



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB0098

Introduced 1/9/2013, by Rep. Elaine Nekritz - David Harris - Sara Feigenholtz

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Provisions, General Assembly, State Employee, State Universities, and Downstate Teacher Articles of the Illinois Pension Code. In the General Provisions Article, creates a cash balance plan for new hires of the State Universities and Teachers' Retirement Systems and for certain Tier II participants. Increases the retirement age for certain Tier I members and participants. Changes the conditions of eligibility for, and the amount of, automatic annual increases for Tier I retirees. Increases required employee contributions for Tier I members and participants. Limits pensionable salary for Tier I participants. Changes the required State contribution to each of the affected retirement systems so that those systems are 100% funded by 2043. Guarantees certain funding levels. In the State Universities and Downstate Teacher Articles, shifts costs to local employers. Makes other changes. Amends the State Finance Act. To the list of standardized items of appropriation, adds "State retirement contribution for annual normal cost" and "State retirement contribution for unfunded accrued liability". Defines those terms. Amends the Governor's Office of Management and Budget Act. Adds those terms to a list of classifications to be used in statements and estimates of expenditures submitted to the Office in connection with the preparation of a State budget. Amends the State Mandates Act to require implementation without reimbursement. Includes an inseverability provision. Makes other changes. Effective immediately.

LRB098 05486 JDS 35521 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Governor's Office of Management and Budget
5 Act is amended by changing Sections 7 and 8 as follows:

6 (20 ILCS 3005/7) (from Ch. 127, par. 417)

7 Sec. 7. All statements and estimates of expenditures
8 submitted to the Office in connection with the preparation of a
9 State budget, and any other estimates of expenditures,
10 supporting requests for appropriations, shall be formulated
11 according to the various functions and activities for which the
12 respective department, office or institution of the State
13 government (including the elective officers in the executive
14 department and including the University of Illinois and the
15 judicial department) is responsible. All such statements and
16 estimates of expenditures relating to a particular function or
17 activity shall be further formulated or subject to analysis in
18 accordance with the following classification of objects:

19 (1) Personal services

20 (2) State contribution for employee group insurance

21 (3) Contractual services

22 (4) Travel

23 (5) Commodities

- 1 (6) Equipment
- 2 (7) Permanent improvements
- 3 (8) Land
- 4 (9) Electronic Data Processing
- 5 (10) Telecommunication services
- 6 (11) Operation of Automotive Equipment
- 7 (12) Contingencies
- 8 (13) Reserve
- 9 (14) Interest
- 10 (15) Awards and Grants
- 11 (16) Debt Retirement
- 12 (17) Non-cost Charges~~;~~
- 13 (18) State retirement contribution for annual normal cost
- 14 (19) State retirement contribution for unfunded accrued
- 15 liability.

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

17 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

24 When used in connection with a State budget or expenditure
25 or estimate, items (18) and (19) in the classification of

1 objects stated in Section 7 shall have the meanings ascribed to
2 those items in Sections 24.12 and 24.13, respectively, of the
3 State Finance Act.

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

5 Section 10. The State Finance Act is amended by changing
6 Section 13 and by adding Sections 24.12 and 24.13 as follows:

7 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

- 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) Operation of automotive equipment;
- 20 (11) Telecommunications services;
- 21 (12) Contingencies;
- 22 (13) Reserve;
- 23 (14) Interest;
- 24 (15) Awards and Grants;

- 1 (16) Debt Retirement;
- 2 (17) Non-Cost Charges;
- 3 (18) State retirement contribution for annual normal cost;
- 4 (19) State retirement contribution for unfunded accrued
- 5 liability;
- 6 (20) ~~(18)~~ Purchase Contract for Real Estate.

7 When an appropriation is made to an officer, department,

8 institution, board, commission or other agency, or to a private

9 association or corporation, in one or more of the items above

10 specified, such appropriation shall be construed in accordance

11 with the definitions and limitations specified in this Act,

12 unless the appropriation act otherwise provides.

13 An appropriation for a purpose other than one specified and

14 defined in this Act may be made only as an additional, separate

15 and distinct item, specifically stating the object and purpose

16 thereof.

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

18 (30 ILCS 105/24.12 new)

19 Sec. 24.12. "State retirement contribution for annual

20 normal cost" defined. The term "State retirement contribution

21 for annual normal cost" means the portion of the total required

22 State contribution to a retirement system for a fiscal year

23 that represents the State's portion of the System's projected

24 normal cost for that fiscal year, as determined and certified

25 by the board of trustees of the retirement system in

1 conformance with the applicable provisions of the Illinois
2 Pension Code.

3 (30 ILCS 105/24.13 new)

4 Sec. 24.13. "State retirement contribution for unfunded
5 accrued liability" defined. The term "State retirement
6 contribution for unfunded accrued liability" means the portion
7 of the total required State contribution to a retirement system
8 for a fiscal year that is not included in the State retirement
9 contribution for annual normal cost.

10 Section 15. The Budget Stabilization Act is amended by
11 changing Section 20 as follows:

12 (30 ILCS 122/20)

13 Sec. 20. Pension Stabilization Fund.

14 (a) The Pension Stabilization Fund is hereby created as a
15 special fund in the State treasury. Moneys in the fund shall be
16 used for the sole purpose of making payments to the designated
17 retirement systems as provided in Section 25.

18 (b) For each fiscal year when the General Assembly's
19 appropriations and transfers or diversions as required by law
20 from general funds do not exceed 99% of the estimated general
21 funds revenues pursuant to subsection (a) of Section 10, the
22 Comptroller shall transfer from the General Revenue Fund as
23 provided by this Section a total amount equal to 0.5% of the

1 estimated general funds revenues to the Pension Stabilization
2 Fund.

3 (c) For each fiscal year through State fiscal year 2013,
4 when the General Assembly's appropriations and transfers or
5 diversions as required by law from general funds do not exceed
6 98% of the estimated general funds revenues pursuant to
7 subsection (b) of Section 10, the Comptroller shall transfer
8 from the General Revenue Fund as provided by this Section a
9 total amount equal to 1.0% of the estimated general funds
10 revenues to the Pension Stabilization Fund.

11 (c-10) In State fiscal year 2020 and each fiscal year
12 thereafter, the State Comptroller shall order transferred and
13 the State Treasurer shall transfer \$1,000,000,000 from the
14 General Revenue Fund to the Pension Stabilization Fund.

15 (c-15) The transfers made pursuant to subsection (c-10) of
16 this Section shall continue through State fiscal year 2045 or
17 until each of the designated retirement systems, as defined in
18 Section 25, has achieved the funding ratio prescribed by law
19 for that retirement system, whichever occurs first; provided
20 that those transfers shall not be made after any provision of
21 this Act that is designated as inseverable in Section 97 of
22 this Act is declared to be unconstitutional or invalid other
23 than as applied.

24 (d) The Comptroller shall transfer 1/12 of the total amount
25 to be transferred each fiscal year under this Section into the
26 Pension Stabilization Fund on the first day of each month of

1 that fiscal year or as soon thereafter as possible; except that
2 the final transfer of the fiscal year shall be made as soon as
3 practical after the August 31 following the end of the fiscal
4 year.

5 Until State fiscal year 2014, before ~~Before~~ the final
6 transfer for a fiscal year is made, the Comptroller shall
7 reconcile the estimated general funds revenues used in
8 calculating the other transfers under this Section for that
9 fiscal year with the actual general funds revenues for that
10 fiscal year. The final transfer for the fiscal year shall be
11 adjusted so that the total amount transferred under this
12 Section for that fiscal year is equal to the percentage
13 specified in subsection (b) or (c) of this Section, whichever
14 is applicable, of the actual general funds revenues for that
15 fiscal year. The actual general funds revenues for the fiscal
16 year shall be calculated in a manner consistent with subsection
17 (c) of Section 10 of this Act.

