earlier than the date of termination of active
25 employment under the applicable retirement system.

26 The amount of the retirement annuity shall be calculated by

1 the retirement system, based on the balance in the cash balance
2 account, the assumption of future investment returns as
3 specified in this subsection, the participant's election to
4 have a lifetime survivor's annuity as specified in this
5 subsection, the annual increase in retirement annuity as
6 specified in subsection (h), the annual increase in survivor's
7 annuity as specified in subsection (l), and any actuarial
8 assumptions and tables adopted by the board of the retirement
9 system for this purpose. The calculation shall determine the
10 amount of retirement annuity, on an actuarially equivalent
11 basis, that shall be designed to result in the balance in the
12 participant's account arriving at zero on the date when the
13 last payment of the retirement annuity (or survivor's annuity,
14 if the participant elects to provide for a survivor's annuity
15 pursuant to this subsection) is anticipated to be paid under
16 the relevant actuarial assumptions. A retirement annuity or a
17 survivor's annuity provided under this Section shall be a life
18 annuity and shall not expire if the account balance equals
19 zero.

20 The annuity payment shall begin on the date specified by
21 the participant submitting a written application, which date
22 shall not be prior to termination of employment or more than
23 one year before the application is received by the board;
24 however, if the participant is not an employee of an employer
25 participating in this System or in a participating system as
26 defined in Article 20 of this Code on April 1 of the calendar

1 year next following the calendar year in which the participant
2 attains age 70 1/2, the annuity payment period shall begin on
3 that date regardless of whether an application has been filed.

4 The participant may elect, under the participant's written
5 application for retirement, to receive a reduced annuity
6 payable for his or her life and to have a lifetime survivor's
7 annuity in a monthly amount equal to 50%, 75%, or 100% of that
8 reduced monthly amount, to be paid after the participant's
9 death to his or her eligible survivor. Eligibility for a
10 survivor's annuity shall be determined under the applicable
11 Article of this Code.

12 For the purpose of calculating retirement annuities,
13 future investment returns shall be assumed to be a percentage
14 equal to the average yield of the 30-year U.S. Treasury Bond
15 over the 5 fiscal years prior to the calculation of the initial
16 retirement annuity, plus 250 basis points; but not less than 4%
17 nor more than 8%.

18 (h) Annual Increase in Retirement Annuity. The retirement
19 annuity shall be subject to an automatic annual increase in an
20 amount equal to 3% of the originally granted annuity on each
21 January 1 occurring on or after the first anniversary of the
22 annuity start date.

23 (i) Disability Benefits. There are no disability benefits
24 provided under the optional cash balance plan, and no amounts
25 for disability shall be deducted from the account of a
26 participant in the optional cash balance plan. The disability

1 benefits provided under the applicable retirement system apply
2 to participants in the optional cash balance plan.

3 (j) Return to Service. Upon a return to service under the
4 same retirement system after beginning to receive a retirement
5 annuity under the optional cash balance plan, the retirement
6 annuity shall be suspended and active participation in the
7 optional cash balance plan shall resume. Upon termination of
8 the employment, the retirement annuity shall resume in an
9 amount to be recalculated in accordance with subsection (g),
10 taking into effect the changes in the cash balance account. If
11 a retired annuitant returns to service, his or her notional
12 cash balance account shall be decreased by each payment of
13 retirement annuity prior to the return to service.

14 (k) Survivor's Annuity - Death before Retirement. In the
15 case of a participant in the optional cash balance plan who had
16 less than 5 years of service under the applicable Article and
17 had not begun receiving a retirement annuity, the eligible
18 survivor shall be entitled only to a refund of employee
19 contributions under subsection (f-15).

20 In the case of a participant in the optional cash balance
21 plan who had at least 5 years of service under the applicable
22 Article and had not begun receiving a retirement annuity, the
23 eligible survivor shall be entitled to receive a survivor's
24 annuity beginning at age 59 1/2 upon written application. The
25 survivor's annuity shall be calculated in the same manner as a
26 retirement annuity under subsection (g). At any time before

1 receiving a survivor's annuity, the eligible survivor may claim
2 a distribution under subsection (f-10) or a refund under
3 subsection (f-15). The deceased participant's account shall
4 continue to receive interest credit until the eligible survivor
5 begins to receive a survivor's annuity or receives a refund of
6 employee contributions under subsection (f-15).

7 Eligibility for a survivor's annuity shall be determined
8 under the applicable Article of this Code. A child's or
9 parent's annuity for an otherwise eligible child or dependent
10 parent shall be in the same amount, if any, prescribed under
11 the applicable Article.

12 (l) Annual Increase in Survivor's Annuity. A survivor's
13 annuity granted under subsection (g) or (k) shall be subject to
14 an automatic annual increase in an amount equal to 3% of the
15 originally granted annuity on each January 1 occurring on or
16 after the first anniversary of the annuity start date.

17 (m) Applicability of Provisions. The following provisions,
18 if and as they exist in this Code, do not apply to participants
19 in the optional cash balance plan with respect to participation
20 in the optional cash balance plan, except as they are
21 specifically provided for in this Section:

22 (1) minimum service or vesting requirements (other
23 than as provided in this Section);

24 (2) provisions limiting a retirement annuity to a
25 specified percentage of salary;

26 (3) provisions authorizing a minimum retirement or

1 survivor's annuity or a supplemental annuity;

2 (4) provisions authorizing any form of retirement
3 annuity or survivor's annuity not authorized under this
4 Section;

5 (5) provisions authorizing a reversionary annuity
6 (other than the survivor's annuity under subsection (q));

7 (6) provisions authorizing a refund of employee
8 contributions upon termination of service (other than upon
9 the death of the participant without an eligible survivor)
10 or any lump-sum payout in lieu of a retirement or
11 survivor's annuity (other than the distribution under
12 subsection (f-10) or the refund under subsection (f-15) of
13 this Section;

14 (7) provisions authorizing optional service credits or
15 the payment of optional additional contributions (other
16 than the optional employer contributions specifically
17 authorized in this Section); or

18 (8) a level income option.

19 The Retirement Systems Reciprocal Act (Article 20 of this
20 Code) does not apply to participation in the optional cash
21 balance plan and does not affect the calculation of benefits
22 payable under this Section.

23 The other provisions of this Code continue to apply to
24 participants in the optional cash balance plan, to the extent
25 that they do not conflict with this Section. In the case of a
26 conflict between the provisions of this Section and any other

1 provision of this Code, the provisions of this Section control.

2 (n) Rules. The Board of Trustees of the applicable
3 retirement system may adopt rules and procedures for the
4 implementation of this Section, including but not limited to
5 determinations of how to integrate the administration of this
6 Section with the requirements of the applicable Article and any
7 other applicable provisions of this Code.

8 (o) Public Pension Division. The Public Pension Division of
9 the Department of Insurance shall determine in October of each
10 year the annual unadjusted percentage increase (but not less
11 than zero) in the Consumer Price Index-U for the 12 months
12 ending with the preceding September. The Division shall certify
13 its determination to the Board of Trustees of the State
14 Universities Retirement System by November 1 of each year.

15 (p) Actual Employer Contributions. Payment of employer
16 contributions with respect to participants in the optional cash
17 balance plan shall be the responsibility of the actual
18 employer. These contributions shall be determined under and
19 paid in accordance with the provisions of Sections 16-158.
20 Optional additional contributions by employers may be paid in
21 any amount, but must be paid in the manner specified by the
22 applicable retirement system.

23 (q) Prospective Modification. The provisions set forth in
24 this Section are subject to prospective changes made by law
25 provided that any such changes shall not apply to any benefits
26 accrued under this Section prior to the effective date of any

1 amendatory Act of the General Assembly.

2 (s) Qualified Plan Status. No provision of this Section
3 shall be interpreted in a way that would cause the applicable
4 retirement system to cease to be a qualified plan under section
5 461 (a) of the Internal Revenue Code of 1986.

6 (40 ILCS 5/2-105.1 new)

7 Sec. 2-105.1. Tier I employee. "Tier I employee": A
8 participant who first became a participant before January 1,
9 2011.

10 (40 ILCS 5/2-105.2 new)

11 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
12 former Tier I employee who is receiving a retirement annuity.

13 (40 ILCS 5/2-107.9 new)

14 Sec. 2-107.9. Future increase in income. "Future increase
15 in income": Any increase in income in any form offered for
16 service as a member under this Article after June 30, 2013 that
17 would qualify as "salary", as defined under Section 2-108, but
18 for the fact that the increase in income was offered to the
19 member on the condition that it not qualify as salary and was
20 accepted by the member subject to that condition.

21 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

22 Sec. 2-108. Salary. "Salary": (1) For members of the

1 General Assembly, the total compensation paid to the member by
2 the State for one year of service, including the additional
3 amounts, if any, paid to the member as an officer pursuant to
4 Section 1 of "An Act in relation to the compensation and
5 emoluments of the members of the General Assembly", approved
6 December 6, 1907, as now or hereafter amended.

7 (2) For the State executive officers specified in Section
8 2-105, the total compensation paid to the member for one year
9 of service.

10 (3) For members of the System who are participants under
11 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
12 of the House of Representatives or Secretary or Assistant
13 Secretary of the Senate, the total compensation paid to the
14 member for one year of service, but not to exceed the salary of
15 the highest salaried officer of the General Assembly.

16 However, in the event that federal law results in any
17 participant receiving imputed income based on the value of
18 group term life insurance provided by the State, such imputed
19 income shall not be included in salary for the purposes of this
20 Article.

21 Notwithstanding any other provision of this Section,
22 "salary" does not include any future increase in income that is
23 offered for service as a member under this Article pursuant to
24 the requirements of subsection (c) of Section 2-110.3 and
25 accepted by a Tier I employee, or a Tier I retiree returning to
26 active service, who has made an election under paragraph (2) of

1 subsection (a) or (a-5) of Section Section 2-110.3.

2 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

3 (40 ILCS 5/2-110.3 new)

4 Sec. 2-110.3. Election by Tier I employees and Tier I
5 retirees.

6 (a) Each Tier I employee shall make an irrevocable election
7 either:

8 (1) to agree to the following:

9 (i) to have the amount of the automatic annual
10 increases in his or her retirement annuity that are
11 otherwise provided for in this Article calculated,
12 instead, as provided in subsection (a-1) of Section
13 2-119.1; and

14 (ii) to have his or her eligibility for automatic
15 annual increases in retirement annuity postponed as
16 provided in subsection (a-2) of Section 2-119.1 and to
17 relinquish the additional increases provided in
18 subsection (b) of Section 2-119.1; or

19 (2) to not agree to items (i) and (ii) as set forth in
20 paragraph (1) of this subsection.

21 The election required under this subsection (a) shall be
22 made by each Tier I employee no earlier than January 1, 2013
23 and no later than May 31, 2013, except that:

24 (i) a person who becomes a Tier I employee under this
25 Article after January 1, 2013 must make the election under

1 this subsection (a) within 60 days after becoming a Tier I
2 employee;

3 (ii) a person who returns to active service as a Tier I
4 employee under this Article after January 1, 2013 and has
5 not yet made an election under this Section must make the
6 election under this subsection (a) within 60 days after
7 returning to active service as a Tier I employee; and

8 (iii) a person who made the election under subsection
9 (a-5) as a Tier I retiree remains bound by that election
10 and shall not make a later election under this subsection
11 (a).

12 If a Tier I employee fails for any reason to make a
13 required election under this subsection within the time
14 specified, then the employee shall be deemed to have made the
15 election under paragraph (2) of this subsection.

16 (a-5) Each Tier I retiree shall make an irrevocable
17 election either:

18 (1) to agree to the following:

19 (i) to have the amount of the automatic annual
20 increases in his or her retirement annuity that are
21 otherwise provided for in this Article calculated,
22 instead, as provided in subsection (a-1) of Section
23 2-119.1; and

24 (ii) to have his or her eligibility for automatic
25 annual increases in retirement annuity postponed as
26 provided in subsection (a-2) of Section 2-119.1 and to

1 relinquish the additional increases provided in
2 subsection (b) of Section 2-119.1; or
3 (2) to not agree to items (i) and (ii) as set forth in
4 paragraph (1) of this subsection.

5 The election required under this subsection (a-5) shall be
6 made by each Tier I retiree no earlier than January 1, 2013 and
7 no later than May 31, 2013, except that:

8 (i) a person who becomes a Tier I retiree under this
9 Article on or after January 1, 2013 must make the election
10 under this subsection (a-5) within 60 days after becoming a
11 Tier I retiree; and

12 (ii) a person who made the election under subsection
13 (a) as a Tier I employee remains bound by that election and
14 shall not make a later election under this subsection
15 (a-5).

16 If a Tier I retiree fails for any reason to make a required
17 election under this subsection within the time specified, then
18 the Tier I retiree shall be deemed to have made the election
19 under paragraph (2) of this subsection.

20 (a-10) All elections under subsection (a) or (a-5) that are
21 made or deemed to be made before June 1, 2013 shall take effect
22 on July 1, 2013. Elections that are made or deemed to be made
23 on or after June 1, 2013 shall take effect on the first day of
24 the month following the month in which the election is made or
25 deemed to be made.

26 (b) As adequate and legal consideration provided under this

1 amendatory Act of the 97th General Assembly for making the
2 election under paragraph (1) of subsection (a) of this Section,
3 any future increases in income offered for service as a member
4 under this Article to a Tier I employee who has made the
5 election under paragraph (1) of subsection (a) of this Section
6 shall be offered expressly and irrevocably as constituting
7 salary under Section 2-108.

8 As adequate and legal consideration provided under this
9 amendatory Act of the 97th General Assembly for making the
10 election under paragraph (1) of subsection (a-5) of this
11 Section, any future increases in income offered for service as
12 a member under this Article to a Tier I retiree who returns to
13 active service after having made the election under paragraph
14 (1) of subsection (a-5) of this Section shall be offered
15 expressly and irrevocably as constituting salary under Section
16 2-108.

17 (c) A Tier I employee who makes the election under
18 paragraph (2) of subsection (a) of this Section shall not be
19 subject to items (i) and (ii) set forth in paragraph (1) of
20 subsection (a) of this Section. However, any future increases
21 in income offered for service as a member under this Article to
22 a Tier I employee who has made the election under paragraph (2)
23 of subsection (a) of this Section shall be offered expressly
24 and irrevocably as not constituting salary under Section 2-108,
25 and the member may not accept any future increase in income
26 that is offered in violation of this requirement.

1 A Tier I retiree who makes the election under paragraph (2)
2 of subsection (a-5) of this Section shall not be subject to
3 items (i) and (ii) set forth in paragraph (1) of subsection
4 (a-5) of this Section. However, any future increases in income
5 offered for service as a member under this Article to a Tier I
6 retiree who returns to active service and has made the election
7 under paragraph (2) of subsection (a-5) of this Section shall
8 be offered expressly and irrevocably as not constituting salary
9 under Section 2-108, and the member may not accept any future
10 increase in income that is offered in violation of this
11 requirement.

12 (d) The System shall make a good faith effort to contact
13 each Tier I employee and Tier I retiree subject to this
14 Section. The System shall mail information describing the
15 required election to each Tier I employee and Tier I retiree by
16 United States Postal Service mail to his or her last known
17 address on file with the System. If the Tier I employee or Tier
18 I retiree is not responsive to other means of contact, it is
19 sufficient for the System to publish the details of any
20 required elections on its website or to publish those details
21 in a regularly published newsletter or other existing public
22 forum.

23 Tier I employees and Tier I retirees who are subject to
24 this Section shall be provided with an election packet
25 containing information regarding their options, as well as the
26 forms necessary to make the required election. Upon request,

1 the System shall offer Tier I employees and Tier I retirees an
2 opportunity to receive information from the System before
3 making the required election. The information may be provided
4 through video materials, group presentations, individual
5 consultation with a member or authorized representative of the
6 System in person or by telephone or other electronic means, or
7 any combination of those methods. The System shall not provide
8 advice or counseling with respect to which election a Tier I
9 employee or Tier I retiree should make or specific to the legal
10 or tax circumstances of or consequences to the Tier I employee
11 or Tier I retiree.

12 The System shall inform Tier I employees and Tier I
13 retirees in the election packet required under this subsection
14 that the Tier I employee or Tier I retiree may also wish to
15 obtain information and counsel relating to the election
16 required under this Section from any other available source,
17 including but not limited to labor organizations and private
18 counsel.

19 In no event shall the System, its staff, or the Board be
20 held liable for any information given to a member, beneficiary,
21 or annuitant regarding the elections under this Section. The
22 System shall coordinate with the Illinois Department of Central
23 Management Services and each other retirement system
24 administering an election in accordance with this amendatory
25 Act of the 97th General Assembly to provide information
26 concerning the impact of the election set forth in this

1 Section.

2 (e) Notwithstanding any other provision of law, any future
3 increases in income offered for service as a member must be
4 offered expressly and irrevocably as not constituting "salary"
5 under Section 2-108 to any Tier I employee, or Tier I retiree
6 returning to active service, who has made an election under
7 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
8 Tier I employee, or Tier I retiree returning to active service,
9 who has made an election under paragraph (2) or subsection (a)
10 or (a-5) of Section 2-110.3 shall not accept any future
11 increase in income that is offered for service as a member
12 under this Article in violation of the requirement set forth in
13 this subsection.

14 (f) A member's election under this Section is not a
15 prohibited election under subdivision (j)(1) of Section 1-119
16 of this Code.

17 (g) Qualified Plan Status. No provision of this Section
18 shall be interpreted in a way that would cause the System to
19 cease to be a qualified plan under section 461 (a) of the
20 Internal Revenue Code of 1986.

21 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

22 Sec. 2-119.1. Automatic increase in retirement annuity.

23 (a) Except as provided in subsections (a-1) and (a-2), a A
24 participant who retires after June 30, 1967, and who has not
25 received an initial increase under this Section before the

1 effective date of this amendatory Act of 1991, shall, in
2 January or July next following the first anniversary of
3 retirement, whichever occurs first, and in the same month of
4 each year thereafter, but in no event prior to age 60, have the
5 amount of the originally granted retirement annuity increased
6 as follows: for each year through 1971, 1 1/2%; for each year
7 from 1972 through 1979, 2%; and for 1980 and each year
8 thereafter, 3%. Annuitants who have received an initial
9 increase under this subsection prior to the effective date of
10 this amendatory Act of 1991 shall continue to receive their
11 annual increases in the same month as the initial increase.

12 (a-1) Notwithstanding any other provision of this Article,
13 for a Tier I employee or Tier I retiree who made the election
14 under paragraph (1) of subsection (a) or (a-5) of Section
15 2-110.3, the amount of each automatic annual increase in
16 retirement annuity occurring on or after the effective date of
17 that election shall be 3% or one-half of the annual unadjusted
18 percentage increase, if any, in the Consumer Price Index-U for
19 the 12 months ending with the preceding September, whichever is
20 less, of the originally granted retirement annuity. For the
21 purposes of this Section, "Consumer Price Index-U" means the
22 index published by the Bureau of Labor Statistics of the United
23 States Department of Labor that measures the average change in
24 prices of goods and services purchased by all urban consumers,
25 United States city average, all items, 1982-84 = 100.

26 (a-2) For a Tier I employee or Tier I retiree who made the

1 election under paragraph (1) of subsection (a) or (a-5) of
2 Section 2-110.3, the monthly retirement annuity shall first be
3 subject to annual increases on the January 1 occurring on or
4 next after the attainment of age 67 or the January 1 occurring
5 on or next after the fifth anniversary of the annuity start
6 date, whichever occurs earlier. If on the effective date of the
7 election under paragraph (1) of subsection (a-5) of Section
8 2-110.3 a Tier I retiree has already received an annual
9 increase under this Section but does not yet meet the new
10 eligibility requirements of this subsection, the annual
11 increases already received shall continue in force, but no
12 additional annual increase shall be granted until the Tier I
13 retiree meets the new eligibility requirements.