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

19 Section 20. The Illinois Pension Code is amended by
20 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,
21 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,
22 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,
23 14-152.1, 15-111, 15-113.6, 15-113.7, 15-135, 15-136, 15-155,
24 15-156, 15-157, 15-165, 15-198, 16-121, 16-132, 16-133,
25 16-133.1, 16-152, 16-158, 16-158.1, 16-203, 20-121, 20-123,

1 20-124, and 20-125 and by adding Sections 1-161, 2-105.1,
2 2-105.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2, 15-155.1,
3 16-106.4, 16-106.5, and 16-158.2 as follows:

4 (40 ILCS 5/1-103.3)

5 Sec. 1-103.3. Application of 1994 amendment; funding
6 standard.

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

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

21 (c) Every 5 years, beginning in 1999, the Commission on
22 Government Forecasting and Accountability, in consultation
23 with the affected retirement systems and the Governor's Office
24 of Management and Budget (formerly Bureau of the Budget), shall
25 consider and determine whether the funding goals ~~90% funding~~

1 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
2 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
3 funding goals ~~goal~~ for those State-funded retirement systems ~~in~~
4 ~~Illinois~~, and it shall report its findings and recommendations
5 on this subject to the Governor and the General Assembly.

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

7 (40 ILCS 5/1-160)

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

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

22 A person subject to this Section with respect to service
23 under the State Universities Retirement System may irrevocably
24 elect to transfer to the cash balance plan under Section 1-161
25 with respect to service under the State Universities Retirement

1 System by filing with the State Universities Retirement System
2 by December 31, 2013, in the manner required by that System,
3 his or her irrevocable written election to transfer to the cash
4 balance plan. A person subject to this Section who returns to
5 active service under Article 15 after November 1, 2013 shall
6 have 60 days after returning to active service to make this
7 election. Participation in the cash balance plan shall begin no
8 earlier than July 1, 2013. For a person who transfers to the
9 cash balance plan, the benefits that would otherwise be payable
10 under this Section with respect to service in the State
11 Universities Retirement System shall instead be payable as
12 provided in the cash balance plan.

13 A person subject to this Section with respect to service
14 under the Teachers' Retirement System of the State of Illinois
15 may irrevocably elect to transfer to the cash balance plan
16 under Section 1-161 with respect to service under the Teachers'
17 Retirement System of the State of Illinois by filing with the
18 Teachers' Retirement System of the State of Illinois by
19 December 31, 2013, in the manner required by that System, his
20 or her irrevocable written election to transfer to the cash
21 balance plan. A person subject to this Section who returns to
22 active service under Article 16 after November 1, 2013 shall
23 have 60 days after returning to active service to make this
24 election. Participation in the cash balance plan shall begin no
25 earlier than July 1, 2013. For a person who transfers to the
26 cash balance plan, the benefits that would otherwise be payable

1 under this Section with respect to service in the Teachers'
2 Retirement System of the State of Illinois shall instead be
3 payable as provided in the cash balance plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (f) The initial survivor's or widow's annuity of an
22 otherwise eligible survivor or widow of a retired member or
23 participant who first became a member or participant on or
24 after January 1, 2011 shall be in the amount of 66 2/3% of the
25 retired member's or participant's retirement annuity at the
26 date of death. In the case of the death of a member or

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

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

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

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

23 If a person who first becomes a member of a retirement
24 system or pension fund subject to this Section on or after
25 January 1, 2012 and is receiving a retirement annuity or
26 retirement pension under that system or fund ~~and~~ accepts on a

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

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

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

24 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
25 97-609, eff. 1-1-12.)

1 (40 ILCS 5/1-161 new)

2 Sec. 1-161. Cash Balance Plan.

3 (a) Participation and Applicability. This Section applies
4 to all new cash balance plan participants and all legacy Tier
5 II participants.

6 (b) Title. The package of benefits provided under this
7 Section may be referred to as the "cash balance plan". Persons
8 subject to the provisions of this Section may be referred to as
9 "participants in the cash balance plan" or, in this Section,
10 simply as "participants".

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

12 "Account" means the notional cash balance account
13 established under this Section by the applicable retirement
14 system for a participant in the cash balance plan.

15 "Eligible child" means:

16 (1) with respect to a participant in the retirement
17 system established under Article 15 of this Code, a person
18 who would be eligible for a survivors insurance benefit as
19 a dependent unmarried child under Article 15 of this Code
20 if the deceased participant had been a participant in the
21 traditional benefit package; or

22 (2) with respect to a participant in the retirement
23 system established under Article 16, an eligible child as
24 defined in subdivision (a)(4) of Section 16-140 of this
25 Code who would be eligible for survivors' benefits if the
26 deceased participant had not been subject to this Section.

1 "Eligible parent" means:

2 (1) with respect to a participant in the retirement
3 system established under Article 15 of this Code, a person
4 who would be eligible for a survivors insurance benefit as
5 a dependent parent under Article 15 of this Code if the
6 deceased participant had been a participant in the
7 traditional benefit package; or

8 (2) with respect to a participant in the retirement
9 system established under Article 16, a dependent parent as
10 defined in subdivision (a)(5) of Section 16-140 of this
11 Code who would be eligible for survivors' benefits if the
12 deceased participant had not been subject to this Section.

13 "Eligible surviving spouse" means:

14 (1) with respect to a participant in the retirement
15 system established under Article 15 of this Code, a person
16 who would be eligible for a survivors annuity as a
17 surviving spouse under Article 15 of this Code if the
18 deceased participant had been a participant in the
19 traditional benefit package; or

20 (2) with respect to a participant in the retirement
21 system established under Article 16, a dependent
22 beneficiary as defined in subdivision (a)(3)(A) or
23 (a)(3)(A-1) of Section 16-140 of this Code who would be
24 eligible for survivors' benefits payable in the form of an
25 annuity if the deceased participant had not been subject to
26 this Section.

1 "Eligible survivor" means:

2 (1) with respect to a participant in the retirement
3 system established under Article 15 of this Code, a person
4 who would be eligible for survivors insurance benefits as a
5 survivors insurance beneficiary (as defined in Section
6 15-131 of this Code) if the deceased participant had been a
7 participant in the traditional benefit package; or

8 (2) with respect to a participant in the retirement
9 system established under Article 16, a person who would be
10 eligible for survivors' benefits under Article 16 of this
11 Code if the deceased participant had not been subject to
12 this Section.

13 "Salary" means "earnings" as defined in Article 15 or
14 "salary" as defined in Article 16, whichever is applicable.

15 "Legacy Tier II participant" means a person who was subject
16 to Section 1-160 with respect to service under Article 15 or 16
17 of this Code and who irrevocably elects to participate in the
18 cash balance plan created under this Section. That election
19 must be made in writing, in the manner provided by the
20 applicable retirement system.

21 "New cash balance plan participant" means a person who, on
22 or after July 1, 2013, first begins to participate in the
23 retirement system established under Article 15 or 16 of this
24 Code.

25 (c) Cash Balance Account. A notional cash balance account
26 shall be established by the applicable retirement system for

1 each participant in the cash balance plan. The account is
2 notional and does not contain any actual money segregated from
3 the commingled assets of the retirement system. The cash
4 balance in the account is to be used in calculating benefits as
5 provided in this Section, but is not to be used in the
6 calculation of any refund, transfer, or other benefit under the
7 applicable Article of this Code.

8 If a person participates in the cash balance plan with
9 respect to service under more than one retirement system, each
10 retirement system shall establish a separate cash balance
11 account for the participant, and the participant shall be
12 entitled to separate benefits from each retirement system based
13 upon the participant's service and cash balance account under
14 that retirement system. References in this Section to a
15 participant's account mean the account established by, and
16 related to his or her service under, the applicable retirement
17 system.

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

24 The amounts to be debited from the cash balance account
25 shall include (i) amounts representing contributions for
26 disability benefits, (ii) amounts representing contributions

1 for survivor benefits not based on the cash balance account,
2 and (iii) upon a return to service after retirement, amounts
3 representing each payment of retirement annuity following the
4 latest retirement and preceding the return to service, all as
5 provided in this Section.

6 The applicable retirement system shall give to each
7 participant in the cash balance plan who has not yet retired
8 annual notice of the balance in the participant's cash balance
9 account.

10 (c-5) Initial Account Balance for Legacy Tier II
11 Participants. The applicable retirement system shall establish
12 an initial account balance for each legacy Tier II participant
13 when he or she begins participation in the cash balance plan.
14 The initial account balance shall be an amount equal to the
15 refund that the participant would be eligible to receive under
16 the applicable Article of this Code if the participant
17 terminated employment on that date and elected a refund of
18 contributions. If a legacy Tier II participant has purchased
19 service credit prior to irrevocably electing to participate in
20 the cash balance plan created under this Section, then the
21 initial account balance shall include an amount equal to the
22 contributions made by the participant to purchase that service
23 credit.

24 By accepting the initial account balance, the participant
25 relinquishes the right to any benefits (including survivor
26 benefits) that would otherwise be payable under Section 1-160

1 with respect to service in the applicable retirement system,
2 but does not forfeit any service credit earned with respect to
3 such service.

4 (d) Employee Contributions. New cash balance plan
5 participants and legacy Tier II participants shall make
6 employee contributions to the applicable retirement system at
7 the rates required under the applicable Article of this Code.
8 The amount of each contribution shall be credited to the
9 participant's cash balance account after the retirement
10 system's receipt and reconciliation of the contribution.

11 (e) Notional Employer Contributions. Upon crediting each
12 employee contribution under subsection (d), an amount
13 representing the corresponding employer contribution shall be
14 credited to the participant's cash balance account. Notional
15 employer contributions shall be 6.2% of salary.

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

20 (e-1) Notional Amount Based on Optional Employer
21 Contributions. If an employer agrees to make optional employer
22 contributions under subsection (p), then, for the period
23 specified in the agreement, an amount representing the
24 percentage of salary specified in the agreement shall be
25 credited to the cash balance account of each affected
26 participant after receipt and reconciliation of the

1 corresponding employee contribution under subsection (d).

2 The notional amount to be credited to the participant's
3 account is not the same amount as the actual optional employer
4 contribution required under subsection (p) and the provisions
5 of the applicable Article of this Code.

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

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

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

26 (i) the assumed treasury rate, plus

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

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

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

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

13 When a person applies for a retirement annuity under
14 subsection (g) or a surviving spouse's annuity under subsection
15 (k), the retirement system shall calculate the initial annuity
16 without applying an interest credit for the portion of the
17 fiscal year before the initial annuity payment date. On the
18 first June 30 occurring on or after the initial annuity payment
19 date, the retirement system shall (1) calculate a prorated
20 interest credit for the portion of the fiscal year before the
21 initial annuity payment date, (2) credit the prorated amount to
22 the participant's account, and (3) recalculate the amount of
23 the annuity from the initial annuity payment date. The
24 retirement system shall pay to the annuitant in a lump-sum,
25 without interest, the difference, for the portion of the fiscal
26 year on and after the initial annuity payment, between the

1 original annuity amount and the annuity amount as recalculated
2 under this subsection.

3 (f-10) Distribution after Termination of Employment. After
4 termination of the participant's active employment with at
5 least 5 years of service credit under the applicable retirement
6 system but prior to applying for an annuity under this Section,
7 a participant in the cash balance plan or an eligible surviving
8 spouse under subsection (k) may make an irrevocable election to
9 receive a distribution from the applicable retirement system in
10 an amount not to exceed 40% of the balance in the participant's
11 account in the form of a direct rollover to another qualified
12 plan, to the extent allowed by federal law. Only one
13 distribution under this subsection may be made with respect to
14 a participant's cash balance account.

15 Upon payment of the distribution, the amount distributed
16 shall be debited from the participant's cash balance account.
17 The remaining balance in the account shall be used for the
18 determination of the other benefits provided to the participant
19 or eligible surviving spouse under this Section. Once a
20 distribution under this subsection (f-10) has been paid,
21 neither the participant nor an eligible survivor may repay the
22 amount distributed or reinstate any benefit arising under this
23 Section from the distributed amount.

24 (f-15) Refund. In lieu of receiving a distribution under
25 subsection (f-10) or a retirement annuity under subsection (g),
26 at any time after terminating active employment under the

1 applicable retirement system, a participant in the cash balance
2 plan may elect to receive a refund under this subsection. The
3 refund shall consist of an amount equal to the amount of all
4 employee contributions credited to the participant's account,
5 but shall not include any interest credit or employer
6 contributions. If the participant so requests, the refund may
7 be paid in the form of a direct rollover to another qualified
8 plan, to the extent allowed by federal law and in accordance
9 with the rules of the applicable retirement system.

10 Upon payment of the refund, the participant's notional cash
11 balance account is closed, and the participant's credits in the
12 applicable retirement system are terminated. A person who
13 receives a refund under this subsection forfeits all rights
14 under the applicable retirement system, including any right to
15 repay refunded amounts and to reinstate any benefit under that
16 retirement system.

17 An eligible surviving spouse under subsection (k) may elect
18 to receive a refund under this subsection in lieu of a
19 survivor's annuity unless a distribution has been made under
20 subsection (f-10) with respect to the participant's cash
21 balance account.

22 (g) Retirement Annuity. A participant in the cash balance
23 plan may begin collecting a retirement annuity at age 59 1/2,
24 but not before reaching the age of 59 1/2 and not before the
25 date of termination of active employment under the applicable
26 retirement system.

1 The amount of the retirement annuity shall be calculated by
2 the retirement system, based on the balance in the cash balance
3 account, the assumption of future investment returns as
4 specified in this subsection, the participant's election to
5 have a lifetime surviving spouse's annuity as specified in this
6 subsection, the annual increase in retirement annuity as
7 specified in subsection (h), the annual increase in survivor's
8 annuity as specified in subsection (l), and any actuarial
9 assumptions and tables adopted by the board of the retirement
10 system for this purpose. The calculation shall be designed to
11 determine, on an actuarially equivalent basis, the amount of
12 retirement annuity that will result in total annuity payments
13 being equal to the total balance in the participant's account
14 on the date when the last payment of retirement annuity (or
15 surviving spouse's annuity, if the participant elects to
16 provide for a surviving spouse's annuity pursuant to this
17 subsection) is anticipated to be paid under the relevant
18 actuarial assumptions.

19 For the purpose of calculating retirement annuities,
20 future investment returns shall be assumed to be a percentage
21 equal to the average yield of the 30-year U.S. Treasury Bond
22 over the 5 fiscal years prior to the calculation of the initial
23 retirement annuity, plus 200 basis points; but not less than 4%
24 nor more than 8%.

25 A retirement annuity or surviving spouse's annuity
26 provided under this subsection shall be a life annuity and

1 shall not expire for the reason that the total amount paid has
2 reached or exceeded the account balance.

3 The annuity payment shall begin on the date specified by
4 the participant submitting a written application, which date
5 shall not be prior to termination of employment or more than
6 one year before the application is received by the board;
7 however, if the participant is not an employee of an employer
8 participating in the applicable retirement system or in a
9 participating system as defined in Article 20 of this Code on
10 April 1 of the calendar year next following the calendar year
11 in which the participant attains age 70 1/2, the annuity
12 payment period shall begin on that date regardless of whether
13 an application has been filed.

14 The participant may elect, in the participant's written
15 application for retirement, to receive a reduced retirement
16 annuity payable for his or her life and to have a surviving
17 spouse's annuity in a monthly amount equal to 50%, 75%, or 100%
18 of that reduced monthly amount, to be paid to his or her
19 eligible surviving spouse, commencing upon the participant's
20 death.

21 When the final payment of the retirement annuity (or
22 surviving spouse's annuity, if the participant elects to
23 provide for a surviving spouse's annuity pursuant to this
24 subsection) has been paid, the account shall be closed. When
25 the participant has died and there are no longer any eligible
26 survivors, any unused employee contributions shall be

1 forfeited to the applicable retirement system.

2 (h) Annual Increase in Retirement Annuity. The retirement
3 annuity shall be subject to an automatic annual increase in an
4 amount equal to 3% of the originally granted annuity on each
5 January 1 occurring on or after the first anniversary of the
6 annuity start date. Automatic annual increases in a surviving
7 spouse's annuity provided under subsection (g) shall be in
8 accordance with subsection (k-5) of this Section.

9 (i) Disability Benefits. The disability benefits provided
10 under the applicable retirement system apply to new cash
11 balance plan participants and legacy Tier II participants in
12 the cash balance plan, subject to and in accordance with the
13 eligibility and other provisions of the applicable Article.