14 (b) Beginning January 1, 1990, for eligible participants
15 who remain in service after attaining 20 years of creditable
16 service, the 3% increases provided under subsection (a) shall
17 begin to accrue on the January 1 next following the date upon
18 which the participant (1) attains age 55, or (2) attains 20
19 years of creditable service, whichever occurs later, and shall
20 continue to accrue while the participant remains in service;
21 such increases shall become payable on January 1 or July 1,
22 whichever occurs first, next following the first anniversary of
23 retirement. For any person who has service credit in the System
24 for the entire period from January 15, 1969 through December
25 31, 1992, regardless of the date of termination of service, the
26 reference to age 55 in clause (1) of this subsection (b) shall

1 be deemed to mean age 50.

2 This subsection (b) does not apply to any person who first
3 becomes a member of the System after August 8, 2003 (the
4 effective date of Public Act 93-494) or (ii) has made the
5 election under paragraph (1) of subsection (a) or (a-5) of
6 Section 2-110.3; except that if on the effective date of the
7 election under paragraph (1) of subsection (a-5) of Section
8 2-110.3 a Tier I retiree has already received a retirement
9 annuity based on any annual increases under this subsection,
10 those annual increases under this subsection shall continue in
11 force ~~this amendatory Act of the 93rd General Assembly.~~

12 (b-5) Notwithstanding any other provision of this Article,
13 a participant who first becomes a participant on or after
14 January 1, 2011 (the effective date of Public Act 96-889)
15 shall, in January or July next following the first anniversary
16 of retirement, whichever occurs first, and in the same month of
17 each year thereafter, but in no event prior to age 67, have the
18 amount of the retirement annuity then being paid increased by
19 3% or the annual unadjusted percentage increase in the Consumer
20 Price Index for All Urban Consumers as determined by the Public
21 Pension Division of the Department of Insurance under
22 subsection (a) of Section 2-108.1, whichever is less.

23 (c) The foregoing provisions relating to automatic
24 increases are not applicable to a participant who retires
25 before having made contributions (at the rate prescribed in
26 Section 2-126) for automatic increases for less than the

1 equivalent of one full year. However, in order to be eligible
2 for the automatic increases, such a participant may make
3 arrangements to pay to the system the amount required to bring
4 the total contributions for the automatic increase to the
5 equivalent of one year's contributions based upon his or her
6 last salary.

7 (d) A participant who terminated service prior to July 1,
8 1967, with at least 14 years of service is entitled to an
9 increase in retirement annuity beginning January, 1976, and to
10 additional increases in January of each year thereafter.

11 The initial increase shall be 1 1/2% of the originally
12 granted retirement annuity multiplied by the number of full
13 years that the annuitant was in receipt of such annuity prior
14 to January 1, 1972, plus 2% of the originally granted
15 retirement annuity for each year after that date. The
16 subsequent annual increases shall be at the rate of 2% of the
17 originally granted retirement annuity for each year through
18 1979 and at the rate of 3% for 1980 and thereafter.

19 (e) Beginning January 1, 1990, all automatic annual
20 increases payable under this Section shall be calculated as a
21 percentage of the total annuity payable at the time of the
22 increase, including previous increases granted under this
23 Article.

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

1 Sec. 2-124. Contributions by State.

2 (a) Except as otherwise provided in this Section, the ~~The~~
3 State shall make contributions to the System by appropriations
4 of amounts which, together with the contributions of
5 participants, interest earned on investments, and other income
6 will meet the cost of maintaining and administering the System
7 on a 90% funded basis in accordance with actuarial
8 recommendations.

9 (b) The Board shall determine the amount of State
10 contributions required for each fiscal year on the basis of the
11 actuarial tables and other assumptions adopted by the Board and
12 the prescribed rate of interest, using the formula in
13 subsection (c).

14 (c) Except as otherwise provided in this Section, for ~~For~~
15 State fiscal years 2012 through 2045, the minimum contribution
16 to the System to be made by the State for each fiscal year
17 shall be an amount determined by the System to be sufficient to
18 bring the total assets of the System up to 90% of the total
19 actuarial liabilities of the System by the end of State fiscal
20 year 2045. In making these determinations, the required State
21 contribution shall be calculated each year as a level
22 percentage of payroll over the years remaining to and including
23 fiscal year 2045 and shall be determined under the projected
24 unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$4,157,000.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$5,220,300.

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2010 is
18 \$10,454,000 and shall be made from the proceeds of bonds sold
19 in fiscal year 2010 pursuant to Section 7.2 of the General
20 Obligation Bond Act, less (i) the pro rata share of bond sale
21 expenses determined by the System's share of total bond
22 proceeds, (ii) any amounts received from the General Revenue
23 Fund in fiscal year 2010, and (iii) any reduction in bond
24 proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is
2 the amount recertified by the System on or before April 1, 2011
3 pursuant to Section 2-134 and shall be made from the proceeds
4 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
5 the General Obligation Bond Act, less (i) the pro rata share of
6 bond sale expenses determined by the System's share of total
7 bond proceeds, (ii) any amounts received from the General
8 Revenue Fund in fiscal year 2011, and (iii) any reduction in
9 bond proceeds due to the issuance of discounted bonds, if
10 applicable.

11 Except as otherwise provided in this Section, beginning
12 ~~Beginning~~ in State fiscal year 2046, the minimum State
13 contribution for each fiscal year shall be the amount needed to
14 maintain the total assets of the System at 90% of the total
15 actuarial liabilities of the System.

16 Amounts received by the System pursuant to Section 25 of
17 the Budget Stabilization Act or Section 8.12 of the State
18 Finance Act in any fiscal year do not reduce and do not
19 constitute payment of any portion of the minimum State
20 contribution required under this Article in that fiscal year.
21 Such amounts shall not reduce, and shall not be included in the
22 calculation of, the required State contributions under this
23 Article in any future year until the System has reached a
24 funding ratio of at least 90%. A reference in this Article to
25 the "required State contribution" or any substantially similar
26 term does not include or apply to any amounts payable to the

1 System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter, as calculated
5 under this Section and certified under Section 2-134, shall not
6 exceed an amount equal to (i) the amount of the required State
7 contribution that would have been calculated under this Section
8 for that fiscal year if the System had not received any
9 payments under subsection (d) of Section 7.2 of the General
10 Obligation Bond Act, minus (ii) the portion of the State's
11 total debt service payments for that fiscal year on the bonds
12 issued in fiscal year 2003 for the purposes of that Section
13 7.2, as determined and certified by the Comptroller, that is
14 the same as the System's portion of the total moneys
15 distributed under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act. In determining this maximum for State
17 fiscal years 2008 through 2010, however, the amount referred to
18 in item (i) shall be increased, as a percentage of the
19 applicable employee payroll, in equal increments calculated
20 from the sum of the required State contribution for State
21 fiscal year 2007 plus the applicable portion of the State's
22 total debt service payments for fiscal year 2007 on the bonds
23 issued in fiscal year 2003 for the purposes of Section 7.2 of
24 the General Obligation Bond Act, so that, by State fiscal year
25 2011, the State is contributing at the rate otherwise required
26 under this Section.

1 (c-1) If at least 50% of Tier I employees making an
2 election under Section 2-110.3 before June 1, 2013 choose the
3 option under paragraph (1) of subsection (a) of that Section,
4 then:

5 (1) In lieu of the State contributions required under
6 subsection (c), for State fiscal years 2014 through 2043
7 the minimum contribution to the System to be made by the
8 State for each fiscal year shall be an amount determined by
9 the System to be equal to the sum of (1) the State's
10 portion of the projected normal cost for that fiscal year,
11 plus (2) an amount sufficient to bring the total assets of
12 the System up to 100% of the total actuarial liabilities of
13 the System by the end of State fiscal year 2043. In making
14 these determinations, the required State contribution
15 shall be calculated each year as a level percentage of
16 payroll over the years remaining to and including fiscal
17 year 2043 and shall be determined under the projected unit
18 credit actuarial cost method.

19 (2) Beginning in State fiscal year 2043, the minimum
20 State contribution for each fiscal year shall be the amount
21 needed to maintain the total assets of the System at 100%
22 of the total actuarial liabilities of the System.

23 (c-2) If less than 50% of Tier I employees making an
24 election under Section 2-110.3 before June 1, 2013 choose the
25 option under paragraph (1) of subsection (a) of that Section,
26 then the annual required contribution to the System to be made

1 by the State shall be determined under subsection (c) of this
2 Section, instead of the annual required contribution otherwise
3 specified in subsection (c-1) of this Section.

4 (d) For purposes of determining the required State
5 contribution to the System, the value of the System's assets
6 shall be equal to the actuarial value of the System's assets,
7 which shall be calculated as follows:

8 As of June 30, 2008, the actuarial value of the System's
9 assets shall be equal to the market value of the assets as of
10 that date. In determining the actuarial value of the System's
11 assets for fiscal years after June 30, 2008, any actuarial
12 gains or losses from investment return incurred in a fiscal
13 year shall be recognized in equal annual amounts over the
14 5-year period following that fiscal year.

15 (e) For purposes of determining the required State
16 contribution to the system for a particular year, the actuarial
17 value of assets shall be assumed to earn a rate of return equal
18 to the system's actuarially assumed rate of return.

19 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
20 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
21 3-18-11; revised 4-6-11.)

22 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

23 Sec. 2-134. To certify required State contributions and
24 submit vouchers.

25 (a) The Board shall certify to the Governor on or before

1 December 15 of each year until December 15, 2011 the amount of
2 the required State contribution to the System for the next
3 fiscal year and shall specifically identify the System's
4 projected State normal cost for that fiscal year. The
5 certification shall include a copy of the actuarial
6 recommendations upon which it is based and shall specifically
7 identify the System's projected State normal cost for that
8 fiscal year.

9 On or before November 1 of each year, beginning November 1,
10 2012, the Board shall submit to the State Actuary, the
11 Governor, and the General Assembly a proposed certification of
12 the amount of the required State contribution to the System for
13 the next fiscal year, along with all of the actuarial
14 assumptions, calculations, and data upon which that proposed
15 certification is based. On or before January 1 of each year
16 beginning January 1, 2013, the State Actuary shall issue a
17 preliminary report concerning the proposed certification and
18 identifying, if necessary, recommended changes in actuarial
19 assumptions that the Board must consider before finalizing its
20 certification of the required State contributions. On or before
21 January 15, 2013 and every January 15 thereafter, the Board
22 shall certify to the Governor and the General Assembly the
23 amount of the required State contribution for the next fiscal
24 year. The Board's certification must note any deviations from
25 the State Actuary's recommended changes, the reason or reasons
26 for not following the State Actuary's recommended changes, and

1 the fiscal impact of not following the State Actuary's
2 recommended changes on the required State contribution.

3 On or before May 1, 2004, the Board shall recalculate and
4 recertify to the Governor the amount of the required State
5 contribution to the System for State fiscal year 2005, taking
6 into account the amounts appropriated to and received by the
7 System under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act.

9 On or before July 1, 2005, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2006, taking
12 into account the changes in required State contributions made
13 by this amendatory Act of the 94th General Assembly.

14 On or before April 1, 2011, the Board shall recalculate and
15 recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2011, applying
17 the changes made by Public Act 96-889 to the System's assets
18 and liabilities as of June 30, 2009 as though Public Act 96-889
19 was approved on that date.

20 (b) Beginning in State fiscal year 1996, on or as soon as
21 possible after the 15th day of each month the Board shall
22 submit vouchers for payment of State contributions to the
23 System, in a total monthly amount of one-twelfth of the
24 required annual State contribution certified under subsection
25 (a). From the effective date of this amendatory Act of the 93rd
26 General Assembly through June 30, 2004, the Board shall not

1 submit vouchers for the remainder of fiscal year 2004 in excess
2 of the fiscal year 2004 certified contribution amount
3 determined under this Section after taking into consideration
4 the transfer to the System under subsection (d) of Section
5 6z-61 of the State Finance Act. These vouchers shall be paid by
6 the State Comptroller and Treasurer by warrants drawn on the
7 funds appropriated to the System for that fiscal year. If in
8 any month the amount remaining unexpended from all other
9 appropriations to the System for the applicable fiscal year
10 (including the appropriations to the System under Section 8.12
11 of the State Finance Act and Section 1 of the State Pension
12 Funds Continuing Appropriation Act) is less than the amount
13 lawfully vouchered under this Section, the difference shall be
14 paid from the General Revenue Fund under the continuing
15 appropriation authority provided in Section 1.1 of the State
16 Pension Funds Continuing Appropriation Act.

17 (c) The full amount of any annual appropriation for the
18 System for State fiscal year 1995 shall be transferred and made
19 available to the System at the beginning of that fiscal year at
20 the request of the Board. Any excess funds remaining at the end
21 of any fiscal year from appropriations shall be retained by the
22 System as a general reserve to meet the System's accrued
23 liabilities.

24 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;
25 96-1511, eff. 1-27-11.)

1 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

2 Sec. 7-109. Employee.

3 (1) "Employee" means any person who:

4 (a) 1. Receives earnings as payment for the performance
5 of personal services or official duties out of the
6 general fund of a municipality, or out of any special
7 fund or funds controlled by a municipality, or by an
8 instrumentality thereof, or a participating
9 instrumentality, including, in counties, the fees or
10 earnings of any county fee office; and

11 2. Under the usual common law rules applicable in
12 determining the employer-employee relationship, has
13 the status of an employee with a municipality, or any
14 instrumentality thereof, or a participating
15 instrumentality, including aldermen, county
16 supervisors and other persons (excepting those
17 employed as independent contractors) who are paid
18 compensation, fees, allowances or other emolument for
19 official duties, and, in counties, the several county
20 fee offices.

21 (b) Serves as a township treasurer appointed under the
22 School Code, as heretofore or hereafter amended, and who
23 receives for such services regular compensation as
24 distinguished from per diem compensation, and any regular
25 employee in the office of any township treasurer whether or
26 not his earnings are paid from the income of the permanent

1 township fund or from funds subject to distribution to the
2 several school districts and parts of school districts as
3 provided in the School Code, or from both such sources; or
4 is the chief executive officer, chief educational officer,
5 chief fiscal officer, or other employee of a Financial
6 Oversight Panel established pursuant to Article 1H of the
7 School Code, other than a superintendent or certified
8 school business official, except that such person shall not
9 be treated as an employee under this Section if that person
10 has negotiated with the Financial Oversight Panel, in
11 conjunction with the school district, a contractual
12 agreement for exclusion from this Section.

13 (c) Holds an elective office in a municipality,
14 instrumentality thereof or participating instrumentality.

15 (2) "Employee" does not include persons who:

16 (a) Are eligible for inclusion under any of the
17 following laws:

18 1. "An Act in relation to an Illinois State
19 Teachers' Pension and Retirement Fund", approved May
20 27, 1915, as amended;

21 2. Articles 15 and 16 of this Code.

22 However, such persons shall be included as employees to
23 the extent of earnings that are not eligible for inclusion
24 under the foregoing laws for services not of an
25 instructional nature of any kind.

26 However, any member of the armed forces who is employed

1 as a teacher of subjects in the Reserve Officers Training
2 Corps of any school and who is not certified under the law
3 governing the certification of teachers shall be included
4 as an employee.

5 (b) Are designated by the governing body of a
6 municipality in which a pension fund is required by law to
7 be established for policemen or firemen, respectively, as
8 performing police or fire protection duties, except that
9 when such persons are the heads of the police or fire
10 department and are not eligible to be included within any
11 such pension fund, they shall be included within this
12 Article; provided, that such persons shall not be excluded
13 to the extent of concurrent service and earnings not
14 designated as being for police or fire protection duties.
15 However, (i) any head of a police department who was a
16 participant under this Article immediately before October
17 1, 1977 and did not elect, under Section 3-109 of this Act,
18 to participate in a police pension fund shall be an
19 "employee", and (ii) any chief of police who elects to
20 participate in this Fund under Section 3-109.1 of this
21 Code, regardless of whether such person continues to be
22 employed as chief of police or is employed in some other
23 rank or capacity within the police department, shall be an
24 employee under this Article for so long as such person is
25 employed to perform police duties by a participating
26 municipality and has not lawfully rescinded that election.

1 (c) After August 26, 2011 (the effective date of Public
2 Act 97-609) ~~this amendatory Act of the 97th General~~
3 ~~Assembly~~, are contributors to or eligible to contribute to
4 a Taft-Hartley pension plan established on or before June
5 1, 2011 and are employees of a theatre, arena, or
6 convention center that is located in a municipality located
7 in a county with a population greater than 5,000,000, and
8 to which the participating municipality is required to
9 contribute as the person's employer based on earnings from
10 the municipality. Nothing in this paragraph shall affect
11 service credit or creditable service for any period of
12 service prior to August 26, 2011 ~~the effective date of this~~
13 ~~amendatory Act of the 97th General Assembly~~, and this
14 paragraph shall not apply to individuals who are
15 participating in the Fund prior to August 26, 2011 ~~the~~
16 ~~effective date of this amendatory Act of the 97th General~~
17 ~~Assembly~~.

18 (d) Become an employee of any of the following
19 participating instrumentalities on or after the effective
20 date of this amendatory Act of the 97th General Assembly:
21 the Illinois Municipal League; the Illinois Association of
22 Park Districts; the Illinois Supervisors, County
23 Commissioners and Superintendents of Highways Association;
24 the Township School District Trustees; the United Counties
25 Council; or the Will County Governmental League.

26 (3) All persons, including, without limitation, public

1 defenders and probation officers, who receive earnings from
2 general or special funds of a county for performance of
3 personal services or official duties within the territorial
4 limits of the county, are employees of the county (unless
5 excluded by subsection (2) of this Section) notwithstanding
6 that they may be appointed by and are subject to the direction
7 of a person or persons other than a county board or a county
8 officer. It is hereby established that an employer-employee
9 relationship under the usual common law rules exists between
10 such employees and the county paying their salaries by reason
11 of the fact that the county boards fix their rates of
12 compensation, appropriate funds for payment of their earnings
13 and otherwise exercise control over them. This finding and this
14 amendatory Act shall apply to all such employees from the date
15 of appointment whether such date is prior to or after the
16 effective date of this amendatory Act and is intended to
17 clarify existing law pertaining to their status as
18 participating employees in the Fund.

19 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
20 revised 9-28-11.)

21 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

22 Sec. 14-106. Membership service credit.

23 (a) After January 1, 1944, all service of a member since he
24 last became a member with respect to which contributions are
25 made shall count as membership service; provided, that for

1 service on and after July 1, 1950, 12 months of service shall
2 constitute a year of membership service, the completion of 15
3 days or more of service during any month shall constitute 1
4 month of membership service, 8 to 15 days shall constitute 1/2
5 month of membership service and less than 8 days shall
6 constitute 1/4 month of membership service. The payroll record
7 of each department shall constitute conclusive evidence of the
8 record of service rendered by a member.

9 (b) For a member who is employed and paid on an
10 academic-year basis rather than on a 12-month annual basis,
11 employment for a full academic year shall constitute a full
12 year of membership service, except that the member shall not
13 receive more than one year of membership service credit (plus
14 any additional service credit granted for unused sick leave)
15 for service during any 12-month period. This subsection (b)
16 applies to all such service for which the member has not begun
17 to receive a retirement annuity before January 1, 2001.

18 (c) A member who first participated in this System before
19 the effective date of this amendatory Act of the 97th General
20 Assembly shall be entitled to additional service credit, under
21 rules prescribed by the Board, for accumulated unused sick
22 leave credited to his account in the last Department on the
23 date of withdrawal from service or for any period for which he
24 would have been eligible to receive benefits under a sick pay
25 plan authorized by law, if he had suffered a sickness or
26 accident on the date of withdrawal from service. It shall be

1 the responsibility of the last Department to certify to the
2 Board the length of time salary or benefits would have been
3 paid to the member based upon the accumulated unused sick leave
4 or the applicable sick pay plan if he had become entitled
5 thereto because of sickness on the date that his status as an
6 employee terminated. This period of service credit granted
7 under this paragraph shall not be considered in determining the
8 date the retirement annuity is to begin, or final average
9 compensation.

10 Service credit is not available for unused sick leave
11 accumulated by a person who first participates in this System
12 on or after the effective date of this amendatory Act of the
13 97th General Assembly.

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

15 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

16 Sec. 14-135.08. To certify required State contributions.

17 (a) To certify to the Governor and to each department, on
18 or before November 15 of each year until November 15, 2011, the
19 required rate for State contributions to the System for the
20 next State fiscal year, as determined under subsection (b) of
21 Section 14-131. The certification to the Governor under this
22 subsection (a) shall include a copy of the actuarial
23 recommendations upon which the rate is based and shall
24 specifically identify the System's projected State normal cost
25 for that fiscal year.

1 (a-5) On or before November 1 of each year, beginning
2 November 1, 2012, the Board shall submit to the State Actuary,
3 the Governor, and the General Assembly a proposed certification
4 of the amount of the required State contribution to the System
5 for the next fiscal year, along with all of the actuarial
6 assumptions, calculations, and data upon which that proposed
7 certification is based. On or before January 1 of each year
8 beginning January 1, 2013, the State Actuary shall issue a
9 preliminary report concerning the proposed certification and
10 identifying, if necessary, recommended changes in actuarial
11 assumptions that the Board must consider before finalizing its
12 certification of the required State contributions. On or before
13 January 15, 2013 and each January 15 thereafter, the Board
14 shall certify to the Governor and the General Assembly the
15 amount of the required State contribution for the next fiscal
16 year. The Board's certification must note any deviations from
17 the State Actuary's recommended changes, the reason or reasons
18 for not following the State Actuary's recommended changes, and
19 the fiscal impact of not following the State Actuary's
20 recommended changes on the required State contribution.

21 (b) The certifications under subsections (a) and (a-5)
22 certification shall include an additional amount necessary to
23 pay all principal of and interest on those general obligation
24 bonds due the next fiscal year authorized by Section 7.2(a) of
25 the General Obligation Bond Act and issued to provide the
26 proceeds deposited by the State with the System in July 2003,

1 representing deposits other than amounts reserved under
2 Section 7.2(c) of the General Obligation Bond Act. For State
3 fiscal year 2005, the Board shall make a supplemental
4 certification of the additional amount necessary to pay all
5 principal of and interest on those general obligation bonds due
6 in State fiscal years 2004 and 2005 authorized by Section
7 7.2(a) of the General Obligation Bond Act and issued to provide
8 the proceeds deposited by the State with the System in July
9 2003, representing deposits other than amounts reserved under
10 Section 7.2(c) of the General Obligation Bond Act, as soon as
11 practical after the effective date of this amendatory Act of
12 the 93rd General Assembly.

13 On or before May 1, 2004, the Board shall recalculate and
14 recertify to the Governor and to each department the amount of
15 the required State contribution to the System and the required
16 rates for State contributions to the System for State fiscal
17 year 2005, taking into account the amounts appropriated to and
18 received by the System under subsection (d) of Section 7.2 of
19 the General Obligation Bond Act.

20 On or before July 1, 2005, the Board shall recalculate and
21 recertify to the Governor and to each department the amount of
22 the required State contribution to the System and the required
23 rates for State contributions to the System for State fiscal
24 year 2006, taking into account the changes in required State
25 contributions made by this amendatory Act of the 94th General
26 Assembly.

1 On or before April 1, 2011, the Board shall recalculate and
2 recertify to the Governor and to each department the amount of
3 the required State contribution to the System for State fiscal
4 year 2011, applying the changes made by Public Act 96-889 to
5 the System's assets and liabilities as of June 30, 2009 as
6 though Public Act 96-889 was approved on that date.

7 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

8 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

9 Sec. 15-107. Employee.

10 (a) "Employee" means any member of the educational,
11 administrative, secretarial, clerical, mechanical, labor or
12 other staff of an employer whose employment is permanent and
13 continuous or who is employed in a position in which services
14 are expected to be rendered on a continuous basis for at least
15 4 months or one academic term, whichever is less, who (A)
16 receives payment for personal services on a warrant issued
17 pursuant to a payroll voucher certified by an employer and
18 drawn by the State Comptroller upon the State Treasurer or by
19 an employer upon trust, federal or other funds, or (B) is on a
20 leave of absence without pay. Employment which is irregular,
21 intermittent or temporary shall not be considered continuous
22 for purposes of this paragraph.

23 However, a person is not an "employee" if he or she:

24 (1) is a student enrolled in and regularly attending
25 classes in a college or university which is an employer,

1 and is employed on a temporary basis at less than full
2 time;

3 (2) is currently receiving a retirement annuity or a
4 disability retirement annuity under Section 15-153.2 from
5 this System;

6 (3) is on a military leave of absence;

7 (4) is eligible to participate in the Federal Civil
8 Service Retirement System and is currently making
9 contributions to that system based upon earnings paid by an
10 employer;

11 (5) is on leave of absence without pay for more than 60
12 days immediately following termination of disability
13 benefits under this Article;

14 (6) is hired after June 30, 1979 as a public service
15 employment program participant under the Federal
16 Comprehensive Employment and Training Act and receives
17 earnings in whole or in part from funds provided under that
18 Act; or

19 (7) is employed on or after July 1, 1991 to perform
20 services that are excluded by subdivision (a)(7)(f) or
21 (a)(19) of Section 210 of the federal Social Security Act
22 from the definition of employment given in that Section (42
23 U.S.C. 410).

24 (b) Any employer may, by filing a written notice with the
25 board, exclude from the definition of "employee" all persons
26 employed pursuant to a federally funded contract entered into

1 after July 1, 1982 with a federal military department in a
2 program providing training in military courses to federal
3 military personnel on a military site owned by the United
4 States Government, if this exclusion is not prohibited by the
5 federally funded contract or federal laws or rules governing
6 the administration of the contract.

7 (c) Any person appointed by the Governor under the Civil
8 Administrative Code of the State is an employee, if he or she
9 is a participant in this system on the effective date of the
10 appointment.

11 (d) A participant on lay-off status under civil service
12 rules is considered an employee for not more than 120 days from
13 the date of the lay-off.

14 (e) A participant is considered an employee during (1) the
15 first 60 days of disability leave, (2) the period, not to
16 exceed one year, in which his or her eligibility for disability
17 benefits is being considered by the board or reviewed by the
18 courts, and (3) the period he or she receives disability
19 benefits under the provisions of Section 15-152, workers'
20 compensation or occupational disease benefits, or disability
21 income under an insurance contract financed wholly or partially
22 by the employer.

23 (f) Absences without pay, other than formal leaves of
24 absence, of less than 30 calendar days, are not considered as
25 an interruption of a person's status as an employee. If such
26 absences during any period of 12 months exceed 30 work days,

1 the employee status of the person is considered as interrupted
2 as of the 31st work day.

3 (g) A staff member whose employment contract requires
4 services during an academic term is to be considered an
5 employee during the summer and other vacation periods, unless
6 he or she declines an employment contract for the succeeding
7 academic term or his or her employment status is otherwise
8 terminated, and he or she receives no earnings during these
9 periods.

10 (h) An individual who was a participating employee employed
11 in the fire department of the University of Illinois's
12 Champaign-Urbana campus immediately prior to the elimination
13 of that fire department and who immediately after the
14 elimination of that fire department became employed by the fire
15 department of the City of Urbana or the City of Champaign shall
16 continue to be considered as an employee for purposes of this
17 Article for so long as the individual remains employed as a
18 firefighter by the City of Urbana or the City of Champaign. The
19 individual shall cease to be considered an employee under this
20 subsection (h) upon the first termination of the individual's
21 employment as a firefighter by the City of Urbana or the City
22 of Champaign.

23 (i) An individual who is employed on a full-time basis as
24 an officer or employee of a statewide teacher organization that
25 serves System participants or an officer of a national teacher
26 organization that serves System participants may participate

1 in the System and shall be deemed an employee, provided that
2 (1) the individual has previously earned creditable service
3 under this Article, (2) the individual files with the System an
4 irrevocable election to become a participant before the
5 effective date of this amendatory Act of the 97th General
6 Assembly, (3) the individual does not receive credit for that
7 employment under any other Article of this Code, and (4) the
8 individual first became a full-time employee of the teacher
9 organization and becomes a participant before the effective
10 date of this amendatory Act of the 97th General Assembly. An
11 employee under this subsection (i) is responsible for paying to
12 the System both (A) employee contributions based on the actual
13 compensation received for service with the teacher
14 organization and (B) employer contributions equal to the normal
15 costs (as defined in Section 15-155) resulting from that
16 service; all or any part of these contributions may be paid on
17 the employee's behalf or picked up for tax purposes (if
18 authorized under federal law) by the teacher organization.

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

1 of this Code, or during which the applicant was on a leave of
2 absence under Section 15-113.2.

3 (j) A person employed by the State Board of Higher
4 Education in a position with the Illinois Century Network as of
5 June 30, 2004 shall be considered to be an employee for so long
6 as he or she remains continuously employed after that date by
7 the Department of Central Management Services in a position
8 with the Illinois Century Network, the Bureau of Communication
9 and Computer Services, or, if applicable, any successor bureau
10 and meets the requirements of subsection (a).

11 (k) In the case of doubt as to whether any person is an
12 employee within the meaning of this Section, the decision of
13 the Board shall be final.

14 (Source: P.A. 97-651, eff. 1-5-12.)

15 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

16 Sec. 15-113.2. Service for leaves of absence. "Service for
17 leaves of absence" includes those periods of leaves of absence
18 at less than 50% pay, except military leave and periods of
19 disability leave in excess of 60 days, for which the employee
20 pays the contributions required under Section 15-157 in
21 accordance with rules prescribed by the board based upon the
22 employee's basic compensation on the date the leave begins, or
23 in the case of leave for service with a teacher organization,
24 based upon the actual compensation received by the employee for
25 such service after January 26, 1988, if the employee so elects

1 within 30 days of that date or the date the leave for service
2 with a teacher organization begins, whichever is later;
3 provided that the employee (1) returns to employment covered by
4 this system at the expiration of the leave, or within 30 days
5 after the termination of a disability which occurs during the
6 leave and continues this employment at a percentage of time
7 equal to or greater than the percentage of time immediately
8 preceding the leave of absence for at least 8 consecutive
9 months or a period equal to the period of the leave, whichever
10 is less, or (2) is precluded from meeting the foregoing
11 conditions because of disability or death. If service credit is
12 denied because the employee fails to meet these conditions, the
13 contributions covering the leave of absence shall be refunded
14 without interest. The return to employment condition does not
15 apply if the leave of absence is for service with a teacher
16 organization.

17 Service credit provided under this Section shall not exceed
18 3 years in any period of 10 years, unless the employee is on
19 special leave granted by the employer for service with a
20 teacher organization. Commencing with the fourth year in any
21 period of 10 years, a participant on such special leave is also
22 required to pay employer contributions equal to the normal cost
23 as defined in Section 15-155, based upon the employee's basic
24 compensation on the date the leave begins, or based upon the
25 actual compensation received by the employee for service with a
26 teacher organization if the employee has so elected.

1 Notwithstanding any other provision of this Article, a
2 participant shall not be eligible to make contributions or
3 receive service credit for a leave of absence for service with
4 a teacher organization if that leave of absence for service
5 with a teacher organization begins on or after the effective
6 date of this amendatory Act of the 97th General Assembly.

7 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

8 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

9 Sec. 15-113.6. Service for employment in public schools.
10 "Service for employment in public schools": Includes those
11 periods not exceeding the lesser of 10 years or 2/3 of the
12 service granted under other Sections of this Article dealing
13 with service credit, during which a person who entered the
14 system after September 1, 1974 was employed full time by a
15 public common school, public college and public university, or
16 by an agency or instrumentality of any of the foregoing, of any
17 state, territory, dependency or possession of the United States
18 of America, including the Philippine Islands, or a school
19 operated by or under the auspices of any agency or department
20 of any other state, if the person (1) cannot qualify for a
21 retirement pension or other benefit based upon employer
22 contributions from another retirement system, exclusive of
23 federal social security, based in whole or in part upon this
24 employment, and (2) pays the lesser of (A) an amount equal to
25 8% of his or her annual basic compensation on the date of

1 becoming a participating employee subsequent to this service
2 multiplied by the number of years of such service, together
3 with compound interest from the date participation begins to
4 the date payment is received by the board at the rate of 6% per
5 annum through August 31, 1982, and at the effective rates after
6 that date, and (B) 50% of the actuarial value of the increase
7 in the retirement annuity provided by this service, and (3)
8 contributes for at least 5 years subsequent to this employment
9 to one or more of the following systems: the State Universities
10 Retirement System, the Teachers' Retirement System of the State
11 of Illinois, and the Public School Teachers' Pension and
12 Retirement Fund of Chicago.

13 The service granted under this Section shall not be
14 considered in determining whether the person has the minimum
15 number of ~~8 years of service required to qualify for a~~
16 ~~retirement annuity at age 55 or the 5 years of service required~~
17 ~~to qualify for a retirement annuity at age 62,~~ as provided in
18 Section 15-135, or the 10 years required by subsection (c) of
19 Section 1-160 for a person subject to that Section ~~who first~~
20 ~~becomes a participant on or after January 1, 2011.~~ The maximum
21 allowable service of 10 years for this governmental employment
22 shall be reduced by the service credit which is validated under
23 paragraph (2) of subsection (b) of Section 16-127 and paragraph
24 1 of Section 17-133.

25 (Source: P.A. 95-83, eff. 8-13-07; 96-1490, eff. 1-1-11.)

1 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

2 Sec. 15-163. To consider applications and authorize
3 payments.

4 To consider and pass on all certifications of employment
5 and applications for annuities and benefits; to authorize the
6 granting of annuities and benefits; and to limit or suspend any
7 payment or payments, all in accordance with this Article.

8 (Source: Laws 1963, p. 161.)

9 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

10 Sec. 15-165. To certify amounts and submit vouchers.

11 (a) The Board shall certify to the Governor on or before
12 November 15 of each year until November 15, 2011 the
13 appropriation required from State funds for the purposes of
14 this System for the following fiscal year. The certification
15 under this subsection (a) shall include a copy of the actuarial
16 recommendations upon which it is based and shall specifically
17 identify the System's projected State normal cost for that
18 fiscal year and the projected State cost for the self-managed
19 plan for that fiscal year.

20 On or before May 1, 2004, the Board shall recalculate and
21 recertify to the Governor the amount of the required State
22 contribution to the System for State fiscal year 2005, taking
23 into account the amounts appropriated to and received by the
24 System under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act.

1 On or before July 1, 2005, the Board shall recalculate and
2 recertify to the Governor the amount of the required State
3 contribution to the System for State fiscal year 2006, taking
4 into account the changes in required State contributions made
5 by this amendatory Act of the 94th General Assembly.

6 On or before April 1, 2011, the Board shall recalculate and
7 recertify to the Governor the amount of the required State
8 contribution to the System for State fiscal year 2011, applying
9 the changes made by Public Act 96-889 to the System's assets
10 and liabilities as of June 30, 2009 as though Public Act 96-889
11 was approved on that date.

12 (a-5) On or before November 1 of each year, beginning
13 November 1, 2012, the Board shall submit to the State Actuary,
14 the Governor, and the General Assembly a proposed certification
15 of the amount of the required State contribution to the System
16 for the next fiscal year, along with all of the actuarial
17 assumptions, calculations, and data upon which that proposed
18 certification is based. On or before January 1 of each year,
19 beginning January 1, 2013, the State Actuary shall issue a
20 preliminary report concerning the proposed certification and
21 identifying, if necessary, recommended changes in actuarial
22 assumptions that the Board must consider before finalizing its
23 certification of the required State contributions. On or before
24 January 15, 2013 and each January 15 thereafter, the Board
25 shall certify to the Governor and the General Assembly the
26 amount of the required State contribution for the next fiscal

1 year. The Board's certification must note, in a written
2 response to the State Actuary, any deviations from the State
3 Actuary's recommended changes, the reason or reasons for not
4 following the State Actuary's recommended changes, and the
5 fiscal impact of not following the State Actuary's recommended
6 changes on the required State contribution.

7 (b) The Board shall certify to the State Comptroller or
8 employer, as the case may be, from time to time, by its
9 president and secretary, with its seal attached, the amounts
10 payable to the System from the various funds.

11 (c) Beginning in State fiscal year 1996, on or as soon as
12 possible after the 15th day of each month the Board shall
13 submit vouchers for payment of State contributions to the
14 System, in a total monthly amount of one-twelfth of the
15 required annual State contribution certified under subsection
16 (a). From the effective date of this amendatory Act of the 93rd
17 General Assembly through June 30, 2004, the Board shall not
18 submit vouchers for the remainder of fiscal year 2004 in excess
19 of the fiscal year 2004 certified contribution amount
20 determined under this Section after taking into consideration
21 the transfer to the System under subsection (b) of Section
22 6z-61 of the State Finance Act. These vouchers shall be paid by
23 the State Comptroller and Treasurer by warrants drawn on the
24 funds appropriated to the System for that fiscal year.

25 If in any month the amount remaining unexpended from all
26 other appropriations to the System for the applicable fiscal

1 year (including the appropriations to the System under Section
2 8.12 of the State Finance Act and Section 1 of the State
3 Pension Funds Continuing Appropriation Act) is less than the
4 amount lawfully vouchered under this Section, the difference
5 shall be paid from the General Revenue Fund under the
6 continuing appropriation authority provided in Section 1.1 of
7 the State Pension Funds Continuing Appropriation Act.

8 (d) So long as the payments received are the full amount
9 lawfully vouchered under this Section, payments received by the
10 System under this Section shall be applied first toward the
11 employer contribution to the self-managed plan established
12 under Section 15-158.2. Payments shall be applied second toward
13 the employer's portion of the normal costs of the System, as
14 defined in subsection (f) of Section 15-155. The balance shall
15 be applied toward the unfunded actuarial liabilities of the
16 System.