14 Retirement due to disability under Section 15-153.2 or
15 16-149.2 shall be deemed a disability benefit for the purposes
16 of this Section and shall apply to new cash balance plan
17 participants and legacy Tier II participants.

18 The board of the retirement system shall designate
19 annually, as a percentage of salary, an amount representing the
20 anticipated average cost of providing disability benefits for
21 participants. The amount so designated shall not exceed 1% of
22 the participant's salary and shall be deducted annually from
23 the account of each participant receiving salary.

24 (j) Return to Service. Upon a return to service under the
25 same retirement system after beginning to receive a retirement
26 annuity under the cash balance plan, the retirement annuity

1 shall be suspended and active participation in the cash balance
2 plan shall resume. Upon termination of the employment, the
3 retirement annuity shall resume in an amount to be recalculated
4 in accordance with subsection (g), taking into effect the
5 changes in the cash balance account. If a retired annuitant
6 returns to service, his or her notional cash balance account
7 shall thereupon be decreased by amounts representing each
8 payment of retirement annuity following the latest retirement
9 and preceding the return to service.

10 (k) Surviving Spouse's Annuity - Death before Retirement.

11 In the case of the death of a new cash balance plan participant
12 or legacy Tier II participant who had less than 5 years of
13 service under the applicable Article and had not begun
14 receiving a retirement annuity or taken a refund under
15 subsection (f-15), the eligible surviving spouse shall be
16 entitled only to a refund of employee contributions under
17 subsection (f-15).

18 In the case of the death of a new cash balance plan
19 participant or legacy Tier II participant who had at least 5
20 years of service under the applicable Article and had not begun
21 receiving a retirement annuity or taken a refund under
22 subsection (f-15), the eligible surviving spouse shall, upon
23 written application, be entitled to receive a surviving
24 spouse's annuity beginning at age 59 1/2 (regardless of the
25 existence of dependent eligible children). The surviving
26 spouse's annuity shall be equal to 66 2/3% of the amount of

1 retirement annuity that the deceased participant would have
2 been entitled to if he or she had retired on the date of death
3 having attained age 59 1/2 and without having elected to take a
4 reduced annuity to provide a surviving spouse's annuity.

5 At any time before beginning to receive a surviving
6 spouse's annuity under this subsection, the eligible surviving
7 spouse may claim a distribution under subsection (f-10) or a
8 refund under subsection (f-15). The deceased participant's
9 account shall continue to receive interest credit until the
10 eligible surviving spouse begins to receive a surviving
11 spouse's annuity or receives a refund of employee contributions
12 under subsection (f-15).

13 A surviving spouse's annuity provided under this
14 subsection shall be a life annuity and shall not expire for the
15 reason that the amount paid has reached or exceeded the account
16 balance. When the final payment of the surviving spouse's
17 annuity has been paid, the account shall be closed. When the
18 participant has died and there are no longer any eligible
19 survivors, any unused employee contributions shall be
20 forfeited to the applicable retirement system.

21 (k-5) Annual Increase in Surviving Spouse's Annuity. A
22 surviving spouse's annuity granted under subsection (g) or (k)
23 shall be subject to an automatic annual increase in an amount
24 equal to 3% of the originally granted annuity on each January 1
25 occurring on or after the first anniversary of the annuity
26 start date.

1 (1) Benefits for Eligible Children and Eligible Parents.
2 Upon the death of a participant in the cash balance plan, an
3 eligible child or eligible parent may be entitled to receive
4 death benefits and survivors insurance benefits under Article
5 15 or survivors' benefits under Article 16 of this Code. These
6 benefits shall be deemed to be "survivor benefits not based on
7 the cash balance account" for the purposes of this Section.

8 Eligibility for these benefits shall be determined under
9 this Section and the applicable Article of this Code, including
10 without limitation any provision restricting eligibility on
11 the basis of (i) an election to receive a lump-sum death
12 benefit or (ii) a permitted designation of a different or
13 alternate beneficiary.

14 The amount of these benefits shall be determined under this
15 Section and the applicable Article of this Code, including
16 without limitation any limitation on the minimum or maximum
17 amount of such benefits, individually or in combination. In
18 applying any limitation on the minimum or maximum amount of
19 such benefits that depends on the existence or amount of a
20 benefit payable to the surviving spouse, the retirement system
21 shall use the amount of surviving spouse annuity payable by the
22 retirement system under this Section rather than the amount
23 otherwise provided under the applicable Article. Under no
24 circumstance shall the sum of the benefits payable to all
25 eligible survivors of a particular deceased participant by the
26 applicable retirement system in accordance with this Section

1 exceed the sum of the benefits that would be payable to all
2 eligible survivors if the deceased participant had not been
3 subject to this Section.

4 The board of the retirement system shall designate annually, as
5 a percentage of salary, an amount representing the anticipated
6 average cost of providing survivor benefits not based on the
7 cash balance account for dependent children and dependent
8 parents of deceased participants in the cash balance plan. The
9 amount so designated shall not exceed 1% of the cash balance
10 plan participant's salary and shall be deducted annually from
11 the account of each participant receiving salary.

12 (m) Applicability of Provisions. The following provisions,
13 if and as they exist in this Code, do not apply to participants
14 in the cash balance plan with respect to participation in the
15 cash balance plan, except as they are specifically provided for
16 in this Section:

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

19 (2) provisions limiting a retirement annuity to a
20 specified percentage of salary;

21 (3) provisions authorizing a minimum retirement or
22 survivor's annuity or a supplemental annuity (except as
23 provided in subsection (1) of this Section with respect to
24 eligible children and eligible parents);

25 (4) provisions authorizing any form of annuity not
26 authorized under this Section;

1 (5) provisions authorizing a reversionary annuity
2 (other than a surviving spouse's annuity under subsection
3 (g));

4 (6) provisions authorizing a refund of employee
5 contributions upon termination of service (except as
6 provided in this Section) or any lump-sum payout in lieu of
7 a retirement annuity or survivor's benefit (other than
8 lump-sum death benefits and other than the distribution
9 under subsection (f-10) and the refund under subsection
10 (f-15) of this Section);

11 (7) provisions authorizing optional service credits or
12 the payment of optional additional contributions (other
13 than the optional employer contributions specifically
14 authorized in subsection (e-1)); or

15 (8) a level income option.

16 The Retirement Systems Reciprocal Act applies to
17 participants in the cash balance plan who qualify under Article
18 20 of this Code, but it does not affect the calculation of
19 benefits payable under this Section.

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

25 (n) Rules. The Board of Trustees of the applicable
26 retirement system may adopt rules and procedures for the

1 implementation of this Section, including but not limited to
2 determinations of how to integrate the administration of this
3 Section with the requirements of the applicable Article and any
4 other applicable provisions of this Code.

5 (o) Actual Employer Contributions. Payment of employer
6 contributions with respect to participants in the cash balance
7 plan shall be the responsibility of the actual employer. These
8 contributions shall be determined under and paid in accordance
9 with the provisions of Sections 15-155 and 16-158.

10 (p) Actual Optional Employer Contributions. An employer
11 may agree with the applicable retirement system to make
12 optional employer contributions to the system on behalf of
13 employees who are participants in the cash balance plan, to the
14 extent permitted by federal law and in accordance with the
15 rules and procedures of the system.

16 Any such agreement must apply to all employees of the
17 employer who are participants in the cash balance plan. The
18 agreement shall be filed in writing with the applicable
19 retirement system, and shall specify (i) the additional
20 percentage of salary to be credited to the accounts of the
21 employees, (ii) the period during which the optional employer
22 contributions will apply, and (iii) that the employer agrees to
23 pay to the applicable retirement system the employer's normal
24 cost of the benefits resulting from those credited amounts, as
25 well as any unfunded accrued liability resulting from the cost
26 of those benefits, all as determined by the system in

1 accordance with the applicable Article.

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

7 (r) Qualified Plan Status. No provision of this Section
8 shall be interpreted in a way that would cause the applicable
9 retirement system to cease to be a qualified plan under the
10 Internal Revenue Code of 1986.

11 (40 ILCS 5/2-105.1 new)

12 Sec. 2-105.1. Tier I participant. "Tier I participant": A
13 participant who first became a participant before January 1,
14 2011.

15 (40 ILCS 5/2-105.2 new)

16 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
17 former Tier I participant who is receiving a retirement
18 annuity.

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

20 Sec. 2-108. Salary. "Salary": (1) For members of the
21 General Assembly, the total compensation paid to the member by
22 the State for one year of service, including the additional
23 amounts, if any, paid to the member as an officer pursuant to

1 Section 1 of "An Act in relation to the compensation and
2 emoluments of the members of the General Assembly", approved
3 December 6, 1907, as now or hereafter amended.

4 (2) For the State executive officers specified in Section
5 2-105, the total compensation paid to the member for one year
6 of service.

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

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

18 Notwithstanding any other provision of this Code, the
19 salary of a Tier I participant for the purposes of this Code
20 shall not exceed, for periods of service in a term of office
21 beginning on or after the effective date of this amendatory Act
22 of the 98th General Assembly, the annual contribution and
23 benefit base established for the applicable year by the
24 Commissioner of Social Security under the federal Social
25 Security Act.

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

1 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)
2 Sec. 2-119. Retirement annuity - conditions for
3 eligibility.

4 (a) A participant whose service as a member is terminated,
5 regardless of age or cause, is entitled to a retirement annuity
6 beginning on the date specified by the participant in a written
7 application subject to the following conditions:

8 1. The date the annuity begins does not precede the
9 date of final termination of service, or is not more than
10 30 days before the receipt of the application by the board
11 in the case of annuities based on disability or one year
12 before the receipt of the application in the case of
13 annuities based on attained age;

14 2. The participant meets one of the following
15 eligibility requirements:

16 For a participant who first becomes a participant of
17 this System before January 1, 2011 (the effective date of
18 Public Act 96-889):

19 (A) He or she has attained age 55 and has at least
20 8 years of service credit;

21 (B) He or she has attained age 62 and terminated
22 service after July 1, 1971 with at least 4 years of
23 service credit; or

24 (C) He or she has completed 8 years of service and
25 has become permanently disabled and as a consequence,

1 is unable to perform the duties of his or her office.

2 For a participant who first becomes a participant of
3 this System on or after January 1, 2011 (the effective date
4 of Public Act 96-889), he or she has attained age 67 and
5 has at least 8 years of service credit.

6 (a-5) Notwithstanding subsection (a) of this Section, for a
7 Tier I participant who begins receiving a retirement annuity
8 under this Section after July 1, 2013:

9 (1) If the Tier I participant is at least 45 years old
10 on the effective date of this amendatory Act of the 98th
11 General Assembly, then the references to age 55 and 62 in
12 subsection (a) of this Section remain unchanged.

13 (2) If the Tier I participant is at least 40 but less
14 than 45 years old on the effective date of this amendatory
15 Act of the 98th General Assembly, then the references to
16 age 55 and 62 in subsection (a) of this Section are
17 increased by one year.

18 (3) If the Tier I participant is at least 35 but less
19 than 40 years old on the effective date of this amendatory
20 Act of the 98th General Assembly, then the references to
21 age 55 and 62 in subsection (a) of this Section are
22 increased by 3 years.

23 (4) If the Tier I participant is less than 35 years old
24 on the effective date of this amendatory Act of the 98th
25 General Assembly, then the references to age 55 and 62 in
26 subsection (a) of this Section are increased by 5 years.

1 Notwithstanding Section 1-103.1, this subsection (a-5)
2 applies without regard to whether or not the Tier I member is
3 in active service under this Article on or after the effective
4 date of this amendatory Act of the 98th General Assembly.

5 (a-5) A participant who first becomes a participant of this
6 System on or after January 1, 2011 (the effective date of
7 Public Act 96-889) who has attained age 62 and has at least 8
8 years of service credit may elect to receive the lower
9 retirement annuity provided in paragraph (c) of Section
10 2-119.01 of this Code.

11 (b) A participant shall be considered permanently disabled
12 only if: (1) disability occurs while in service and is of such
13 a nature as to prevent him or her from reasonably performing
14 the duties of his or her office at the time; and (2) the board
15 has received a written certificate by at least 2 licensed
16 physicians appointed by the board stating that the member is
17 disabled and that the disability is likely to be permanent.

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

19 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

21 (a) Except as provided in subsections (a-1) and (a-2), a A
22 participant who retires after June 30, 1967, and who has not
23 received an initial increase under this Section before the
24 effective date of this amendatory Act of 1991, shall, in
25 January or July next following the first anniversary of

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

10 (a-1) Notwithstanding any other provision of this Article,
11 for a Tier I retiree, the amount of each automatic annual
12 increase in retirement annuity occurring on or after the
13 effective date of this amendatory Act of the 98th General
14 Assembly shall be the lesser of \$750 or 3% of the total annuity
15 payable at the time of the increase, including previous
16 increases granted.

17 (a-2) Notwithstanding any other provision of this Article,
18 for a Tier I retiree, the monthly retirement annuity shall
19 first be subject to annual increases on the January 1 occurring
20 on or next after the attainment of age 67 or the January 1
21 occurring on or next after the fifth anniversary of the annuity
22 start date, whichever occurs earlier. If on the effective date
23 of this amendatory Act of the 98th General Assembly a Tier I
24 retiree has already received an annual increase under this
25 Section but does not yet meet the new eligibility requirements
26 of this subsection, the annual increases already received shall

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

4 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
5 and (a-2) apply without regard to whether or not the Tier I
6 retiree is in active service under this Article on or after the
7 effective date of this amendatory Act of the 98th General
8 Assembly.

9 (b) Beginning January 1, 1990, for eligible participants
10 who remain in service after attaining 20 years of creditable
11 service, the 3% increases provided under subsection (a) shall
12 begin to accrue on the January 1 next following the date upon
13 which the participant (1) attains age 55, or (2) attains 20
14 years of creditable service, whichever occurs later, and shall
15 continue to accrue while the participant remains in service;
16 such increases shall become payable on January 1 or July 1,
17 whichever occurs first, next following the first anniversary of
18 retirement. For any person who has service credit in the System
19 for the entire period from January 15, 1969 through December
20 31, 1992, regardless of the date of termination of service, the
21 reference to age 55 in clause (1) of this subsection (b) shall
22 be deemed to mean age 50.

23 This subsection (b) does not apply to any person who first
24 becomes a member of the System after August 8, 2003 (the
25 effective date of Public Act 93-494) ~~this amendatory Act of the~~
26 ~~93rd General Assembly.~~

1 (b-5) Notwithstanding any other provision of this Article,
2 a participant who first becomes a participant on or after
3 January 1, 2011 (the effective date of Public Act 96-889)
4 shall, in January or July next following the first anniversary
5 of retirement, whichever occurs first, and in the same month of
6 each year thereafter, but in no event prior to age 67, have the
7 amount of the originally granted retirement annuity ~~then being~~
8 ~~paid~~ increased by 3% or one-half the annual unadjusted
9 percentage increase in the Consumer Price Index for All Urban
10 Consumers as determined by the Public Pension Division of the
11 Department of Insurance under subsection (a) of Section
12 2-108.1, whichever is less. The changes made to this subsection
13 by this amendatory Act of the 98th General Assembly do not
14 apply to any automatic annual increase granted under this
15 subsection before the effective date of this amendatory Act.

16 (c) The foregoing provisions relating to automatic
17 increases are not applicable to a participant who retires
18 before having made contributions (at the rate prescribed in
19 Section 2-126) for automatic increases for less than the
20 equivalent of one full year. However, in order to be eligible
21 for the automatic increases, such a participant may make
22 arrangements to pay to the system the amount required to bring
23 the total contributions for the automatic increase to the
24 equivalent of one year's contributions based upon his or her
25 last salary.

26 (d) A participant who terminated service prior to July 1,

1 1967, with at least 14 years of service is entitled to an
2 increase in retirement annuity beginning January, 1976, and to
3 additional increases in January of each year thereafter.

4 The initial increase shall be 1 1/2% of the originally
5 granted retirement annuity multiplied by the number of full
6 years that the annuitant was in receipt of such annuity prior
7 to January 1, 1972, plus 2% of the originally granted
8 retirement annuity for each year after that date. The
9 subsequent annual increases shall be at the rate of 2% of the
10 originally granted retirement annuity for each year through
11 1979 and at the rate of 3% for 1980 and thereafter.