17 (e) In the event that the System does not receive, as a
18 result of legislative enactment or otherwise, payments
19 sufficient to fully fund the employer contribution to the
20 self-managed plan established under Section 15-158.2 and to
21 fully fund that portion of the employer's portion of the normal
22 costs of the System, as calculated in accordance with Section
23 15-155(a-1), then any payments received shall be applied
24 proportionately to the optional retirement program established
25 under Section 15-158.2 and to the employer's portion of the
26 normal costs of the System, as calculated in accordance with

1 Section 15-155(a-1).

2 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

3 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

4 Sec. 16-106. Teacher. "Teacher": The following
5 individuals, provided that, for employment prior to July 1,
6 1990, they are employed on a full-time basis, or if not
7 full-time, on a permanent and continuous basis in a position in
8 which services are expected to be rendered for at least one
9 school term:

10 (1) Any educational, administrative, professional or
11 other staff employed in the public common schools included
12 within this system in a position requiring certification
13 under the law governing the certification of teachers;

14 (2) Any educational, administrative, professional or
15 other staff employed in any facility of the Department of
16 Children and Family Services or the Department of Human
17 Services, in a position requiring certification under the
18 law governing the certification of teachers, and any person
19 who (i) works in such a position for the Department of
20 Corrections, (ii) was a member of this System on May 31,
21 1987, and (iii) did not elect to become a member of the
22 State Employees' Retirement System pursuant to Section
23 14-108.2 of this Code; except that "teacher" does not
24 include any person who (A) becomes a security employee of
25 the Department of Human Services, as defined in Section

1 14-110, after June 28, 2001 (the effective date of Public
2 Act 92-14), or (B) becomes a member of the State Employees'
3 Retirement System pursuant to Section 14-108.2c of this
4 Code;

5 (3) Any regional superintendent of schools, assistant
6 regional superintendent of schools, State Superintendent
7 of Education; any person employed by the State Board of
8 Education as an executive; any executive of the boards
9 engaged in the service of public common school education in
10 school districts covered under this system of which the
11 State Superintendent of Education is an ex-officio member;

12 (4) Any employee of a school board association
13 operating in compliance with Article 23 of the School Code
14 who is certificated under the law governing the
15 certification of teachers, provided that he or she becomes
16 such an employee before the effective date of this
17 amendatory Act of the 97th General Assembly;

18 (5) Any person employed by the retirement system who:

19 (i) was an employee of and a participant in the
20 system on August 17, 2001 (the effective date of Public
21 Act 92-416), or

22 (ii) becomes an employee of the system on or after
23 August 17, 2001;

24 (6) Any educational, administrative, professional or
25 other staff employed by and under the supervision and
26 control of a regional superintendent of schools, provided

1 such employment position requires the person to be
2 certificated under the law governing the certification of
3 teachers and is in an educational program serving 2 or more
4 districts in accordance with a joint agreement authorized
5 by the School Code or by federal legislation;

6 (7) Any educational, administrative, professional or
7 other staff employed in an educational program serving 2 or
8 more school districts in accordance with a joint agreement
9 authorized by the School Code or by federal legislation and
10 in a position requiring certification under the laws
11 governing the certification of teachers;

12 (8) Any officer or employee of a statewide teacher
13 organization or officer of a national teacher organization
14 who is certified under the law governing certification of
15 teachers, provided: (i) the individual had previously
16 established creditable service under this Article, (ii)
17 the individual files with the system an irrevocable
18 election to become a member before the effective date of
19 this amendatory Act of the 97th General Assembly, (iii) the
20 individual does not receive credit for such service under
21 any other Article of this Code, and (iv) the individual
22 first became an officer or employee of the teacher
23 organization and becomes a member before the effective date
24 of this amendatory Act of the 97th General Assembly;

25 (9) Any educational, administrative, professional, or
26 other staff employed in a charter school operating in

1 compliance with the Charter Schools Law who is certificated
2 under the law governing the certification of teachers.

3 (10) Any person employed, on the effective date of this
4 amendatory Act of the 94th General Assembly, by the
5 Macon-Piatt Regional Office of Education in a
6 birth-through-age-three pilot program receiving funds
7 under Section 2-389 of the School Code who is required by
8 the Macon-Piatt Regional Office of Education to hold a
9 teaching certificate, provided that the Macon-Piatt
10 Regional Office of Education makes an election, within 6
11 months after the effective date of this amendatory Act of
12 the 94th General Assembly, to have the person participate
13 in the system. Any service established prior to the
14 effective date of this amendatory Act of the 94th General
15 Assembly for service as an employee of the Macon-Piatt
16 Regional Office of Education in a birth-through-age-three
17 pilot program receiving funds under Section 2-389 of the
18 School Code shall be considered service as a teacher if
19 employee and employer contributions have been received by
20 the system and the system has not refunded those
21 contributions.

22 An annuitant receiving a retirement annuity under this
23 Article or under Article 17 of this Code who is employed by a
24 board of education or other employer as permitted under Section
25 16-118 or 16-150.1 is not a "teacher" for purposes of this
26 Article. A person who has received a single-sum retirement

1 benefit under Section 16-136.4 of this Article is not a
2 "teacher" for purposes of this Article.

3 (Source: P.A. 97-651, eff. 1-5-12.)

4 (40 ILCS 5/16-106.4 new)

5 Sec. 16-106.4. Tier I employee. "Tier I employee": A
6 teacher under this Article who first became a member or
7 participant before January 1, 2011 under any reciprocal
8 retirement system or pension fund established under this Code
9 other than a retirement system or pension fund established
10 under Article 2, 3, 4, 5, 6, or 18 of this Code.

11 (40 ILCS 5/16-106.5 new)

12 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former
13 Tier I employee who is receiving a retirement annuity.

14 (40 ILCS 5/16-106.6 new)

15 Sec. 16-106.6. Teacher certification. For purposes of this
16 Article, a teacher shall be deemed to be certificated if he or
17 she is required to be licensed by the Illinois State Board of
18 Education.

19 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

20 Sec. 16-121. Salary. "Salary": The actual compensation
21 received by a teacher during any school year and recognized by
22 the system in accordance with rules of the board. For purposes

1 of this Section, "school year" includes the regular school term
2 plus any additional period for which a teacher is compensated
3 and such compensation is recognized by the rules of the board.
4 Notwithstanding any other provision of this Section, "salary"
5 does not include any future increase in income offered by an
6 employer under this Article pursuant to the requirements of
7 subsection (c) of Section 16-131.7 that is accepted by a Tier I
8 employee, or a Tier I retiree returning to active service, who
9 has made an election under paragraph (2) of subsection (a) or
10 (a-5) of Section 16-131.7.

11 (Source: P.A. 84-1028.)

12 (40 ILCS 5/16-121.1 new)

13 Sec. 16-121.1. Future increase in income. "Future increase
14 in income": Any increase in income in any form offered by an
15 employer to a teacher under this Article after June 30, 2013
16 that would qualify as "salary", as defined under Section
17 14-103.10, but for the fact that the employer offered the
18 increase in income to the teacher on the condition that it not
19 qualify as salary and the teacher accepted the increase in
20 income subject to that condition. The term "future increase in
21 income" does not include an increase in income in any form that
22 is paid to a Tier I employee under an employment contract or
23 collective bargaining agreement that is in effect on the
24 effective date of this Section but does include an increase in
25 income in any form pursuant to an extension, amendment, or

1 renewal of any such employment contract or collective
2 bargaining agreement on or after the effective date of this
3 amendatory Act of the 97th General Assembly.

4 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

5 Sec. 16-127. Computation of creditable service.

6 (a) Each member shall receive regular credit for all
7 service as a teacher from the date membership begins, for which
8 satisfactory evidence is supplied and all contributions have
9 been paid.

10 (b) The following periods of service shall earn optional
11 credit and each member shall receive credit for all such
12 service for which satisfactory evidence is supplied and all
13 contributions have been paid as of the date specified:

14 (1) Prior service as a teacher.

15 (2) Service in a capacity essentially similar or
16 equivalent to that of a teacher, in the public common
17 schools in school districts in this State not included
18 within the provisions of this System, or of any other
19 State, territory, dependency or possession of the United
20 States, or in schools operated by or under the auspices of
21 the United States, or under the auspices of any agency or
22 department of any other State, and service during any
23 period of professional speech correction or special
24 education experience for a public agency within this State
25 or any other State, territory, dependency or possession of

1 the United States, and service prior to February 1, 1951 as
2 a recreation worker for the Illinois Department of Public
3 Safety, for a period not exceeding the lesser of 2/5 of the
4 total creditable service of the member or 10 years. The
5 maximum service of 10 years which is allowable under this
6 paragraph shall be reduced by the service credit which is
7 validated by other retirement systems under paragraph (i)
8 of Section 15-113 and paragraph 1 of Section 17-133. Credit
9 granted under this paragraph may not be used in
10 determination of a retirement annuity or disability
11 benefits unless the member has at least 5 years of
12 creditable service earned subsequent to this employment
13 with one or more of the following systems: Teachers'
14 Retirement System of the State of Illinois, State
15 Universities Retirement System, and the Public School
16 Teachers' Pension and Retirement Fund of Chicago. Whenever
17 such service credit exceeds the maximum allowed for all
18 purposes of this Article, the first service rendered in
19 point of time shall be considered. The changes to this
20 subdivision (b)(2) made by Public Act 86-272 shall apply
21 not only to persons who on or after its effective date
22 (August 23, 1989) are in service as a teacher under the
23 System, but also to persons whose status as such a teacher
24 terminated prior to such effective date, whether or not
25 such person is an annuitant on that date.

26 (3) Any periods immediately following teaching

1 service, under this System or under Article 17, (or
2 immediately following service prior to February 1, 1951 as
3 a recreation worker for the Illinois Department of Public
4 Safety) spent in active service with the military forces of
5 the United States; periods spent in educational programs
6 that prepare for return to teaching sponsored by the
7 federal government following such active military service;
8 if a teacher returns to teaching service within one
9 calendar year after discharge or after the completion of
10 the educational program, a further period, not exceeding
11 one calendar year, between time spent in military service
12 or in such educational programs and the return to
13 employment as a teacher under this System; and a period of
14 up to 2 years of active military service not immediately
15 following employment as a teacher.

16 The changes to this Section and Section 16-128 relating
17 to military service made by P.A. 87-794 shall apply not
18 only to persons who on or after its effective date are in
19 service as a teacher under the System, but also to persons
20 whose status as a teacher terminated prior to that date,
21 whether or not the person is an annuitant on that date. In
22 the case of an annuitant who applies for credit allowable
23 under this Section for a period of military service that
24 did not immediately follow employment, and who has made the
25 required contributions for such credit, the annuity shall
26 be recalculated to include the additional service credit,

1 with the increase taking effect on the date the System
2 received written notification of the annuitant's intent to
3 purchase the credit, if payment of all the required
4 contributions is made within 60 days of such notice, or
5 else on the first annuity payment date following the date
6 of payment of the required contributions. In calculating
7 the automatic annual increase for an annuity that has been
8 recalculated under this Section, the increase attributable
9 to the additional service allowable under P.A. 87-794 shall
10 be included in the calculation of automatic annual
11 increases accruing after the effective date of the
12 recalculation.

13 Credit for military service shall be determined as
14 follows: if entry occurs during the months of July, August,
15 or September and the member was a teacher at the end of the
16 immediately preceding school term, credit shall be granted
17 from July 1 of the year in which he or she entered service;
18 if entry occurs during the school term and the teacher was
19 in teaching service at the beginning of the school term,
20 credit shall be granted from July 1 of such year. In all
21 other cases where credit for military service is allowed,
22 credit shall be granted from the date of entry into the
23 service.

24 The total period of military service for which credit
25 is granted shall not exceed 5 years for any member unless
26 the service: (A) is validated before July 1, 1964, and (B)

1 does not extend beyond July 1, 1963. Credit for military
2 service shall be granted under this Section only if not
3 more than 5 years of the military service for which credit
4 is granted under this Section is used by the member to
5 qualify for a military retirement allotment from any branch
6 of the armed forces of the United States. The changes to
7 this subdivision (b) (3) made by Public Act 86-272 shall
8 apply not only to persons who on or after its effective
9 date (August 23, 1989) are in service as a teacher under
10 the System, but also to persons whose status as such a
11 teacher terminated prior to such effective date, whether or
12 not such person is an annuitant on that date.

13 (4) Any periods served as a member of the General
14 Assembly.

15 (5) (i) Any periods for which a teacher, as defined in
16 Section 16-106, is granted a leave of absence, provided he
17 or she returns to teaching service creditable under this
18 System or the State Universities Retirement System
19 following the leave; (ii) periods during which a teacher is
20 involuntarily laid off from teaching, provided he or she
21 returns to teaching following the lay-off; (iii) periods
22 prior to July 1, 1983 during which a teacher ceased covered
23 employment due to pregnancy, provided that the teacher
24 returned to teaching service creditable under this System
25 or the State Universities Retirement System following the
26 pregnancy and submits evidence satisfactory to the Board

1 documenting that the employment ceased due to pregnancy;
2 and (iv) periods prior to July 1, 1983 during which a
3 teacher ceased covered employment for the purpose of
4 adopting an infant under 3 years of age or caring for a
5 newly adopted infant under 3 years of age, provided that
6 the teacher returned to teaching service creditable under
7 this System or the State Universities Retirement System
8 following the adoption and submits evidence satisfactory
9 to the Board documenting that the employment ceased for the
10 purpose of adopting an infant under 3 years of age or
11 caring for a newly adopted infant under 3 years of age.
12 However, total credit under this paragraph (5) may not
13 exceed 3 years.

14 Any qualified member or annuitant may apply for credit
15 under item (iii) or (iv) of this paragraph (5) without
16 regard to whether service was terminated before the
17 effective date of this amendatory Act of 1997. In the case
18 of an annuitant who establishes credit under item (iii) or
19 (iv), the annuity shall be recalculated to include the
20 additional service credit. The increase in annuity shall
21 take effect on the date the System receives written
22 notification of the annuitant's intent to purchase the
23 credit, if the required evidence is submitted and the
24 required contribution paid within 60 days of that
25 notification, otherwise on the first annuity payment date
26 following the System's receipt of the required evidence and

1 contribution. The increase in an annuity recalculated
2 under this provision shall be included in the calculation
3 of automatic annual increases in the annuity accruing after
4 the effective date of the recalculation.

5 Optional credit may be purchased under this subsection
6 (b) (5) for periods during which a teacher has been granted
7 a leave of absence pursuant to Section 24-13 of the School
8 Code. A teacher whose service under this Article terminated
9 prior to the effective date of P.A. 86-1488 shall be
10 eligible to purchase such optional credit. If a teacher who
11 purchases this optional credit is already receiving a
12 retirement annuity under this Article, the annuity shall be
13 recalculated as if the annuitant had applied for the leave
14 of absence credit at the time of retirement. The difference
15 between the entitled annuity and the actual annuity shall
16 be credited to the purchase of the optional credit. The
17 remainder of the purchase cost of the optional credit shall
18 be paid on or before April 1, 1992.

19 The change in this paragraph made by Public Act 86-273
20 shall be applicable to teachers who retire after June 1,
21 1989, as well as to teachers who are in service on that
22 date.

23 (6) Any days of unused and uncompensated accumulated
24 sick leave earned by a teacher who first became a
25 participant in the System before the effective date of this
26 amendatory Act of the 97th General Assembly. The service

1 credit granted under this paragraph shall be the ratio of
2 the number of unused and uncompensated accumulated sick
3 leave days to 170 days, subject to a maximum of 2 years of
4 service credit. Prior to the member's retirement, each
5 former employer shall certify to the System the number of
6 unused and uncompensated accumulated sick leave days
7 credited to the member at the time of termination of
8 service. The period of unused sick leave shall not be
9 considered in determining the effective date of
10 retirement. A member is not required to make contributions
11 in order to obtain service credit for unused sick leave.

12 Credit for sick leave shall, at retirement, be granted
13 by the System for any retiring regional or assistant
14 regional superintendent of schools who first became a
15 participant in this System before the effective date of
16 this amendatory Act of the 97th General Assembly at the
17 rate of 6 days per year of creditable service or portion
18 thereof established while serving as such superintendent
19 or assistant superintendent.

20 Service credit is not available for unused sick leave
21 accumulated by a teacher who first becomes a participant in
22 this System on or after the effective date of this amendatory
23 Act of the 97th General Assembly.

24 (7) Periods prior to February 1, 1987 served as an
25 employee of the Illinois Mathematics and Science Academy
26 for which credit has not been terminated under Section

1 15-113.9 of this Code.

2 (8) Service as a substitute teacher for work performed
3 prior to July 1, 1990.

4 (9) Service as a part-time teacher for work performed
5 prior to July 1, 1990.

6 (10) Up to 2 years of employment with Southern Illinois
7 University - Carbondale from September 1, 1959 to August
8 31, 1961, or with Governors State University from September
9 1, 1972 to August 31, 1974, for which the teacher has no
10 credit under Article 15. To receive credit under this item
11 (10), a teacher must apply in writing to the Board and pay
12 the required contributions before May 1, 1993 and have at
13 least 12 years of service credit under this Article.

14 (b-1) A member may establish optional credit for up to 2
15 years of service as a teacher or administrator employed by a
16 private school recognized by the Illinois State Board of
17 Education, provided that the teacher (i) was certified under
18 the law governing the certification of teachers at the time the
19 service was rendered, (ii) applies in writing on or after
20 August 1, 2009 and on or before August 1, 2012, (iii) supplies
21 satisfactory evidence of the employment, (iv) completes at
22 least 10 years of contributing service as a teacher as defined
23 in Section 16-106, and (v) pays the contribution required in
24 subsection (d-5) of Section 16-128. The member may apply for
25 credit under this subsection and pay the required contribution
26 before completing the 10 years of contributing service required

1 under item (iv), but the credit may not be used until the item
2 (iv) contributing service requirement has been met.

3 (c) The service credits specified in this Section shall be
4 granted only if: (1) such service credits are not used for
5 credit in any other statutory tax-supported public employee
6 retirement system other than the federal Social Security
7 program; and (2) the member makes the required contributions as
8 specified in Section 16-128. Except as provided in subsection
9 (b-1) of this Section, the service credit shall be effective as
10 of the date the required contributions are completed.

11 Any service credits granted under this Section shall
12 terminate upon cessation of membership for any cause.

13 Credit may not be granted under this Section covering any
14 period for which an age retirement or disability retirement
15 allowance has been paid.

16 (Source: P.A. 96-546, eff. 8-17-09.)

17 (40 ILCS 5/16-131.7 new)

18 Sec. 16-131.7. Election by Tier I employees and Tier I
19 retirees.

20 (a) Each Tier I employee shall make an irrevocable election
21 either:

22 (1) to agree to the following:

23 (i) to have the amount of the automatic annual
24 increases in his or her retirement annuity that are
25 otherwise provided for in this Article calculated,

1 instead, as provided in subsection (a-1) of Section
2 16-133.1 or subsection (b-1) of Section 16-136.1,
3 whichever is applicable; and

4 (ii) to have his or her eligibility for automatic
5 annual increases in retirement annuity postponed as
6 provided in subsection (a-2) of Section 16-133.1 or
7 subsection (b-2) of Section 16-136.1, whichever is
8 applicable; or

9 (2) to not agree to items (i) and (ii) as set forth in
10 paragraph (1) of this subsection and to be subject to
11 subsection (c) of this Section.

12 The election required under this subsection (a) shall be
13 made by each Tier I employee no earlier than January 1, 2013
14 and no later than May 31, 2013, except that:

15 (i) a person who becomes a Tier I employee under this
16 Article after January 1, 2013 must make the election under
17 this subsection (a) within 60 days after becoming a Tier I
18 employee;

19 (ii) a person who returns to active service as a Tier I
20 employee under this Article after January 1, 2013 and has
21 not yet made an election under this Section must make the
22 election under this subsection (a) within 60 days after
23 returning to active service as a Tier I employee; and

24 (iii) a person who made the election under subsection
25 (a-5) as a Tier I retiree remains bound by that election
26 and shall not make a later election under this subsection

1 (a).

2 If a Tier I employee fails for any reason to make a
3 required election under this subsection within the time
4 specified, then the employee shall be deemed to have made the
5 election under paragraph (2) of this subsection.

6 (a-5) Each Tier I retiree shall make an irrevocable
7 election either:

8 (1) to agree to the following:

9 (i) to have the amount of the automatic annual
10 increases in his or her retirement annuity that are
11 otherwise provided for in this Article calculated,
12 instead, as provided in subsection (a-1) of Section
13 16-133.1 or subsection (b-1) of Section 16-136.1,
14 whichever is applicable; and

15 (ii) to have his or her eligibility for automatic
16 annual increases in retirement annuity postponed as
17 provided in subsection (a-2) of Section 16-133.1 or
18 subsection (b-2) of Section 16-136.1, whichever is
19 applicable; or

20 (2) to not agree to items (i) and (ii) as set forth in
21 paragraph (1) of this subsection and to be subject to
22 subsection (c) of this Section.