12 (e) Beginning January 1, 1990, all automatic annual
13 increases payable under this Section shall be calculated as a
14 percentage of the total annuity payable at the time of the
15 increase, including previous increases granted under this
16 Article.

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

18 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

19 Sec. 2-121.1. Survivor's annuity - amount.

20 (a) A surviving spouse shall be entitled to 66 2/3% of the
21 amount of retirement annuity to which the participant or
22 annuitant was entitled on the date of death, without regard to
23 whether the participant had attained age 55 prior to his or her
24 death, subject to a minimum payment of 10% of salary. If a
25 surviving spouse, regardless of age, has in his or her care at

1 the date of death any eligible child or children of the
2 participant, the survivor's annuity shall be the greater of the
3 following: (1) 66 2/3% of the amount of retirement annuity to
4 which the participant or annuitant was entitled on the date of
5 death, or (2) 30% of the participant's salary increased by 10%
6 of salary on account of each such child, subject to a total
7 payment for the surviving spouse and children of 50% of salary.
8 If eligible children survive but there is no surviving spouse,
9 or if the surviving spouse dies or becomes disqualified by
10 remarriage while eligible children survive, each eligible
11 child shall be entitled to an annuity of 20% of salary, subject
12 to a maximum total payment for all such children of 50% of
13 salary.

14 However, the survivor's annuity payable under this Section
15 shall not be less than 100% of the amount of retirement annuity
16 to which the participant or annuitant was entitled on the date
17 of death, if he or she is survived by a dependent disabled
18 child.

19 The salary to be used for determining these benefits shall
20 be the salary used for determining the amount of retirement
21 annuity as provided in Section 2-119.01.

22 (b) Upon the death of a participant after the termination
23 of service or upon death of an annuitant, the maximum total
24 payment to a surviving spouse and eligible children, or to
25 eligible children alone if there is no surviving spouse, shall
26 be 75% of the retirement annuity to which the participant or

1 annuitant was entitled, unless there is a dependent disabled
2 child among the survivors.

3 (c) When a child ceases to be an eligible child, the
4 annuity to that child, or to the surviving spouse on account of
5 that child, shall thereupon cease, and the annuity payable to
6 the surviving spouse or other eligible children shall be
7 recalculated if necessary.

8 Upon the ineligibility of the last eligible child, the
9 annuity shall immediately revert to the amount payable upon
10 death of a participant or annuitant who leaves no eligible
11 children. If the surviving spouse is then under age 50, the
12 annuity as revised shall be deferred until the attainment of
13 age 50.

14 (d) Beginning January 1, 1990, every survivor's annuity
15 shall be increased (1) on each January 1 occurring on or after
16 the commencement of the annuity if the deceased member died
17 while receiving a retirement annuity, or (2) in other cases, on
18 each January 1 occurring on or after the first anniversary of
19 the commencement of the annuity, by an amount equal to 3% of
20 the current amount of the annuity, including any previous
21 increases under this Article. Such increases shall apply
22 without regard to whether the deceased member was in service on
23 or after the effective date of this amendatory Act of 1991, but
24 shall not accrue for any period prior to January 1, 1990.

25 (d-5) Notwithstanding any other provision of this Article,
26 the initial survivor's annuity of a survivor of a participant

1 who first becomes a participant on or after January 1, 2011
2 (the effective date of Public Act 96-889) shall be in the
3 amount of 66 2/3% of the amount of the retirement annuity to
4 which the participant or annuitant was entitled on the date of
5 death and shall be increased (1) on each January 1 occurring on
6 or after the commencement of the annuity if the deceased member
7 died while receiving a retirement annuity or (2) in other
8 cases, on each January 1 occurring on or after the first
9 anniversary of the commencement of the annuity, by an amount
10 equal to 3% or one-half the annual unadjusted percentage
11 increase in the Consumer Price Index for All Urban Consumers as
12 determined by the Public Pension Division of the Department of
13 Insurance under subsection (a) of Section 2-108.1, whichever is
14 less, of the originally granted survivor's annuity ~~then being~~
15 ~~paid~~. The changes made to this subsection by this amendatory
16 Act of the 98th General Assembly do not apply to any automatic
17 annual increase granted under this subsection before the
18 effective date of this amendatory Act.

19 (e) Notwithstanding any other provision of this Article,
20 beginning January 1, 1990, the minimum survivor's annuity
21 payable to any person who is entitled to receive a survivor's
22 annuity under this Article shall be \$300 per month, without
23 regard to whether or not the deceased participant was in
24 service on the effective date of this amendatory Act of 1989.

25 (f) In the case of a proportional survivor's annuity
26 arising under the Retirement Systems Reciprocal Act where the

1 amount payable by the System on January 1, 1993 is less than
2 \$300 per month, the amount payable by the System shall be
3 increased beginning on that date by a monthly amount equal to
4 \$2 for each full year that has expired since the annuity began.
5 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)
7 Sec. 2-124. Contributions by State.

8 (a) The State shall make contributions to the System by
9 appropriations of amounts which, together with the
10 contributions of participants, interest earned on investments,
11 and other income will meet the cost of maintaining and
12 administering the System on a 100% ~~90%~~ funded basis in
13 accordance with actuarial recommendations by the end of State
14 fiscal year 2043.

15 (b) The Board shall determine the amount of State
16 contributions required for each fiscal year on the basis of the
17 actuarial tables and other assumptions adopted by the Board and
18 the prescribed rate of interest, using the formula in
19 subsection (c).

20 (c) For State fiscal years 2014 through 2043, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 equal to the sum of (1) the State's portion of the projected
24 normal cost for that fiscal year, plus (2) an amount sufficient
25 to bring the total assets of the System up to 100% of the total

1 actuarial liabilities of the System by the end of State fiscal
2 year 2043. In making these determinations, the required State
3 contribution shall be calculated each year as a level
4 percentage of payroll over the years remaining to and including
5 fiscal year 2043 and shall be determined under the projected
6 unit credit actuarial cost method.

7 For State fiscal years 2012 and 2013 ~~through 2045~~, the
8 minimum contribution to the System to be made by the State for
9 each fiscal year shall be an amount determined by the System to
10 be sufficient to bring the total assets of the System up to 90%
11 of the total actuarial liabilities of the System by the end of
12 State fiscal year 2045. In making these determinations, the
13 required State contribution shall be calculated each year as a
14 level percentage of payroll over the years remaining to and
15 including fiscal year 2045 and shall be determined under the
16 projected unit credit actuarial cost method.

17 For State fiscal years 1996 through 2005, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual increments
20 so that by State fiscal year 2011, the State is contributing at
21 the rate required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$4,157,000.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$5,220,300.

2 For each of State fiscal years 2008 through 2009, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 from the required State contribution for State fiscal year
6 2007, so that by State fiscal year 2011, the State is
7 contributing at the rate otherwise required under this Section.

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

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2011 is
20 the amount recertified by the System on or before April 1, 2011
21 pursuant to Section 2-134 and shall be made from the proceeds
22 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
23 the General Obligation Bond Act, less (i) the pro rata share of
24 bond sale expenses determined by the System's share of total
25 bond proceeds, (ii) any amounts received from the General
26 Revenue Fund in fiscal year 2011, and (iii) any reduction in

1 bond proceeds due to the issuance of discounted bonds, if
2 applicable.

3 Beginning in State fiscal year 2044, the minimum State
4 contribution for each fiscal year shall be the amount needed to
5 maintain the total assets of the System at 100% of the total
6 actuarial liabilities of the System.

7 ~~Beginning in State fiscal year 2046, the minimum State~~
8 ~~contribution for each fiscal year shall be the amount needed to~~
9 ~~maintain the total assets of the System at 90% of the total~~
10 ~~actuarial liabilities of the System.~~

11 Amounts received by the System pursuant to Section 25 of
12 the Budget Stabilization Act or Section 8.12 of the State
13 Finance Act in any fiscal year do not reduce and do not
14 constitute payment of any portion of the minimum State
15 contribution required under this Article in that fiscal year.
16 Such amounts shall not reduce, and shall not be included in the
17 calculation of, the required State contributions under this
18 Article in any future year until the System has reached a
19 funding ratio of at least 100% ~~90%~~. A reference in this Article
20 to the "required State contribution" or any substantially
21 similar term does not include or apply to any amounts payable
22 to the System under Section 25 of the Budget Stabilization Act.