23 The election required under this subsection (a-5) shall be
24 made by each Tier I retiree no earlier than January 1, 2013 and
25 no later than May 31, 2013, except that:

26 (i) a person who becomes a Tier I retiree under this

1 Article on or after January 1, 2013 must make the election
2 under this subsection (a-5) within 60 days after becoming a
3 Tier I retiree; and

4 (ii) a person who made the election under subsection
5 (a) as a Tier I employee remains bound by that election and
6 shall not make a later election under this subsection
7 (a-5).

8 If a Tier I retiree fails for any reason to make a required
9 election under this subsection within the time specified, then
10 the Tier I retiree shall be deemed to have made the election
11 under paragraph (2) of this subsection.

12 (a-10) All elections under subsection (a) or (a-5) that are
13 made or deemed to be made before June 1, 2013 shall take effect
14 on July 1, 2013. Elections that are made or deemed to be made
15 on or after June 1, 2013 shall take effect on the first day of
16 the month following the month in which the election is made or
17 deemed to be made.

18 (b) As adequate and legal consideration provided under this
19 amendatory Act of the 97th General Assembly for making the
20 election under paragraph (1) of subsection (a) of this Section,
21 any future increases in income offered by an employer under
22 this Article to a Tier I employee who has made the election
23 under paragraph (1) of subsection (a) of this Section shall be
24 offered expressly and irrevocably as constituting salary under
25 Section 16-121. In addition, a Tier I employee who has made the
26 election under paragraph (1) of subsection (a) of this Section

1 shall receive the right to also participate in the optional
2 cash balance plan established under Section 1-162.

3 As adequate and legal consideration provided under this
4 amendatory Act of the 97th General Assembly for making the
5 election under paragraph (1) of subsection (a-5) of this
6 Section, any future increases in income offered by an employer
7 under this Article to a Tier I retiree who returns to active
8 service after having made the election under paragraph (1) of
9 subsection (a-5) of this Section shall be offered expressly and
10 irrevocably as constituting salary under Section 16-121. In
11 addition, a Tier I retiree who returns to active service and
12 has made the election under paragraph (1) of subsection (a) of
13 this Section shall receive the right to also participate in the
14 optional cash balance plan established under Section 1-162.

15 (c) A Tier I employee who makes the election under
16 paragraph (2) of subsection (a) of this Section shall not be
17 subject to items (i) and (ii) set forth in paragraph (1) of
18 subsection (a) of this Section. However, any future increases
19 in income offered by an employer under this Article to a Tier I
20 employee who has made the election under paragraph (2) of
21 subsection (a) of this Section shall be offered expressly and
22 irrevocably as not constituting salary under Section 16-121,
23 and the employee may not accept any future increase in income
24 that is offered in violation of this requirement. In addition,
25 a Tier I employee who has made the election under paragraph (2)
26 of subsection (a) of this Section shall not receive the right

1 to participate in the optional cash balance plan established
2 under Section 1-162.

3 A Tier I retiree who makes the election under paragraph (2)
4 of subsection (a-5) of this Section shall not be subject to
5 items (i) and (ii) set forth in paragraph (1) of subsection
6 (a-5) of this Section. However, any future increases in income
7 offered by an employer under this Article to a Tier I retiree
8 who returns to active service and has made the election under
9 paragraph (2) of subsection (a-5) of this Section shall be
10 offered expressly and irrevocably as not constituting salary
11 under Section 16-121, and the employee may not accept any
12 future increase in income that is offered in violation of this
13 requirement. In addition, a Tier I retiree who returns to
14 active service and has made the election under paragraph (2) of
15 subsection (a) of this Section shall not receive the right to
16 participate in the optional cash balance plan established under
17 Section 1-162.

18 (d) The System shall make a good faith effort to contact
19 each Tier I employee and Tier I retiree subject to this
20 Section. The System shall mail information describing the
21 required election to each Tier I employee and Tier I retiree by
22 United States Postal Service mail to his or her last known
23 address on file with the System. If the Tier I employee or Tier
24 I retiree is not responsive to other means of contact, it is
25 sufficient for the System to publish the details of any
26 required elections on its website or to publish those details

1 in a regularly published newsletter or other existing public
2 forum.

3 Tier I employees and Tier I retirees who are subject to
4 this Section shall be provided with an election packet
5 containing information regarding their options, as well as the
6 forms necessary to make the required election. Upon request,
7 the System shall offer Tier I employees and Tier I retirees an
8 opportunity to receive information from the System before
9 making the required election. The information may consist of
10 video materials, group presentations, individual consultation
11 with a member or authorized representative of the System in
12 person or by telephone or other electronic means, or any
13 combination of those methods. The System shall not provide
14 advice or counseling with respect to which election a Tier I
15 employee or Tier I retiree should make or specific to the legal
16 or tax circumstances of or consequences to the Tier I employee
17 or Tier I retiree.

18 The System shall inform Tier I employees and Tier I
19 retirees in the election packet required under this subsection
20 that the Tier I employee or Tier I retiree may also wish to
21 obtain information and counsel relating to the election
22 required under this Section from any other available source,
23 including but not limited to labor organizations and private
24 counsel.

25 In no event shall the System, its staff, or the Board be
26 held liable for any information given to a member, beneficiary,

1 or annuitant regarding the elections under this Section. The
2 System shall coordinate with the Illinois Department of Central
3 Management Services and each other retirement system
4 administering an election in accordance with this amendatory
5 Act of the 97th General Assembly to provide information
6 concerning the impact of the election set forth in this
7 Section.

8 (e) Notwithstanding any other provision of law, an employer
9 under this Article is required to offer any future increases in
10 income expressly and irrevocably as not constituting "salary"
11 under Section 16-121 to any Tier I employee, or Tier I retiree
12 returning to active service, who has made an election under
13 paragraph (2) or subsection (a) or (a-5) of Section 16-131.7. A
14 Tier I employee, or Tier I retiree returning to active service,
15 who has made an election under paragraph (2) or subsection (a)
16 or (a-5) of Section 16-131.7 shall not accept any future
17 increase in income that is offered by an employer under this
18 Article in violation of the requirement set forth in this
19 subsection.

20 (f) A member's election under this Section is not a
21 prohibited election under subdivision (j)(1) of Section 1-119
22 of this Code.

23 (g) An employee who has made the election under paragraph
24 (1) of subsection (a) or (a-5) of this Section may elect to
25 participate in the optional cash balance plan under Section
26 1-162.

1 The election to participate in the optional cash balance
2 plan shall be made in writing, in the manner provided by the
3 applicable retirement system.

4 (h) Qualified Plan Status. No provision of this Section
5 shall be interpreted in a way that would cause the System to
6 cease to be a qualified plan under section 461 (a) of the
7 Internal Revenue Code of 1986.

8 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

9 Sec. 16-133.1. Automatic annual increase in annuity.

10 (a) Each member with creditable service and retiring on or
11 after August 26, 1969 is entitled to the automatic annual
12 increases in annuity provided under this Section while
13 receiving a retirement annuity or disability retirement
14 annuity from the system.

15 An annuitant shall first be entitled to an initial increase
16 under this Section on the January 1 next following the first
17 anniversary of retirement, or January 1 of the year next
18 following attainment of age 61, whichever is later. At such
19 time, the system shall pay an initial increase determined as
20 follows or as provided in subsections (a-1) and (a-2):

21 (1) 1.5% of the originally granted retirement annuity
22 or disability retirement annuity multiplied by the number
23 of years elapsed, if any, from the date of retirement until
24 January 1, 1972, plus

25 (2) 2% of the originally granted annuity multiplied by

1 the number of years elapsed, if any, from the date of
2 retirement or January 1, 1972, whichever is later, until
3 January 1, 1978, plus

4 (3) 3% of the originally granted annuity multiplied by
5 the number of years elapsed from the date of retirement or
6 January 1, 1978, whichever is later, until the effective
7 date of the initial increase.

8 However, the initial annual increase calculated under this
9 Section for the recipient of a disability retirement annuity
10 granted under Section 16-149.2 shall be reduced by an amount
11 equal to the total of all increases in that annuity received
12 under Section 16-149.5 (but not exceeding 100% of the amount of
13 the initial increase otherwise provided under this Section).

14 Following the initial increase, automatic annual increases
15 in annuity shall be payable on each January 1 thereafter during
16 the lifetime of the annuitant, determined as a percentage of
17 the originally granted retirement annuity or disability
18 retirement annuity for increases granted prior to January 1,
19 1990, and calculated as a percentage of the total amount of
20 annuity, including previous increases under this Section, for
21 increases granted on or after January 1, 1990, as follows: 1.5%
22 for periods prior to January 1, 1972, 2% for periods after
23 December 31, 1971 and prior to January 1, 1978, and 3% for
24 periods after December 31, 1977, or as provided in subsections
25 (a-1) and (a-2).

26 (a-1) Notwithstanding any other provision of this Article,

1 for a Tier I employee or Tier I retiree who made the election
2 under paragraph (1) of either subsection (a) or (a-5) of
3 Section 16-131.7, the amount of each automatic annual increase
4 in retirement annuity occurring on or after the effective date
5 of that election shall be 3% or one-half of the annual
6 unadjusted percentage increase, if any, in the Consumer Price
7 Index-U for the 12 months ending with the preceding September,
8 whichever is less, of the originally granted retirement
9 annuity. For the purposes of this Section, "Consumer Price
10 Index-U" means the index published by the Bureau of Labor
11 Statistics of the United States Department of Labor that
12 measures the average change in prices of goods and services
13 purchased by all urban consumers, United States city average,
14 all items, 1982-84 = 100.

15 (a-2) Notwithstanding any other provision of this Article,
16 for a Tier I employee or Tier I retiree who made the election
17 under paragraph (1) of subsection (a) or (a-5) of Section
18 16-131.7, the monthly retirement annuity shall first be subject
19 to annual increases on the January 1 occurring on or next after
20 the attainment of age 67 or the January 1 occurring on or next
21 after the fifth anniversary of the annuity start date,
22 whichever occurs earlier. If on the effective date of the
23 election under paragraph (1) of subsection (a-5) of Section
24 16-131.7 a Tier I retiree has already received an annual
25 increase under this Section but does not yet meet the new
26 eligibility requirements of this subsection, the annual

1 increases already received shall continue in force, but no
2 additional annual increase shall be granted until the Tier I
3 retiree meets the new eligibility requirements.

4 (b) The automatic annual increases in annuity provided
5 under this Section shall not be applicable unless a member has
6 made contributions toward such increases for a period
7 equivalent to one full year of creditable service. If a member
8 contributes for service performed after August 26, 1969 but the
9 member becomes an annuitant before such contributions amount to
10 one full year's contributions based on the salary at the date
11 of retirement, he or she may pay the necessary balance of the
12 contributions to the system and be eligible for the automatic
13 annual increases in annuity provided under this Section.

14 (c) Each member shall make contributions toward the cost of
15 the automatic annual increases in annuity as provided under
16 Section 16-152.

17 (d) An annuitant receiving a retirement annuity or
18 disability retirement annuity on July 1, 1969, who subsequently
19 re-enters service as a teacher is eligible for the automatic
20 annual increases in annuity provided under this Section if he
21 or she renders at least one year of creditable service
22 following the latest re-entry.

23 (e) In addition to the automatic annual increases in
24 annuity provided under this Section, an annuitant who meets the
25 service requirements of this Section and whose retirement
26 annuity or disability retirement annuity began on or before

1 January 1, 1971 shall receive, on January 1, 1981, an increase
2 in the annuity then being paid of one dollar per month for each
3 year of creditable service. On January 1, 1982, an annuitant
4 whose retirement annuity or disability retirement annuity
5 began on or before January 1, 1977 shall receive an increase in
6 the annuity then being paid of one dollar per month for each
7 year of creditable service.

8 On January 1, 1987, any annuitant whose retirement annuity
9 began on or before January 1, 1977, shall receive an increase
10 in the monthly retirement annuity equal to 8¢ per year of
11 creditable service times the number of years that have elapsed
12 since the annuity began.

13 (Source: P.A. 91-927, eff. 12-14-00.)

14 (40 ILCS 5/16-133.6 new)

15 Sec. 16-133.6. Optional teacher early retirement without
16 discount. A Tier I employee or Tier I retiree who makes an
17 election under paragraph (1) of subsection (a) or (a-5) of
18 Section 16-131.7, retires on or after July 1, 2013, and applies
19 for a retirement annuity within 6 months of the last day of
20 teaching for which retirement contributions were required may
21 elect, at the time of application for a retirement annuity, to
22 make a one-time member contribution to the System and, thereby,
23 avoid the reduction in the retirement annuity for retirement
24 before age 60 specified in paragraph (B) of Section 16-133. The
25 exercise of the election shall also obligate the last employer

1 to make a one-time nonrefundable contribution to the System.
2 Substitute teachers wishing to exercise this election must
3 teach 85 or more days in one school term with one employer, who
4 shall be deemed the last employer for purposes of this Section.
5 The last day of teaching with that employer must be within 6
6 months of the date of application for retirement. All
7 substitute teaching credit applied toward the required 85 days
8 must be earned after June 30, 1990.

9 The one-time member and employer contributions shall be a
10 percentage of the cost of this benefit as determined by the
11 System. However, when determining the one-time member and
12 employer contributions, that part of a member's salary with the
13 same employer which exceeds the annual salary rate for the
14 preceding year by more than 20% shall be excluded. The member
15 contribution shall be at the rate of 50% of the cost of the
16 benefits as determined by the System. The employer contribution
17 shall be at the rate of 50% of the cost of the benefits as
18 determined by the System.

19 Upon receipt of the application and election, the System
20 shall determine the one-time employee and employer
21 contributions required. The member contribution shall be
22 credited to the individual account of the member and the
23 employer contribution shall be credited to the Benefit Trust
24 Reserve. The avoidance of the reduction in retirement annuity
25 provided under this Section is not applicable until the
26 member's contribution, if any, has been received by the System;

1 however, the date that contribution is received shall not be
2 considered in determining the effective date of retirement.

3 The number of members working for a single employer who may
4 retire under this Section in any year may be limited at the
5 option of the employer to a specified percentage of those
6 eligible, not less than 10%, with the right to participate to
7 be allocated among those applying on the basis of seniority in
8 the service of the employer.

9 The required employer contribution under this Section
10 shall be enforceable under Section 16-158.1.

11 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)
12 Sec. 16-136.1. Annual increase for certain annuitants.

13 (a) Any annuitant receiving a retirement annuity on June
14 30, 1969 and any member retiring after June 30, 1969 shall be
15 eligible for the annual increases provided under this Section
16 provided the annuitant is ineligible for the automatic annual
17 increase in annuity provided under Section 16-133.1, and
18 provided further that (1) retirement occurred at age 55 or over
19 and was based on 5 or more years of creditable service or (2)
20 if retirement occurred prior to age 55, the retirement annuity
21 was based on 20 or more years of creditable service.

22 (b) Subject to the provisions of subsections (b-1) and
23 (b-2), an ~~An~~ annuitant entitled to increases under this Section
24 shall be entitled to the initial increase as of the later of:
25 (1) January 1 following attainment of age 65, (2) January 1

1 following the first anniversary of retirement, or (3) the first
2 day of the month following receipt of the required qualifying
3 contribution from the annuitant. The initial monthly increase
4 shall be computed on the basis of the period elapsed between
5 the later of the date of last retirement or attainment of age
6 50 and the date of qualification for the initial increase, at
7 the rate of 1 1/2% of the original monthly retirement annuity
8 per year for periods prior to September 1, 1971, and at the
9 rate of 2% per year for periods between September 1, 1971 and
10 September 1, 1978, and at the rate of 3% per year for periods
11 thereafter.

12 Subject to the provisions of subsections (b-1) and (b-2),
13 an ~~An~~ annuitant who has received an initial increase under this
14 Section, shall be entitled, on each January 1 following the
15 granting of the initial increase, to an increase of 3% of the
16 original monthly retirement annuity for increases granted
17 prior to January 1, 1990, and equal to 3% of the total annuity,
18 including previous increases under this Section, for increases
19 granted on or after January 1, 1990. The original monthly
20 retirement annuity for computations under this subsection (b)
21 shall be considered to be \$83.34 for any annuitant entitled to
22 benefits under Section 16-134. The minimum original disability
23 retirement annuity for computations under this subsection (b)
24 shall be considered to be \$33.34 per month for any annuitant
25 retired on account of disability.

26 (b-1) Notwithstanding any other provision of this Article,

1 for a Tier I employee or Tier I retiree who made the election
2 under paragraph (1) of either subsection (a) or (a-5) of
3 Section 16-131.7, the amount of each automatic annual increase
4 in retirement annuity occurring on or after the effective date
5 of that election shall be 3% or one-half of the annual
6 unadjusted percentage increase, if any, in the Consumer Price
7 Index-U for the 12 months ending with the preceding September,
8 whichever is less, of the originally granted retirement
9 annuity. For the purposes of this Section, "Consumer Price
10 Index-U" means the index published by the Bureau of Labor
11 Statistics of the United States Department of Labor that
12 measures the average change in prices of goods and services
13 purchased by all urban consumers, United States city average,
14 all items, 1982-84 = 100.

15 (b-2) Notwithstanding any other provision of this Article,
16 for a Tier I employee or Tier I retiree who made the election
17 under paragraph (1) of subsection (a) or (a-5) of Section
18 16-131.7, the monthly retirement annuity shall first be subject
19 to annual increases on the January 1 occurring on or next after
20 the attainment of age 67 or the January 1 occurring on or next
21 after the fifth anniversary of the annuity start date,
22 whichever occurs earlier. If on the effective date of the
23 election under paragraph (1) of subsection (a-5) of Section
24 16-131.7 a Tier I retiree has already received an annual
25 increase under this Section but does not yet meet the new
26 eligibility requirements of this subsection, the annual

1 increases already received shall continue in force, but no
2 additional annual increase shall be granted until the Tier I
3 retiree meets the new eligibility requirements.

4 (c) An annuitant who otherwise qualifies for annual
5 increases under this Section must make a one-time payment of 1%
6 of the monthly final average salary for each full year of the
7 creditable service forming the basis of the retirement annuity
8 or, if the retirement annuity was not computed using final
9 average salary, 1% of the original monthly retirement annuity
10 for each full year of service forming the basis of the
11 retirement annuity.

12 (d) In addition to other increases which may be provided by
13 this Section, regardless of creditable service, annuitants not
14 meeting the service requirements of Section 16-133.1 and whose
15 retirement annuity began on or before January 1, 1971 shall
16 receive, on January 1, 1981, an increase in the retirement
17 annuity then being paid of one dollar per month for each year
18 of creditable service forming the basis of the retirement
19 allowance. On January 1, 1982, annuitants whose retirement
20 annuity began on or before January 1, 1977, shall receive an
21 increase in the retirement annuity then being paid of one
22 dollar per month for each year of creditable service.

23 On January 1, 1987, any annuitant whose retirement annuity
24 began on or before January 1, 1977, shall receive an increase
25 in the monthly retirement annuity equal to 8¢ per year of
26 creditable service times the number of years that have elapsed

1 since the annuity began.

2 (Source: P.A. 86-273.)

3 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

4 Sec. 16-152. Contributions by members.

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

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

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

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

18 (4) Effective July 1, 2005, contributions of 0.40% of
19 salary toward the cost of the early retirement without
20 discount option provided under Section 16-133.2. This
21 contribution shall cease upon termination of the early
22 retirement without discount option as provided in Section
23 16-176.

24 (a-1) In addition to the contributions required under
25 subsection (a), a member who elects to participate in the

1 optional cash balance plan under Section 1-162 shall pay to the
2 System for the purpose of participating in the optional cash
3 balance plan a contribution of 2% of each payment of
4 compensation received while he or she is a participant in the
5 optional cash balance plan. These contributions shall not be
6 used for the purpose of determining any benefit under this
7 Article except as provided in the optional cash balance plan.