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter through State
26 fiscal year 2013, as calculated under this Section and

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

22 (d) For purposes of determining the required State
23 contribution to the System, the value of the System's assets
24 shall be equal to the actuarial value of the System's assets,
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

1 assets shall be equal to the market value of the assets as of
2 that date. In determining the actuarial value of the System's
3 assets for fiscal years after June 30, 2008, any actuarial
4 gains or losses from investment return incurred in a fiscal
5 year shall be recognized in equal annual amounts over the
6 5-year period following that fiscal year.

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

11 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
12 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
13 7-13-12.)

14 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

15 Sec. 2-125. Obligations of State; funding guarantee.

16 (a) The payment of (1) the required State contributions,
17 (2) all benefits granted under this system and (3) all expenses
18 of administration and operation are obligations of the State to
19 the extent specified in this Article.

20 (b) All income, interest and dividends derived from
21 deposits and investments shall be credited to the account of
22 the system in the State Treasury and used to pay benefits under
23 this Article.

24 (c) Beginning July 1, 2013, the State shall be
25 contractually obligated to contribute to the System under

1 Section 2-124 in each State fiscal year an amount not less than
2 the sum of (i) the State's normal cost for that year and (ii)
3 the portion of the unfunded accrued liability assigned to that
4 year by law in accordance with a schedule that distributes
5 payments equitably over a reasonable period of time and in
6 accordance with accepted actuarial practices. The obligations
7 created under this subsection (c) are contractual obligations
8 protected and enforceable under Article I, Section 16 and
9 Article XIII, Section 5 of the Illinois Constitution.

10 Notwithstanding any other provision of law, if the State
11 fails to pay in a State fiscal year the amount guaranteed under
12 this subsection, the System may bring a mandamus action in the
13 Circuit Court of Sangamon County to compel the State to make
14 that payment, irrespective of other remedies that may be
15 available to the System. In ordering the State to make the
16 required payment, the court may order a reasonable payment
17 schedule to enable the State to make the required payment
18 without significantly imperiling the public health, safety, or
19 welfare.

20 Any payments required to be made by the State pursuant to
21 this subsection (c) are expressly subordinated to the payment
22 of the principal, interest, and premium, if any, on any bonded
23 debt obligation of the State or any other State-created entity,
24 either currently outstanding or to be issued, for which the
25 source of repayment or security thereon is derived directly or
26 indirectly from tax revenues collected by the State or any

1 other State-created entity. Payments on such bonded
2 obligations include any statutory fund transfers or other
3 prefunding mechanisms or formulas set forth, now or hereafter,
4 in State law or bond indentures, into debt service funds or
5 accounts of the State related to such bonded obligations,
6 consistent with the payment schedules associated with such
7 obligations.

8 (Source: P.A. 83-1440.)

9 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

10 Sec. 2-126. Contributions by participants.

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

19 (a-5) In addition to the contributions otherwise required
20 under this Article, each Tier I participant shall also make the
21 following contributions toward the cost of his or her
22 retirement annuity from each payment of salary received by him
23 or her for service as a member:

24 (1) beginning July 1, 2013 and through June 30, 2014,

25 1% of salary; and

1 (2) beginning on July 1, 2014, 2% of salary.

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

5 A participant who has no eligible survivor's annuity
6 beneficiary may elect to cease making contributions for
7 survivor's annuity under this subsection. A survivor's annuity
8 shall not be payable upon the death of a person who has made
9 this election, unless prior to that death the election has been
10 revoked and the amount of the contributions that would have
11 been paid under this subsection in the absence of the election
12 is paid to the System, together with interest at the rate of 4%
13 per year from the date the contributions would have been made
14 to the date of payment.

15 (c) Beginning July 1, 1967, each participant shall
16 contribute 1% of salary towards the cost of automatic increase
17 in annuity provided in Section 2-119.1. These contributions
18 shall be made concurrently with contributions for retirement
19 annuity purposes.

20 (d) In addition, each participant serving as an officer of
21 the General Assembly shall contribute, for the same purposes
22 and at the same rates as are required of a regular participant,
23 on each additional payment received as an officer. If the
24 participant serves as an officer for at least 2 but less than 4
25 years, he or she shall contribute an amount equal to the amount
26 that would have been contributed had the participant served as

1 an officer for 4 years. Persons who serve as officers in the
2 87th General Assembly but cannot receive the additional payment
3 to officers because of the ban on increases in salary during
4 their terms may nonetheless make contributions based on those
5 additional payments for the purpose of having the additional
6 payments included in their highest salary for annuity purposes;
7 however, persons electing to make these additional
8 contributions must also pay an amount representing the
9 corresponding employer contributions, as calculated by the
10 System.

11 (e) Notwithstanding any other provision of this Article,
12 the required contribution of a participant who first becomes a
13 participant on or after January 1, 2011 shall not exceed the
14 contribution that would be due under this Article if that
15 participant's highest salary for annuity purposes were
16 \$106,800, plus any increases in that amount under Section
17 2-108.1.

18 (Source: P.A. 96-1490, eff. 1-1-11.)

19 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

20 Sec. 2-134. To certify required State contributions and
21 submit vouchers.

22 (a) The Board shall certify to the Governor on or before
23 December 15 of each year through ~~until~~ December 15, 2011 the
24 amount of the required State contribution to the System for the
25 next fiscal year ~~and shall specifically identify the System's~~

1 ~~projected State normal cost for that fiscal year.~~ The
2 certification shall include a copy of the actuarial
3 recommendations upon which it is based ~~and shall specifically~~
4 ~~identify the System's projected State normal cost for that~~
5 ~~fiscal year.~~

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

18 On or before January 15, 2013 and every January 15
19 thereafter, the Board shall certify to the Governor and the
20 General Assembly the amount of the required State contribution
21 for the next fiscal year. The Board's certification shall
22 include a copy of the actuarial recommendations upon which it
23 is based and shall specifically identify the System's projected
24 State normal cost for that fiscal year. The Board's
25 certification must note any deviations from the State Actuary's
26 recommended changes, the reason or reasons for not following

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

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

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

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

21 On or before July 1, 2013, the Board shall, if necessary,
22 recalculate and recertify to the Governor the amount of the
23 required State contribution to the System for State fiscal year
24 2014, taking into account the changes in required State
25 contributions made by this amendatory Act of the 98th General
26 Assembly.

1 (b) Beginning in State fiscal year 1996, on or as soon as
2 possible after the 15th day of each month the Board shall
3 submit vouchers for payment of State contributions to the
4 System, in a total monthly amount of one-twelfth of the
5 required annual State contribution certified under subsection
6 (a). From the effective date of this amendatory Act of the 93rd
7 General Assembly through June 30, 2004, the Board shall not
8 submit vouchers for the remainder of fiscal year 2004 in excess
9 of the fiscal year 2004 certified contribution amount
10 determined under this Section after taking into consideration
11 the transfer to the System under subsection (d) of Section
12 6z-61 of the State Finance Act. These vouchers shall be paid by
13 the State Comptroller and Treasurer by warrants drawn on the
14 funds appropriated to the System for that fiscal year. If in
15 any month the amount remaining unexpended from all other
16 appropriations to the System for the applicable fiscal year
17 (including the appropriations to the System under Section 8.12
18 of the State Finance Act and Section 1 of the State Pension
19 Funds Continuing Appropriation Act) is less than the amount
20 lawfully vouchered under this Section, the difference shall be
21 paid from the General Revenue Fund under the continuing
22 appropriation authority provided in Section 1.1 of the State
23 Pension Funds Continuing Appropriation Act.

24 (c) The full amount of any annual appropriation for the
25 System for State fiscal year 1995 shall be transferred and made
26 available to the System at the beginning of that fiscal year at

1 the request of the Board. Any excess funds remaining at the end
2 of any fiscal year from appropriations shall be retained by the
3 System as a general reserve to meet the System's accrued
4 liabilities.

5 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
6 97-694, eff. 6-18-12.)