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

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

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

22 (e) A member's contributions toward the cost of early
23 retirement without discount made under item (a)(4) of this
24 Section shall not be refunded if the member has elected early
25 retirement without discount under Section 16-133.2 and has
26 begun to receive a retirement annuity under this Article

1 calculated in accordance with that election. Otherwise, a
2 member's contributions toward the cost of early retirement
3 without discount made under item (a)(4) of this Section shall
4 be refunded according to whichever one of the following
5 circumstances occurs first:

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

10 (2) The contributions shall be included, without
11 interest, in any refund claimed by the member under Section
12 16-151.

13 (3) The contributions shall be refunded to the member's
14 designated beneficiary (or if there is no beneficiary, to
15 the member's estate), without interest, if the member dies
16 without having begun to receive a retirement annuity under
17 this Article.

18 (4) The contributions shall be refunded to the member,
19 without interest, within 120 days after the early
20 retirement without discount option provided under Section
21 16-133.2 is terminated under Section 16-176.

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

23 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
24 Sec. 16-158. Contributions by State and other employing
25 units.

1 (a) Except as otherwise provided in this Section, the ~~The~~
2 State shall make contributions to the System by means of
3 appropriations from the Common School Fund and other State
4 funds of amounts which, together with other employer
5 contributions, employee contributions, investment income, and
6 other income, will be sufficient to meet the cost of
7 maintaining and administering the System on a 90% funded basis
8 in accordance with actuarial recommendations.

9 Beginning with State fiscal year 2014, the employers under
10 this Article shall be responsible for paying the normal costs
11 of the System plus the amounts required to amortize any total
12 cost of the benefits of the System arising on or after July 1,
13 2013.

14 Beginning with State fiscal year 2014, the State's required
15 contributions to the System shall be limited to the amounts
16 required to amortize the total cost of the benefits of the
17 System arising before July 1, 2013, plus any employer
18 contributions required from the State as the actual employer of
19 participants under this Article.

20 The Board shall determine the amount of State and employer
21 contributions required for each fiscal year on the basis of the
22 actuarial tables and other assumptions adopted by the Board and
23 the recommendations of the actuary, using the formulas provided
24 in this Section ~~formula in subsection (b-3).~~

25 (a-1) Annually, on or before November 15 until November 15,
26 2011, the Board shall certify to the Governor the amount of the

1 required State contribution for the coming fiscal year. The
2 certification under this subsection (a-1) shall include a copy
3 of the actuarial recommendations upon which it is based and
4 shall specifically identify the System's projected State
5 normal cost for that fiscal year.

6 On or before May 1, 2004, the Board shall recalculate and
7 recertify to the Governor the amount of the required State
8 contribution to the System for State fiscal year 2005, taking
9 into account the amounts appropriated to and received by the
10 System under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act.

12 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
13 recalculate and recertify to the Governor the amount of the
14 required State contribution to the System for State fiscal year
15 2006, taking into account the changes in required State
16 contributions made by this amendatory Act of the 94th General
17 Assembly.

18 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
19 recalculate and recertify to the Governor the amount of the
20 required State contribution to the System for State fiscal year
21 2011, applying the changes made by Public Act 96-889 to the
22 System's assets and liabilities as of June 30, 2009 as though
23 Public Act 96-889 was approved on that date.

24 (a-5) On or before November 1 of each year, beginning
25 November 1, 2012, the Board shall submit to the State Actuary,
26 the Governor, and the General Assembly a proposed certification

1 of the amount of the required State contribution to the System
2 for the next fiscal year, along with all of the actuarial
3 assumptions, calculations, and data upon which that proposed
4 certification is based. On or before January 1 of each year,
5 beginning January 1, 2013, the State Actuary shall issue a
6 preliminary report concerning the proposed certification and
7 identifying, if necessary, recommended changes in actuarial
8 assumptions that the Board must consider before finalizing its
9 certification of the required State contributions. On or before
10 January 15, 2013 and each January 15 thereafter, the Board
11 shall certify to the Governor and the General Assembly the
12 amount of the required State contribution for the next fiscal
13 year. The Board's certification must note any deviations from
14 the State Actuary's recommended changes, the reason or reasons
15 for not following the State Actuary's recommended changes, and
16 the fiscal impact of not following the State Actuary's
17 recommended changes on the required State contribution.

18 (b) Through State fiscal year 1995, the State contributions
19 shall be paid to the System in accordance with Section 18-7 of
20 the School Code.

21 (b-1) Beginning in State fiscal year 1996, on the 15th day
22 of each month, or as soon thereafter as may be practicable, the
23 Board shall submit vouchers for payment of State contributions
24 to the System, in a total monthly amount of one-twelfth of the
25 required annual State contribution certified under subsection
26 (a-1). From the effective date of this amendatory Act of the

1 93rd General Assembly through June 30, 2004, the Board shall
2 not submit vouchers for the remainder of fiscal year 2004 in
3 excess of the fiscal year 2004 certified contribution amount
4 determined under this Section after taking into consideration
5 the transfer to the System under subsection (a) of Section
6 6z-61 of the State Finance Act. These vouchers shall be paid by
7 the State Comptroller and Treasurer by warrants drawn on the
8 funds appropriated to the System for that fiscal year.

9 If in any month the amount remaining unexpended from all
10 other appropriations to the System for the applicable fiscal
11 year (including the appropriations to the System under Section
12 8.12 of the State Finance Act and Section 1 of the State
13 Pension Funds Continuing Appropriation Act) is less than the
14 amount lawfully vouchered under this subsection, the
15 difference shall be paid from the Common School Fund under the
16 continuing appropriation authority provided in Section 1.1 of
17 the State Pension Funds Continuing Appropriation Act.

18 (b-2) Allocations from the Common School Fund apportioned
19 to school districts not coming under this System shall not be
20 diminished or affected by the provisions of this Article.

21 (b-3) For State fiscal years 2012 and 2013 ~~through 2045~~,
22 the minimum contribution to the System to be made by the State
23 for each fiscal year shall be an amount determined by the
24 System to be sufficient to bring the total assets of the System
25 up to 90% of the total actuarial liabilities of the System by
26 the end of State fiscal year 2045. In making these

1 determinations, the required State contribution shall be
2 calculated each year as a level percentage of payroll over the
3 years remaining to and including fiscal year 2045 and shall be
4 determined under the projected unit credit actuarial cost
5 method.

6 Except as provided in subsection (b-5), for State fiscal
7 years 2014 through 2045 or until the State has amortized 100%
8 of the total cost of benefits accrued by July 1, 2013,
9 whichever is earlier, in addition to any employer contributions
10 required from the State as an employer, the minimum
11 contribution to the System to be made by the State for each
12 fiscal year shall be an amount determined by the Board to be
13 sufficient to amortize, by the end of State fiscal year 2045,
14 the total cost of the benefits of the System arising before
15 July 1, 2013. In making these determinations, the required
16 State contribution shall be calculated each year as a level
17 percentage of payroll over the years remaining to and including
18 fiscal year 2043 and shall be determined under the projected
19 unit credit actuarial cost method.

20 Except as provided in subsection (b-5), beginning in State
21 fiscal year 2046 or on the date that the State has amortized
22 100% of the total cost of benefits accrued by July 1, 2013,
23 whichever is earlier, the State has no further obligation to
24 make contributions to the System under this subsection (b-3).

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section; except that in the
4 following specified State fiscal years, the State contribution
5 to the System shall not be less than the following indicated
6 percentages of the applicable employee payroll, even if the
7 indicated percentage will produce a State contribution in
8 excess of the amount otherwise required under this subsection
9 and subsection (a), and notwithstanding any contrary
10 certification made under subsection (a-1) before the effective
11 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
12 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
13 2003; and 13.56% in FY 2004.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$534,627,700.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$738,014,500.

20 For each of State fiscal years 2008 through 2009, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$2,089,268,000 and shall be made from the proceeds of bonds
3 sold in fiscal year 2010 pursuant to Section 7.2 of the General
4 Obligation Bond Act, less (i) the pro rata share of bond sale
5 expenses determined by the System's share of total bond
6 proceeds, (ii) any amounts received from the Common School Fund
7 in fiscal year 2010, and (iii) any reduction in bond proceeds
8 due to the issuance of discounted bonds, if applicable.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2011 is
11 the amount recertified by the System on or before April 1, 2011
12 pursuant to subsection (a-1) of this Section and shall be made
13 from the proceeds of bonds sold in fiscal year 2011 pursuant to
14 Section 7.2 of the General Obligation Bond Act, less (i) the
15 pro rata share of bond sale expenses determined by the System's
16 share of total bond proceeds, (ii) any amounts received from
17 the Common School Fund in fiscal year 2011, and (iii) any
18 reduction in bond proceeds due to the issuance of discounted
19 bonds, if applicable. This amount shall include, in addition to
20 the amount certified by the System, an amount necessary to meet
21 employer contributions required by the State as an employer
22 under paragraph (e) of this Section, which may also be used by
23 the System for contributions required by paragraph (a) of
24 Section 16-127.

25 ~~Beginning in State fiscal year 2046, the minimum State~~
26 ~~contribution for each fiscal year shall be the amount needed to~~

1 ~~maintain the total assets of the System at 90% of the total~~
2 ~~actuarial liabilities of the System.~~

3 Amounts received by the System pursuant to Section 25 of
4 the Budget Stabilization Act or Section 8.12 of the State
5 Finance Act in any fiscal year do not reduce and do not
6 constitute payment of any portion of the minimum State
7 contribution required under this Article in that fiscal year.
8 Such amounts shall not reduce, and shall not be included in the
9 calculation of, the required State contributions under this
10 Article in any future year until the System has reached a
11 funding ratio of at least 90%. A reference in this Article to
12 the "required State contribution" or any substantially similar
13 term does not include or apply to any amounts payable to the
14 System under Section 25 of the Budget Stabilization Act.

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 through ~~and each~~ fiscal year 2013 ~~thereafter~~,
18 as calculated under this Section and certified under subsection
19 (a-1), shall not exceed an amount equal to (i) the amount of
20 the required State contribution that would have been calculated
21 under this Section for that fiscal year if the System had not
22 received any payments under subsection (d) of Section 7.2 of
23 the General Obligation Bond Act, minus (ii) the portion of the
24 State's total debt service payments for that fiscal year on the
25 bonds issued in fiscal year 2003 for the purposes of that
26 Section 7.2, as determined and certified by the Comptroller,

1 that is the same as the System's portion of the total moneys
2 distributed under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act. In determining this maximum for State
4 fiscal years 2008 through 2010, however, the amount referred to
5 in item (i) shall be increased, as a percentage of the
6 applicable employee payroll, in equal increments calculated
7 from the sum of the required State contribution for State
8 fiscal year 2007 plus the applicable portion of the State's
9 total debt service payments for fiscal year 2007 on the bonds
10 issued in fiscal year 2003 for the purposes of Section 7.2 of
11 the General Obligation Bond Act, so that, by State fiscal year
12 2011, the State is contributing at the rate otherwise required
13 under this Section.

14 (b-5) If at least 50% of Tier I employees making an
15 election under Section 16-131.7 before June 1, 2013 choose the
16 option under paragraph (1) of subsection (a) of that Section,
17 then beginning in State fiscal year 2014, instead of the
18 contributions specified in subsection (b-3) of this Section,
19 the State contributions specified in subsection (b-7) of this
20 Section shall be paid.

21 In making its initial certification of the annual required
22 contribution by the State for State fiscal year 2014, the Board
23 shall assume that the new funding formula provided in
24 subsection (b-7) of this Section applies. If fewer than 50% of
25 Tier I employees making an election under Section 16-131.7
26 before June 1, 2013 choose the option under paragraph (1) of

1 subsection (a) of that Section, then:

2 (1) instead of the contributions specified in
3 subsection (b-7) of this Section, the State contributions
4 specified in subsection (b-3) shall continue to be paid;
5 and

6 (2) as soon as possible after June 1, 2013, the Board
7 shall recertify the annual required contribution by the
8 State for State fiscal year 2014.

9 (b-7) For State fiscal years 2014 through 2043 or until the
10 State has amortized 100% of the total cost of benefits accrued
11 by July 1, 2013, whichever is earlier, in addition to any
12 employer contributions required from the State as an employer,
13 the minimum contribution to the System to be made by the State
14 for each fiscal year shall be an amount determined by the Board
15 to be sufficient to amortize, by the end of State fiscal year
16 2043, the total cost of the benefits of the System arising
17 before July 1, 2013. In making these determinations, the
18 required State contribution shall be calculated each year as a
19 level percentage of payroll over the years remaining to and
20 including fiscal year 2043 and shall be determined under the
21 projected unit credit actuarial cost method.

22 Beginning in State fiscal year 2044 or on the date that the
23 State has amortized 100% of the total cost of benefits accrued
24 by July 1, 2013, whichever is earlier, the State has no further
25 obligation to make contributions to the System under this
26 subsection (a-5).

1 (b-10) Subject to the limitations provided in subsection
2 (b-15), beginning with State fiscal year 2014, the minimum
3 required contribution of employers under this Article shall be
4 determined as a percentage of projected payroll, and shall be
5 sufficient to produce an annual amount equal to:

6 (i) the employer's normal cost for that fiscal year for
7 employees who first became participating employees before
8 July 1, 2013; plus

9 (ii) the employer's normal cost for that fiscal year
10 for employees who first become participating employees on
11 or after July 1, 2013; plus

12 (iii) the amount required for that fiscal year to
13 amortize any unfunded actuarial accrued liability arising
14 on or after July 1, 2013 as a level percentage of payroll
15 over a 30-year rolling amortization period.

16 Any contributions required from an employer under
17 subsection (f) of this Section are in addition to the
18 contributions required under this subsection (b-10).

19 (b-15) For State fiscal year 2014, the required
20 contribution of employers under item (i) of subsection (b-10)
21 shall be reduced to an amount equal to 1% of payroll.

22 For each fiscal year thereafter, until the Board determines
23 and certifies to the Governor that employers are contributing
24 under item (i) of subsection (b-10) the full amount actually
25 specified by item (i) of subsection (b-10), the required
26 contribution of employers under item (i) of subsection (b-10)

1 shall be the percentage of payroll required under this
2 subsection from the previous fiscal year increased by 1% of
3 payroll for each of State fiscal years 2015 through 2019, and
4 increased by 0.5% of payroll for each State fiscal year after
5 2019.

6 Contributions required of employers under items (ii) and
7 (iii) of subsection (b-10), under subsection (f), and under any
8 other applicable provision of this Section are in addition to
9 contributions required under item (i) of subsection (b-10).

10 (b-20) Beginning in State fiscal year 2015 and continuing
11 until the Board determines and certifies to the Governor that
12 employers are contributing under item (i) of subsection (b-10)
13 the full amount actually specified by item (i) of subsection
14 (b-10), the State shall make an additional contribution to the
15 System for each fiscal year, equal to the difference between
16 (1) the total contribution calculated under item (i) of
17 subsection (b-10) for all employers for that fiscal year, and
18 (2) the amount of such total contribution as reduced under
19 subsection (b-15).

20 The State contribution under this subsection (b-20) is in
21 addition to the State contributions required under subsection
22 (b-3) or (b-7) and any contributions required to be paid by the
23 State as an employer under subsections (b-10) and (f) of this
24 Section.

25 (c) Payment of the required State contributions and of all
26 pensions, retirement annuities, death benefits, refunds, and

1 other benefits granted under or assumed by this System, and all
2 expenses in connection with the administration and operation
3 thereof, are obligations of the State.

4 If members are paid from special trust or federal funds
5 which are administered by the employing unit, whether school
6 district or other unit, the employing unit shall pay to the
7 System from such funds the full accruing retirement costs based
8 upon that service, as determined by the System. Employer
9 contributions, based on salary paid to members from federal
10 funds, may be forwarded by the distributing agency of the State
11 of Illinois to the System prior to allocation, in an amount
12 determined in accordance with guidelines established by such
13 agency and the System.

14 (d) Effective July 1, 1986, any employer of a teacher as
15 defined in paragraph (8) of Section 16-106 shall pay the
16 employer's normal cost of benefits based upon the teacher's
17 service, in addition to employee contributions, as determined
18 by the System. Such employer contributions shall be forwarded
19 monthly in accordance with guidelines established by the
20 System.

21 However, with respect to benefits granted under Section
22 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
23 of Section 16-106, the employer's contribution shall be 12%
24 (rather than 20%) of the member's highest annual salary rate
25 for each year of creditable service granted, and the employer
26 shall also pay the required employee contribution on behalf of

1 the teacher. For the purposes of Sections 16-133.4 and
2 16-133.5, a teacher as defined in paragraph (8) of Section
3 16-106 who is serving in that capacity while on leave of
4 absence from another employer under this Article shall not be
5 considered an employee of the employer from which the teacher
6 is on leave.

7 (e) Beginning July 1, 1998, every employer of a teacher
8 shall pay to the System an employer contribution computed as
9 follows:

10 (1) Beginning July 1, 1998 through June 30, 1999, the
11 employer contribution shall be equal to 0.3% of each
12 teacher's salary.

13 (2) Beginning July 1, 1999 and thereafter, the employer
14 contribution shall be equal to 0.58% of each teacher's
15 salary.

16 The school district or other employing unit may pay these
17 employer contributions out of any source of funding available
18 for that purpose and shall forward the contributions to the
19 System on the schedule established for the payment of member
20 contributions.

21 These employer contributions are intended to offset a
22 portion of the cost to the System of the increases in
23 retirement benefits resulting from this amendatory Act of 1998.

24 Each employer of teachers is entitled to a credit against
25 the contributions required under this subsection (e) with
26 respect to salaries paid to teachers for the period January 1,

1 2002 through June 30, 2003, equal to the amount paid by that
2 employer under subsection (a-5) of Section 6.6 of the State
3 Employees Group Insurance Act of 1971 with respect to salaries
4 paid to teachers for that period.

5 The additional 1% employee contribution required under
6 Section 16-152 by this amendatory Act of 1998 is the
7 responsibility of the teacher and not the teacher's employer,
8 unless the employer agrees, through collective bargaining or
9 otherwise, to make the contribution on behalf of the teacher.

10 If an employer is required by a contract in effect on May
11 1, 1998 between the employer and an employee organization to
12 pay, on behalf of all its full-time employees covered by this
13 Article, all mandatory employee contributions required under
14 this Article, then the employer shall be excused from paying
15 the employer contribution required under this subsection (e)
16 for the balance of the term of that contract. The employer and
17 the employee organization shall jointly certify to the System
18 the existence of the contractual requirement, in such form as
19 the System may prescribe. This exclusion shall cease upon the
20 termination, extension, or renewal of the contract at any time
21 after May 1, 1998.

22 (f) The employer contributions under this subsection (f)
23 are no longer required after June 30, 2013.

24 If the amount of a teacher's salary for any school year
25 used to determine final average salary exceeds the member's
26 annual full-time salary rate with the same employer for the

1 previous school year by more than 6%, the teacher's employer
2 shall pay to the System, in addition to all other payments
3 required under this Section and in accordance with guidelines
4 established by the System, the present value of the increase in
5 benefits resulting from the portion of the increase in salary
6 that is in excess of 6%. This present value shall be computed
7 by the System on the basis of the actuarial assumptions and
8 tables used in the most recent actuarial valuation of the
9 System that is available at the time of the computation. If a
10 teacher's salary for the 2005-2006 school year is used to
11 determine final average salary under this subsection (f), then
12 the changes made to this subsection (f) by Public Act 94-1057
13 shall apply in calculating whether the increase in his or her
14 salary is in excess of 6%. For the purposes of this Section,
15 change in employment under Section 10-21.12 of the School Code
16 on or after June 1, 2005 shall constitute a change in employer.
17 The System may require the employer to provide any pertinent
18 information or documentation. The changes made to this
19 subsection (f) by this amendatory Act of the 94th General
20 Assembly apply without regard to whether the teacher was in
21 service on or after its effective date.

22 Whenever it determines that a payment is or may be required
23 under this subsection, the System shall calculate the amount of
24 the payment and bill the employer for that amount. The bill
25 shall specify the calculations used to determine the amount
26 due. If the employer disputes the amount of the bill, it may,

1 within 30 days after receipt of the bill, apply to the System
2 in writing for a recalculation. The application must specify in
3 detail the grounds of the dispute and, if the employer asserts
4 that the calculation is subject to subsection (g) or (h) of
5 this Section, must include an affidavit setting forth and
6 attesting to all facts within the employer's knowledge that are
7 pertinent to the applicability of that subsection. Upon
8 receiving a timely application for recalculation, the System
9 shall review the application and, if appropriate, recalculate
10 the amount due.

11 The employer contributions required under this subsection
12 (f) may be paid in the form of a lump sum within 90 days after
13 receipt of the bill. If the employer contributions are not paid
14 within 90 days after receipt of the bill, then interest will be
15 charged at a rate equal to the System's annual actuarially
16 assumed rate of return on investment compounded annually from
17 the 91st day after receipt of the bill. Payments must be
18 concluded within 3 years after the employer's receipt of the
19 bill.

20 (g) This subsection (g) applies only to payments made or
21 salary increases given on or after June 1, 2005 but before July
22 1, 2011. The changes made by Public Act 94-1057 shall not
23 require the System to refund any payments received before July
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude salary increases paid to teachers

1 under contracts or collective bargaining agreements entered
2 into, amended, or renewed before June 1, 2005.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude salary increases paid to a
5 teacher at a time when the teacher is 10 or more years from
6 retirement eligibility under Section 16-132 or 16-133.2.

7 When assessing payment for any amount due under subsection
8 (f), the System shall exclude salary increases resulting from
9 overload work, including summer school, when the school
10 district has certified to the System, and the System has
11 approved the certification, that (i) the overload work is for
12 the sole purpose of classroom instruction in excess of the
13 standard number of classes for a full-time teacher in a school
14 district during a school year and (ii) the salary increases are
15 equal to or less than the rate of pay for classroom instruction
16 computed on the teacher's current salary and work schedule.

17 When assessing payment for any amount due under subsection
18 (f), the System shall exclude a salary increase resulting from
19 a promotion (i) for which the employee is required to hold a
20 certificate or supervisory endorsement issued by the State
21 Teacher Certification Board that is a different certification
22 or supervisory endorsement than is required for the teacher's
23 previous position and (ii) to a position that has existed and
24 been filled by a member for no less than one complete academic
25 year and the salary increase from the promotion is an increase
26 that results in an amount no greater than the lesser of the

1 average salary paid for other similar positions in the district
2 requiring the same certification or the amount stipulated in
3 the collective bargaining agreement for a similar position
4 requiring the same certification.

5 When assessing payment for any amount due under subsection
6 (f), the System shall exclude any payment to the teacher from
7 the State of Illinois or the State Board of Education over
8 which the employer does not have discretion, notwithstanding
9 that the payment is included in the computation of final
10 average salary.

11 (h) When assessing payment for any amount due under
12 subsection (f), the System shall exclude any salary increase
13 described in subsection (g) of this Section given on or after
14 July 1, 2011 but before July 1, 2014 under a contract or
15 collective bargaining agreement entered into, amended, or
16 renewed on or after June 1, 2005 but before July 1, 2011.
17 Notwithstanding any other provision of this Section, any
18 payments made or salary increases given after June 30, 2014
19 shall be used in assessing payment for any amount due under
20 subsection (f) of this Section.

21 (i) The System shall prepare a report and file copies of
22 the report with the Governor and the General Assembly by
23 January 1, 2007 that contains all of the following information:

24 (1) The number of recalculations required by the
25 changes made to this Section by Public Act 94-1057 for each
26 employer.

1 (2) The dollar amount by which each employer's
2 contribution to the System was changed due to
3 recalculations required by Public Act 94-1057.

4 (3) The total amount the System received from each
5 employer as a result of the changes made to this Section by
6 Public Act 94-4.

7 (4) The increase in the required State contribution
8 resulting from the changes made to this Section by Public
9 Act 94-1057.

10 (j) For purposes of determining the required State
11 contribution to the System, the value of the System's assets
12 shall be equal to the actuarial value of the System's assets,
13 which shall be calculated as follows:

14 As of June 30, 2008, the actuarial value of the System's
15 assets shall be equal to the market value of the assets as of
16 that date. In determining the actuarial value of the System's
17 assets for fiscal years after June 30, 2008, any actuarial
18 gains or losses from investment return incurred in a fiscal
19 year shall be recognized in equal annual amounts over the
20 5-year period following that fiscal year.

21 (k) For purposes of determining the required State
22 contribution to the system for a particular year, the actuarial
23 value of assets shall be assumed to earn a rate of return equal
24 to the system's actuarially assumed rate of return.

25 (l) If the System submits a voucher for monthly
26 contributions from the State as required by this Section and

1 the State fails to pay within 90 days of receipt of such a
2 voucher, the Board shall submit a written request to the
3 Comptroller seeking payment. A copy of the request shall be
4 filed with the Secretary of State, and the Secretary of State
5 shall provide copies to the Governor and General Assembly. No
6 earlier than the 16th day after filing a request with the
7 Secretary of State, the Board shall have the right to commence
8 a mandamus action in the Supreme Court of Illinois to compel
9 the Comptroller to satisfy the voucher by making payment from
10 the General Revenue Fund. This Section constitutes an express
11 waiver of the State's sovereign immunity solely to the extent
12 it permits the Board to commence a mandamus action in the
13 Illinois Supreme Court to compel the Comptroller to pay a
14 voucher for monthly contributions from the State as required in
15 this Section.

16 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
17 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
18 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

19 (40 ILCS 5/16-158.2 new)

20 Sec. 16-158.2. Individual employer accounts.

21 (a) The System shall create and maintain individual
22 accounts for each employer for the purposes of determining
23 employer contributions under subsection (b-10) of Section
24 16-158. Each employer's account shall be notionally credited
25 with the employer's liabilities accruing after July 1, 2013 and

1 assets attributable to the employer's account that include (i)
2 employer contributions made pursuant to subsection (b-10) of
3 Section 16-158, (ii) other employer contributions from trust,
4 federal, and other funds, (iii) employee contributions made
5 after July 1, 2013, and (iv) income from investments. The
6 System may deduct reasonable administrative expenses from each
7 employer's account.

8 (b) In determining contributions required under subsection
9 (b-10) of Section 16-158, the System shall determine a blended
10 rate of total normal cost that is applicable to all employers.

11 (c) An employer may make written application with the Board
12 to have a separate rate of total normal cost determined for the
13 employer. Upon receiving the written application from an
14 employer, the Board may determine a total rate of normal cost
15 for the employer. The employer shall be responsible for any
16 cost incurred in making the determination of total normal cost.

17 The Board may establish rules for the administration of
18 this Section that include but are not limited to the date by
19 which an application must be submitted and the fiscal year in
20 which the determination will be used to determine the
21 employer's contribution required under subsection (b-10) of
22 Section 16-158.

23 (d) An employer whose determination of total normal cost
24 under subsection (c) is used to determine its contributions
25 required under subsection (b-10) of Section 16-158 may not be
26 included in the determination of a rate of total normal cost

1 under subsection (c) of this Section.

2 (40 ILCS 5/16-163) (from Ch. 108 1/2, par. 16-163)

3 Sec. 16-163. Board created. A board of 13 members
4 constitutes the board of trustees authorized to carry out the
5 provisions of this Article and is responsible for the general
6 administration of the System. The board shall be known as the
7 Board of Trustees of the Teachers' Retirement System of the
8 State of Illinois. The board shall be composed of the
9 Superintendent of Education, ex officio, who shall be the
10 president of the board; 4 ~~6~~ persons, not members of the System,
11 to be appointed by the Governor, with the advice and consent of
12 the Senate, who shall hold no elected State office; 4 persons
13 who, at the time of their election, are teachers as defined in
14 Section 16-106, elected by the contributing members; ~~and~~ 2
15 annuitant members elected by the annuitants of the System, as
16 provided in Section 16-165; and 2 school board members elected
17 as provided in Section 16-165.

18 (Source: P.A. 96-6, eff. 4-3-09.)

19 (40 ILCS 5/16-165) (from Ch. 108 1/2, par. 16-165)

20 Sec. 16-165. Board; elected members; vacancies.

21 (a) In each odd-numbered year, there shall be elected 2
22 teachers who shall hold office for a term of 4 years beginning
23 July 15 next following their election, in the manner provided
24 under this Section. An elected teacher member of the board who

1 ceases to be a teacher as defined in Section 16-106 may
2 continue to serve on the board for the remainder of the term to
3 which he or she was elected.

4 (a-5) In each even-numbered year, there shall be elected 2
5 school board members who shall hold office for a term of 4
6 years, in the manner provided under this Section. An elected
7 school board member who ceases to be a member of a school board
8 may continue to serve on the board for the remainder of the
9 term to which he or she was elected. Until the initial school
10 board member has been elected, the elected school board member
11 positions created by this amendatory Act of the 97th General
12 Assembly shall be filled as soon as practical by appointment of
13 the board.

14 (b) One elected annuitant trustee shall first be elected in
15 1987, and in every fourth year thereafter, for a term of 4
16 years beginning July 15 next following his or her election.

17 (c) The elected annuitant position created by this
18 amendatory Act of the 91st General Assembly shall be filled as
19 soon as possible in the manner provided for vacancies, for an
20 initial term ending July 15, 2001. One elected annuitant
21 trustee shall be elected in 2001, and in every fourth year
22 thereafter, for a term of 4 years beginning July 15 next
23 following his or her election.

24 (d) Elections shall be held on May 1, unless May 1 falls on
25 a Saturday or Sunday, in which event the election shall be
26 conducted on the following Monday. Candidates shall be

1 nominated by petitions in writing, signed by not less than 500
2 teachers, school board members, or annuitants, as the case may
3 be, with their addresses shown opposite their names. The
4 petitions shall be filed with the board's Secretary not less
5 than 90 nor more than 120 days prior to May 1. The Secretary
6 shall determine their validity not less than 75 days before the
7 election.

8 (e) If, for ~~either~~ teacher, school board, or annuitant
9 members, the number of qualified nominees exceeds the number of
10 available positions, the system shall prepare an appropriate
11 ballot with the names of the candidates in alphabetical order
12 and shall mail one copy thereof, at least 10 days prior to the
13 election day, to each teacher or annuitant of this system as of
14 the latest date practicable, at the latest known address,
15 together with a return envelope addressed to the board and also
16 a smaller envelope marked "For Ballot Only", and a slip for
17 signature. Each voter, upon marking his ballot with a cross
18 mark in the square before the name of the person voted for,
19 shall place the ballot in the envelope marked "For Ballot
20 Only", seal the envelope, write on the slip provided therefor
21 his signature and address, enclose both the slip and sealed
22 envelope containing the marked ballot in the return envelope
23 addressed to the board, and mail it. Whether a person is
24 eligible to vote for the teacher nominees, school board
25 nominees, or the annuitant nominees shall be determined from
26 system payroll records as of March 1.

1 Upon receipt of the return envelopes, the system shall open
2 them and set aside unopened the envelopes marked "For Ballot
3 Only". On election day ballots shall be publicly opened and
4 counted by the trustees or canvassers appointed therefor. Each
5 vote cast for a candidate represents one vote only. No ballot
6 arriving after 10 o'clock a.m. on election day shall be
7 counted. The 2 teacher candidates, 2 school board candidates,
8 and the annuitant candidate receiving the highest number of
9 votes shall be elected. The board shall declare the results of
10 the election, keep a record thereof, and notify the candidates
11 of the results thereof within 30 days after the election.

12 If, for any ~~either~~ class of members, there are only as many
13 qualified nominees as there are positions available, the
14 balloting as described in this Section shall not be conducted
15 for those nominees, and the board shall declare them duly
16 elected.

17 (f) A vacancy occurring in the elective membership of the
18 board shall be filled for the unexpired term by a person
19 qualified for the vacant position, selected by the remaining
20 elected members of the board, if there are no more than 6
21 months remaining on the term. For a term with more than 6
22 months remaining, the Director of the Teachers' Retirement
23 System of the State of Illinois shall institute an election in
24 accordance with this Act to fill the unexpired term.

25 (Source: P.A. 94-423, eff. 8-2-05; 94-710, eff. 12-5-05;
26 95-331, eff. 8-21-07.)

1 (40 ILCS 5/16-203)

2 Sec. 16-203. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after June 1, 2005 (the
9 effective date of Public Act 94-4). "New benefit increase",
10 however, does not include any benefit increase resulting from
11 the changes made to this Article or Article 1 by Public Act
12 95-910 or this amendatory Act of the 97th ~~95th~~ General
13 Assembly.

14 (b) Notwithstanding any other provision of this Code or any
15 subsequent amendment to this Code, every new benefit increase
16 is subject to this Section and shall be deemed to be granted
17 only in conformance with and contingent upon compliance with
18 the provisions of this Section.

19 (c) The Public Act enacting a new benefit increase must
20 identify and provide for payment to the System of additional
21 funding at least sufficient to fund the resulting annual
22 increase in cost to the System as it accrues.

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and

1 Accountability shall analyze whether adequate additional
2 funding has been provided for the new benefit increase and
3 shall report its analysis to the Public Pension Division of the
4 Department of Financial and Professional Regulation. A new
5 benefit increase created by a Public Act that does not include
6 the additional funding required under this subsection is null
7 and void. If the Public Pension Division determines that the
8 additional funding provided for a new benefit increase under
9 this subsection is or has become inadequate, it may so certify
10 to the Governor and the State Comptroller and, in the absence
11 of corrective action by the General Assembly, the new benefit
12 increase shall expire at the end of the fiscal year in which
13 the certification is made.

14 (d) Every new benefit increase shall expire 5 years after
15 its effective date or on such earlier date as may be specified
16 in the language enacting the new benefit increase or provided
17 under subsection (c). This does not prevent the General
18 Assembly from extending or re-creating a new benefit increase
19 by law.

20 (e) Except as otherwise provided in the language creating
21 the new benefit increase, a new benefit increase that expires
22 under this Section continues to apply to persons who applied
23 and qualified for the affected benefit while the new benefit
24 increase was in effect and to the affected beneficiaries and
25 alternate payees of such persons, but does not apply to any
26 other person, including without limitation a person who

1 continues in service after the expiration date and did not
2 apply and qualify for the affected benefit while the new
3 benefit increase was in effect.

4 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

5 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

6 Sec. 18-140. To certify required State contributions and
7 submit vouchers.

8 (a) The Board shall certify to the Governor, on or before
9 November 15 of each year until November 15, 2011, the amount of
10 the required State contribution to the System for the following
11 fiscal year and shall specifically identify the System's
12 projected State normal cost for that fiscal year. The
13 certification shall include a copy of the actuarial
14 recommendations upon which it is based and shall specifically
15 identify the System's projected State normal cost for that
16 fiscal year.

17 On or before November 1 of each year, beginning November 1,
18 2012, the Board shall submit to the State Actuary, the
19 Governor, and the General Assembly a proposed certification of
20 the amount of the required State contribution to the System for
21 the next fiscal year, along with all of the actuarial
22 assumptions, calculations, and data upon which that proposed
23 certification is based. On or before January 1 of each year
24 beginning January 1, 2013, the State Actuary shall issue a
25 preliminary report concerning the proposed certification and

1 identifying, if necessary, recommended changes in actuarial
2 assumptions that the Board must consider before finalizing its
3 certification of the required State contributions. On or before
4 January 15, 2013 and every January 15 thereafter, the Board
5 shall certify to the Governor and the General Assembly the
6 amount of the required State contribution for the next fiscal
7 year. The Board's certification must note any deviations from
8 the State Actuary's recommended changes, the reason or reasons
9 for not following the State Actuary's recommended changes, and
10 the fiscal impact of not following the State Actuary's
11 recommended changes on the required State contribution.

12 On or before May 1, 2004, the Board shall recalculate and
13 recertify to the Governor the amount of the required State
14 contribution to the System for State fiscal year 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

18 On or before July 1, 2005, the Board shall recalculate and
19 recertify to the Governor the amount of the required State
20 contribution to the System for State fiscal year 2006, taking
21 into account the changes in required State contributions made
22 by this amendatory Act of the 94th General Assembly.

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

3 (b) Beginning in State fiscal year 1996, on or as soon as
4 possible after the 15th day of each month the Board shall
5 submit vouchers for payment of State contributions to the
6 System, in a total monthly amount of one-twelfth of the
7 required annual State contribution certified under subsection
8 (a). From the effective date of this amendatory Act of the 93rd
9 General Assembly through June 30, 2004, the Board shall not
10 submit vouchers for the remainder of fiscal year 2004 in excess
11 of the fiscal year 2004 certified contribution amount
12 determined under this Section after taking into consideration
13 the transfer to the System under subsection (c) of Section
14 6z-61 of the State Finance Act. These vouchers shall be paid by
15 the State Comptroller and Treasurer by warrants drawn on the
16 funds appropriated to the System for that fiscal year.

17 If in any month the amount remaining unexpended from all
18 other appropriations to the System for the applicable fiscal
19 year (including the appropriations to the System under Section
20 8.12 of the State Finance Act and Section 1 of the State
21 Pension Funds Continuing Appropriation Act) is less than the
22 amount lawfully vouchered under this Section, the difference
23 shall be paid from the General Revenue Fund under the
24 continuing appropriation authority provided in Section 1.1 of
25 the State Pension Funds Continuing Appropriation Act.

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

1 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

2 Sec. 20-121. Calculation of proportional retirement
3 annuities. Upon retirement of the employee, a proportional
4 retirement annuity shall be computed by each participating
5 system in which pension credit has been established on the
6 basis of pension credits under each system. The computation
7 shall be in accordance with the formula or method prescribed by
8 each participating system which is in effect at the date of the
9 employee's latest withdrawal from service covered by any of the
10 systems in which he has pension credits which he elects to have
11 considered under this Article. However, (1) the amount of any
12 retirement annuity payable under the self-managed plan
13 established under Section 15-158.2 of this Code depends solely
14 on the value of the participant's vested account balances and
15 is not subject to any proportional adjustment under this
16 Section, and (2) the amount of any retirement annuity payable
17 under the cash balance plan established under Section 1-161 of
18 this Code shall be calculated solely in accordance with that
19 Section and is not subject to any proportional adjustment under
20 this Section.

21 Combined pension credit under all retirement systems
22 subject to this Article shall be considered in determining
23 whether the minimum qualification has been met and the formula
24 or method of computation which shall be applied. If a system
25 has a step-rate formula for calculation of the retirement

1 annuity, pension credits covering previous service which have
2 been established under another system shall be considered in
3 determining which range or ranges of the step-rate formula are
4 to be applicable to the employee.

5 Interest on pension credit shall continue to accumulate in
6 accordance with the provisions of the law governing the
7 retirement system in which the same has been established during
8 the time an employee is in the service of another employer, on
9 the assumption such employee, for interest purposes for pension
10 credit, is continuing in the service covered by such retirement
11 system.

12 (Source: P.A. 91-887, eff. 7-6-00.)

13 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

14 Sec. 20-123. Survivor's annuity. The provisions governing
15 a retirement annuity shall be applicable to a survivor's
16 annuity. Appropriate credits shall be established for
17 survivor's annuity purposes in those participating systems
18 which provide survivor's annuities, according to the same
19 conditions and subject to the same limitations and restrictions
20 herein prescribed for a retirement annuity. If a participating
21 system has no survivor's annuity benefit, or if the survivor's
22 annuity benefit under that system is waived, pension credit
23 established in that system shall not be considered in
24 determining eligibility for or the amount of the survivor's
25 annuity which may be payable by any other participating system.

1 For persons who participate in the self-managed plan
2 established under Section 15-158.2 or the portable benefit
3 package established under Section 15-136.4, pension credit
4 established under Article 15 may be considered in determining
5 eligibility for or the amount of the survivor's annuity that is
6 payable by any other participating system, but pension credit
7 established in any other system shall not result in any right
8 to a survivor's annuity under the Article 15 system.

9 For persons who participate in the cash balance plan
10 established under Section 1-161, pension credit established
11 under the participating system with respect to which the person
12 participates in the cash balance plan may be considered in
13 determining eligibility for or the amount of the survivor's
14 annuity that is payable by any other participating system with
15 respect to which the person does not participate in the cash
16 balance plan, but the amount of any survivor's annuity payable
17 under the cash balance plan established under Section 1-161
18 shall be calculated solely in accordance with that Section.

19 (Source: P.A. 91-887, eff. 7-6-00.)

20 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

21 Sec. 20-124. Maximum benefits.

22 (a) In no event shall the combined retirement or survivors
23 annuities exceed the highest annuity which would have been
24 payable by any participating system in which the employee has
25 pension credits, if all of his pension credits had been

1 validated in that system.

2 If the combined annuities should exceed the highest maximum
3 as determined in accordance with this Section, the respective
4 annuities shall be reduced proportionately according to the
5 ratio which the amount of each proportional annuity bears to
6 the aggregate of all such annuities; except that benefits
7 payable under the cash balance plan established under Section
8 1-161 are not subject to proportionate reduction under this
9 Section.

10 (b) In the case of a participant in the self-managed plan
11 established under Section 15-158.2 of this Code to whom the
12 provisions of this Article apply:

13 (i) For purposes of calculating the combined
14 retirement annuity and the proportionate reduction, if
15 any, in a retirement annuity other than one payable under
16 the self-managed plan, the amount of the Article 15
17 retirement annuity shall be deemed to be the highest
18 annuity to which the annuitant would have been entitled if
19 he or she had participated in the traditional benefit
20 package as defined in Section 15-103.1 rather than the
21 self-managed plan.

22 (ii) For purposes of calculating the combined
23 survivor's annuity and the proportionate reduction, if
24 any, in a survivor's annuity other than one payable under
25 the self-managed plan, the amount of the Article 15
26 survivor's annuity shall be deemed to be the highest

1 survivor's annuity to which the survivor would have been
2 entitled if the deceased employee had participated in the
3 traditional benefit package as defined in Section 15-103.1
4 rather than the self-managed plan.

5 (iii) Benefits payable under the self-managed plan are
6 not subject to proportionate reduction under this Section.
7 (Source: P.A. 91-887, eff. 7-6-00.)

8 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)
9 Sec. 20-125. Return to employment - suspension of benefits.
10 If a retired employee returns to employment which is covered by
11 a system from which he is receiving a proportional annuity
12 under this Article, his proportional annuity from all
13 participating systems shall be suspended during the period of
14 re-employment, except that this suspension does not apply to
15 any distributions payable under the self-managed plan
16 established under Section 15-158.2 of this Code.

17 The provisions of the Article under which such employment
18 would be covered (including Section 1-161 in the case of a
19 participant in the cash balance plan) shall govern the
20 determination of whether the employee has returned to
21 employment, and if applicable the exemption of temporary
22 employment or employment not exceeding a specified duration or
23 frequency, for all participating systems from which the retired
24 employee is receiving a proportional annuity under this
25 Article, notwithstanding any contrary provisions in the other

1 Articles governing such systems.

2 (Source: P.A. 91-887, eff. 7-6-00.)

3 Section 35. The School Code is amended by changing Sections
4 24-1 and 24-8 as follows:

5 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

6 Sec. 24-1. Appointment - Salaries - Payment - School month
7 - School term.† School boards shall appoint all teachers,
8 determine qualifications of employment and fix the amount of
9 their salaries subject to any limitation set forth in this Act
10 and subject to any applicable restrictions in Section 16-131.7
11 of the Illinois Pension Code. They shall pay the wages of
12 teachers monthly, subject, however, to the provisions of
13 Section 24-21. The school month shall be the same as the
14 calendar month but by resolution the school board may adopt for
15 its use a month of 20 days, including holidays. The school term
16 shall consist of at least the minimum number of pupil
17 attendance days required by Section 10-19, any additional legal
18 school holidays, days of teachers' institutes, or equivalent
19 professional educational experiences, and one or two days at
20 the beginning of the school term when used as a teachers'
21 workshop.

22 (Source: P.A. 80-249.)

23 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

1 Sec. 24-8. Minimum salary. In fixing the salaries of
2 teachers, school boards shall pay those who serve on a
3 full-time basis not less than a rate for the school year that
4 is based upon training completed in a recognized institution of
5 higher learning, as follows: for the school year beginning July
6 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
7 120 semester hours or more and a bachelor's degree, \$10,000;
8 150 semester hours or more and a master's degree, \$11,000.

9 Based upon previous public school experience in this State
10 or any other State, territory, dependency or possession of the
11 United States, or in schools operated by or under the auspices
12 of the United States, teachers who serve on a full-time basis
13 shall have their salaries increased to at least the following
14 amounts above the starting salary for a teacher in such
15 district in the same classification: with less than a
16 bachelor's degree, \$750 after 5 years; with 120 semester hours
17 or more and a bachelor's degree, \$1,000 after 5 years and
18 \$1,600 after 8 years; with 150 semester hours or more and a
19 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
20 \$2,750 after 13 years. However, any salary increase is subject
21 to any applicable restrictions in Section 16-131.7 of the
22 Illinois Pension Code.

23 For the purpose of this Section a teacher's salary shall
24 include any amount paid by the school district on behalf of the
25 teacher, as teacher contributions, to the Teachers' Retirement
26 System of the State of Illinois.

1 If a school board establishes a schedule for teachers'
2 salaries based on education and experience, not inconsistent
3 with this Section, all certificated nurses employed by that
4 board shall be paid in accordance with the provisions of such
5 schedule (subject to any applicable restrictions in Section
6 16-131.7 of the Illinois Pension Code).

7 For purposes of this Section, a teacher who submits a
8 certificate of completion to the school office prior to the
9 first day of the school term shall be considered to have the
10 degree stated in such certificate.

11 (Source: P.A. 83-913.)

12 Section 40. The State Universities Civil Service Act is
13 amended by changing Section 36d as follows:

14 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

15 Sec. 36d. Powers and duties of the Merit Board.

16 The Merit Board shall have the power and duty-

17 (1) To approve a classification plan prepared under its
18 direction, assigning to each class positions of substantially
19 similar duties. The Merit Board shall have power to delegate to
20 its Director the duty of assigning each position in the
21 classified service to the appropriate class in the
22 classification plan approved by the Merit Board.

23 (2) To prescribe the duties of each class of positions and
24 the qualifications required by employment in that class.

1 (3) To prescribe the range of compensation for each class
2 or to fix a single rate of compensation for employees in a
3 particular class; and to establish other conditions of
4 employment which an employer and employee representatives have
5 agreed upon as fair and equitable. The Merit Board shall direct
6 the payment of the "prevailing rate of wages" in those
7 classifications in which, on January 1, 1952, any employer is
8 paying such prevailing rate and in such other classes as the
9 Merit Board may thereafter determine. "Prevailing rate of
10 wages" as used herein shall be the wages paid generally in the
11 locality in which the work is being performed to employees
12 engaged in work of a similar character. Subject to any
13 applicable restrictions in Section 16-131.7 of the Illinois
14 Pension Code, each ~~Each~~ employer covered by the University
15 System shall be authorized to negotiate with representatives of
16 employees to determine appropriate ranges or rates of
17 compensation or other conditions of employment and may
18 recommend to the Merit Board for establishment the rates or
19 ranges or other conditions of employment which the employer and
20 employee representatives have agreed upon as fair and
21 equitable. Any rates or ranges established prior to January 1,
22 1952, and hereafter, shall not be changed except in accordance
23 with the procedures herein provided.

24 (4) To recommend to the institutions and agencies specified
25 in Section 36e standards for hours of work, holidays, sick
26 leave, overtime compensation and vacation for the purpose of

1 improving conditions of employment covered therein and for the
2 purpose of insuring conformity with the prevailing rate
3 principal.

4 (5) To prescribe standards of examination for each class,
5 the examinations to be related to the duties of such class. The
6 Merit Board shall have power to delegate to the Director and
7 his staff the preparation, conduct and grading of examinations.
8 Examinations may be written, oral, by statement of training and
9 experience, in the form of tests of knowledge, skill, capacity,
10 intellect, aptitude; or, by any other method, which in the
11 judgment of the Merit Board is reasonable and practical for any
12 particular classification. Different examining procedures may
13 be determined for the examinations in different
14 classifications but all examinations in the same
15 classification shall be uniform.

16 (6) To authorize the continuous recruitment of personnel
17 and to that end, to delegate to the Director and his staff the
18 power and the duty to conduct open and continuous competitive
19 examinations for all classifications of employment.

20 (7) To cause to be established from the results of
21 examinations registers for each class of positions in the
22 classified service of the State Universities Civil Service
23 System, of the persons who shall attain the minimum mark fixed
24 by the Merit Board for the examination; and such persons shall
25 take rank upon the registers as candidates in the order of
26 their relative excellence as determined by examination,

1 without reference to priority of time of examination.

2 (8) To provide by its rules for promotions in the
3 classified service. Vacancies shall be filled by promotion
4 whenever practicable. For the purpose of this paragraph, an
5 advancement in class shall constitute a promotion.

6 (9) To set a probationary period of employment of no less
7 than 6 months and no longer than 12 months for each class of
8 positions in the classification plan, the length of the
9 probationary period for each class to be determined by the
10 Director.

11 (10) To provide by its rules for employment at regular
12 rates of compensation of physically handicapped persons in
13 positions in which the handicap does not prevent the individual
14 from furnishing satisfactory service.

15 (11) To make and publish rules, to carry out the purpose of
16 the State Universities Civil Service System and for
17 examination, appointments, transfers and removals and for
18 maintaining and keeping records of the efficiency of officers
19 and employees and groups of officers and employees in
20 accordance with the provisions of Sections 36b to 36q,
21 inclusive, and said Merit Board may from time to time make
22 changes in such rules.

23 (12) To appoint a Director and such assistants and other
24 clerical and technical help as may be necessary efficiently to
25 administer Sections 36b to 36q, inclusive. To authorize the
26 Director to appoint an assistant resident at the place of

1 employment of each employer specified in Section 36e and this
2 assistant may be authorized to give examinations and to certify
3 names from the regional registers provided in Section 36k.

4 (13) To submit to the Governor of this state on or before
5 November 1 of each year prior to the regular session of the
6 General Assembly a report of the University System's business
7 and an estimate of the amount of appropriation from state funds
8 required for the purpose of administering the University
9 System.

10 (Source: P.A. 82-524.)

11 Section 45. The University of Illinois Act is amended by
12 adding Section 80 as follows:

13 (110 ILCS 305/80 new)

14 Sec. 80. Future increases in income. The University of
15 Illinois must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section 16-131.7
17 of the Illinois Pension Code, to any person in a manner that
18 violates any of those Sections.

19 Section 50. The Southern Illinois University Management
20 Act is amended by adding Section 65 as follows:

21 (110 ILCS 520/65 new)

22 Sec. 65. Future increases in income. Southern Illinois

1 University must not pay, offer, or agree to pay any future
2 increase in income, as that term is defined in Section 16-131.7
3 of the Illinois Pension Code, to any person in a manner that
4 violates any of those Sections.

5 Section 55. The Chicago State University Law is amended by
6 adding Section 5-175 as follows:

7 (110 ILCS 660/5-175 new)

8 Sec. 5-175. Future increases in income. Chicago State
9 University must not pay, offer, or agree to pay any future
10 increase in income, as that term is defined in Section 16-131.7
11 of the Illinois Pension Code, to any person in a manner that
12 violates any of those Sections.

13 Section 60. The Eastern Illinois University Law is amended
14 by adding Section 10-175 as follows:

15 (110 ILCS 665/10-175 new)

16 Sec. 10-175. Future increases in income. Eastern Illinois
17 University must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section 16-131.7
19 of the Illinois Pension Code, to any person in a manner that
20 violates any of those Sections.

21 Section 65. The Governors State University Law is amended

1 by adding Section 15-175 as follows:

2 (110 ILCS 670/15-175 new)

3 Sec. 15-175. Future increases in income. Governors State
4 University must not pay, offer, or agree to pay any future
5 increase in income, as that term is defined in Section 16-131.7
6 of the Illinois Pension Code, to any person in a manner that
7 violates any of those Sections.

8 Section 70. The Illinois State University Law is amended by
9 adding Section 20-180 as follows:

10 (110 ILCS 675/20-180 new)

11 Sec. 20-180. Future increases in income. Illinois State
12 University must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section 16-131.7
14 of the Illinois Pension Code, to any person in a manner that
15 violates any of those Sections.

16 Section 75. The Northeastern Illinois University Law is
17 amended by adding Section 25-175 as follows:

18 (110 ILCS 680/25-175 new)

19 Sec. 25-175. Future increases in income. Northeastern
20 Illinois University must not pay, offer, or agree to pay any
21 future increase in income, as that term is defined in Section

1 16-131.7 of the Illinois Pension Code, to any person in a
2 manner that violates any of those Sections.

3 Section 80. The Northern Illinois University Law is amended
4 by adding Section 30-185 as follows:

5 (110 ILCS 685/30-185 new)

6 Sec. 30-185. Future increases in income. Northern Illinois
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section 16-131.7
9 of the Illinois Pension Code, to any person in a manner that
10 violates any of those Sections.

11 Section 85. The Western Illinois University Law is amended
12 by adding Section 35-180 as follows:

13 (110 ILCS 690/35-180 new)

14 Sec. 35-180. Future increases in income. Western Illinois
15 University must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section 16-131.7
17 of the Illinois Pension Code, to any person in a manner that
18 violates any of those Sections.

19 Section 90. The Public Community College Act is amended by
20 changing Sections 3-26 and 3-42 as follows:

1 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

2 Sec. 3-26. (a) To make appointments and fix the salaries of
3 a chief administrative officer, who shall be the executive
4 officer of the board, other administrative personnel, and all
5 teachers, but subject to any applicable restrictions in Section
6 16-131.7 of the Illinois Pension Code. In making these
7 appointments and fixing the salaries, the board may make no
8 discrimination on account of sex, race, creed, color or
9 national origin.

10 (b) Upon the written request of an employee, to withhold
11 from the compensation of that employee the membership dues of
12 such employee payable to any specified labor organization as
13 defined in the Illinois Educational Labor Relations Act. Under
14 such arrangement, an amount shall be withheld for each regular
15 payroll period which is equal to the prorata share of the
16 annual membership dues plus any payments or contributions and
17 the board shall pay such withholding to the specified labor
18 organization within 10 working days from the time of the
19 withholding.

20 (Source: P.A. 83-1014.)

21 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

22 Sec. 3-42. To employ such personnel as may be needed, to
23 establish policies governing their employment and dismissal,
24 and to fix the amount of their compensation, subject to any
25 applicable restrictions in Section 16-131.7 of the Illinois

1 Pension Code. In the employment, establishment of policies and
2 fixing of compensation the board may make no discrimination on
3 account of sex, race, creed, color or national origin.

4 Residence within any community college district or outside
5 any community college district shall not be considered:

6 (a) in determining whether to retain or not retain any
7 employee of a community college employed prior to July 1,
8 1977 or prior to the adoption by the community college
9 board of a resolution making residency within the community
10 college district of some or all employees a condition of
11 employment, whichever is later;

12 (b) in assigning, promoting or transferring any
13 employee of a community college to an office or position
14 employed prior to July 1, 1977 or prior to the adoption by
15 the community college board of a resolution making
16 residency within the community college district of some or
17 all employees a condition of employment, whichever is
18 later; or

19 (c) in determining the salary or other compensation of
20 any employee of a community college.

21 (Source: P.A. 80-248.)

22 Section 95. The Illinois Educational Labor Relations Act is
23 amended by changing Sections 4 and 17 as follows:

24 (115 ILCS 5/4) (from Ch. 48, par. 1704)

1 Sec. 4. Employer rights. Employers shall not be required to
2 bargain over matters of inherent managerial policy, which shall
3 include such areas of discretion or policy as the functions of
4 the employer, standards of services, its overall budget, the
5 organizational structure and selection of new employees and
6 direction of employees. Employers, however, shall be required
7 to bargain collectively with regard to policy matters directly
8 affecting wages (but subject to any applicable restrictions in
9 Section 16-131.7 of the Illinois Pension Code), hours and terms
10 and conditions of employment as well as the impact thereon upon
11 request by employee representatives, but excluding the
12 changes, the impact of changes, and the implementation of the
13 changes set forth in this amendatory Act of the 97th General
14 Assembly. To preserve the rights of employers and exclusive
15 representatives which have established collective bargaining
16 relationships or negotiated collective bargaining agreements
17 prior to the effective date of this Act, employers shall be
18 required to bargain collectively with regard to any matter
19 concerning wages (but subject to subject to any applicable
20 restrictions in Section 16-131.7 of the Illinois Pension Code),
21 hours or conditions of employment about which they have
22 bargained for and agreed to in a collective bargaining
23 agreement prior to the effective date of this Act, but
24 excluding the changes, the impact of changes, and the
25 implementation of the changes set forth in this amendatory Act
26 of the 97th General Assembly.

1 (Source: P.A. 83-1014.)

2 (115 ILCS 5/17) (from Ch. 48, par. 1717)

3 Sec. 17. Effect on other laws. In case of any conflict
4 between the provisions of this Act and any other law (other
5 than Section 16-131.7 of the Illinois Pension Code), executive
6 order or administrative regulation, the provisions of this Act
7 shall prevail and control. The provisions of this Act are
8 subject to any applicable restrictions in Section 16-131.7 of
9 the Illinois Pension Code, as well as the changes, impact of
10 changes, and implementation of changes set forth in this
11 amendatory Act of the 97th General Assembly. Nothing in this
12 Act shall be construed to replace or diminish the rights of
13 employees established by Section 36d of "An Act to create the
14 State Universities Civil Service System", approved May 11,
15 1905, as amended or modified.

16 (Source: P.A. 83-1014.)

17 Section 100. The State Mandates Act is amended by adding
18 Section 8.36 as follows:

19 (30 ILCS 805/8.36 new)

20 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
21 of this Act, no reimbursement by the State is required for the
22 implementation of any mandate created by this amendatory Act of
23 the 97th General Assembly.

1 Section 105. Severability and inseverability. The
2 provisions set forth in Sections 5, 15, 20, 25, 35 through 100,
3 and 999 of this Act, as well as Sections 2-134, 7-109,
4 14-135.08, 15-107, 15-113.2, 15-113.6, 15-163, 15-165, 16-106,
5 and Section 18-140 and subsection (a-5) of Section 16-158 of
6 the Illinois Pension Code, as set forth in Section 30 of this
7 Act, are severable pursuant to Section 1.31 of the Statute on
8 Statutes, and are not mutually dependent upon the provisions
9 set forth in any other Section of this Act.

10 Section 10 of this Act and the other provisions of Section
11 30 of this Act are mutually dependent and inseverable. If any
12 of those provision is held invalid other than as applied to a
13 particular person or circumstance, then all of those provisions
14 are invalid.

15 Section 999. Effective date. This Act takes effect upon
16 becoming law.".