7 (40 ILCS 5/2-162)

8 Sec. 2-162. Application and expiration of new benefit
9 increases.

10 (a) As used in this Section, "new benefit increase" means
11 an increase in the amount of any benefit provided under this
12 Article, or an expansion of the conditions of eligibility for
13 any benefit under this Article, that results from an amendment
14 to this Code that takes effect after the effective date of this
15 amendatory Act of the 94th General Assembly. "New benefit
16 increase", however, does not include any benefit increase
17 resulting from the changes made to this Article by this
18 amendatory Act of the 98th General Assembly.

19 (b) Notwithstanding any other provision of this Code or any
20 subsequent amendment to this Code, every new benefit increase
21 is subject to this Section and shall be deemed to be granted
22 only in conformance with and contingent upon compliance with
23 the provisions of this Section.

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

1 under this Section continues to apply to persons who applied
2 and qualified for the affected benefit while the new benefit
3 increase was in effect and to the affected beneficiaries and
4 alternate payees of such persons, but does not apply to any
5 other person, including without limitation a person who
6 continues in service after the expiration date and did not
7 apply and qualify for the affected benefit while the new
8 benefit increase was in effect.

9 (Source: P.A. 94-4, eff. 6-1-05.)

10 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

11 Sec. 14-103.10. Compensation.

12 (a) For periods of service prior to January 1, 1978, the
13 full rate of salary or wages payable to an employee for
14 personal services performed if he worked the full normal
15 working period for his position, subject to the following
16 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
17 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
18 inclusive, \$625 per month or \$7,500 per year; (3) beginning
19 July 1, 1957, no limitation.

20 In the case of service of an employee in a position
21 involving part-time employment, compensation shall be
22 determined according to the employees' earnings record.

23 (b) For periods of service on and after January 1, 1978,
24 all remuneration for personal services performed defined as
25 "wages" under the Social Security Enabling Act, including that

1 part of such remuneration which is in excess of any maximum
2 limitation provided in such Act, and including any benefits
3 received by an employee under a sick pay plan in effect before
4 January 1, 1981, but excluding lump sum salary payments:

- 5 (1) for vacation,
- 6 (2) for accumulated unused sick leave,
- 7 (3) upon discharge or dismissal,
- 8 (4) for approved holidays.

9 (c) For periods of service on or after December 16, 1978,
10 compensation also includes any benefits, other than lump sum
11 salary payments made at termination of employment, which an
12 employee receives or is eligible to receive under a sick pay
13 plan authorized by law.

14 (d) For periods of service after September 30, 1985,
15 compensation also includes any remuneration for personal
16 services not included as "wages" under the Social Security
17 Enabling Act, which is deducted for purposes of participation
18 in a program established pursuant to Section 125 of the
19 Internal Revenue Code or its successor laws.

20 (e) For members for which Section 1-160 applies for periods
21 of service on and after January 1, 2011, all remuneration for
22 personal services performed defined as "wages" under the Social
23 Security Enabling Act, excluding remuneration that is in excess
24 of the annual earnings, salary, or wages of a member or
25 participant, as provided in subsection (b-5) of Section 1-160,
26 but including any benefits received by an employee under a sick

1 pay plan in effect before January 1, 1981. Compensation shall
2 exclude lump sum salary payments:

- 3 (1) for vacation;
- 4 (2) for accumulated unused sick leave;
- 5 (3) upon discharge or dismissal; and
- 6 (4) for approved holidays.

7 (f) Notwithstanding any other provision of this Code, the
8 compensation of a Tier I member for the purposes of this Code
9 shall not exceed, for periods of service on or after the
10 effective date of this amendatory Act of the 98th General
11 Assembly, the annual contribution and benefit base established
12 for the applicable year by the Commissioner of Social Security
13 under the federal Social Security Act; except that this
14 limitation does not apply to a member's compensation that is
15 determined under an employment contract or collective
16 bargaining agreement that is in effect on the effective date of
17 this amendatory Act of the 98th General Assembly and has not
18 been amended or renewed after that date.

19 (Source: P.A. 96-1490, eff. 1-1-11.)

20 (40 ILCS 5/14-103.40 new)

21 Sec. 14-103.40. Tier I member. "Tier I member": A member of
22 this System who first became a member or participant before
23 January 1, 2011 under any reciprocal retirement system or
24 pension fund established under this Code other than a
25 retirement system or pension fund established under Article 2,

1 3, 4, 5, 6, or 18 of this Code.

2 (40 ILCS 5/14-103.41 new)

3 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
4 Tier I member who is receiving a retirement annuity.

5 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

6 Sec. 14-107. Retirement annuity - service and age -
7 conditions.

8 (a) A member is entitled to a retirement annuity after
9 having at least 8 years of creditable service.

10 (b) A member who has at least 35 years of creditable
11 service may claim his or her retirement annuity at any age. A
12 member having at least 8 years of creditable service but less
13 than 35 may claim his or her retirement annuity upon or after
14 attainment of age 60 or, beginning January 1, 2001, any lesser
15 age which, when added to the number of years of his or her
16 creditable service, equals at least 85. A member upon or after
17 attainment of age 55 having at least 25 years of creditable
18 service (30 years if retirement is before January 1, 2001) may
19 elect to receive the lower retirement annuity provided in
20 paragraph (c) of Section 14-108 of this Code. For purposes of
21 the rule of 85, portions of years shall be counted in whole
22 months.

23 (c) Notwithstanding subsection (b) of this Section, for a
24 Tier I member who begins receiving a retirement annuity under

1 this Article after July 1, 2013:

2 (1) If the Tier I member is at least 45 years old on
3 the effective date of this amendatory Act of the 98th
4 General Assembly, then the references to age 55 and 60 in
5 subsection (b) of this Section remain unchanged and the
6 references to 85 in subsection (b) of this Section remain
7 unchanged.

8 (2) If the Tier I member is at least 40 but less than
9 45 years old on the effective date of this amendatory Act
10 of the 98th General Assembly, then the references to age 55
11 and 60 in subsection (b) of this Section are increased by
12 one year and the references to 85 in subsection (b) are
13 increased to 87.

14 (3) If the Tier I member is at least 35 but less than
15 40 years old on the effective date of this amendatory Act
16 of the 98th General Assembly, then the references to age 55
17 and 60 in subsection (b) of this Section are increased by 3
18 years and the references to 85 in subsection (b) are
19 increased to 91.

20 (4) If the Tier I member is less than 35 years old on
21 the effective date of this amendatory Act of the 98th
22 General Assembly, then the references to age 55 and 60 in
23 subsection (b) of this Section are increased by 5 years and
24 the references to 85 in subsection (b) are increased to 95.

25 Notwithstanding Section 1-103.1, this subsection (c)
26 applies without regard to whether or not the Tier I member is

1 in active service under this Article on or after the effective
2 date of this amendatory Act of the 98th General Assembly.

3 (d) The allowance shall begin with the first full calendar
4 month specified in the member's application therefor, the first
5 day of which shall not be before the date of withdrawal as
6 approved by the board. Regardless of the date of withdrawal,
7 the allowance need not begin within one year of application
8 therefor.

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

10 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

11 Sec. 14-108. Amount of retirement annuity. A member who has
12 contributed to the System for at least 12 months shall be
13 entitled to a prior service annuity for each year of certified
14 prior service credited to him, except that a member shall
15 receive 1/3 of the prior service annuity for each year of
16 service for which contributions have been made and all of such
17 annuity shall be payable after the member has made
18 contributions for a period of 3 years. Proportionate amounts
19 shall be payable for service of less than a full year after
20 completion of at least 12 months.

21 The total period of service to be considered in
22 establishing the measure of prior service annuity shall include
23 service credited in the Teachers' Retirement System of the
24 State of Illinois and the State Universities Retirement System
25 for which contributions have been made by the member to such

1 systems; provided that at least 1 year of the total period of 3
2 years prescribed for the allowance of a full measure of prior
3 service annuity shall consist of membership service in this
4 system for which credit has been granted.

5 (a) In the case of a member who retires on or after January
6 1, 1998 and is a noncovered employee, the retirement annuity
7 for membership service and prior service shall be 2.2% of final
8 average compensation for each year of service. Any service
9 credit established as a covered employee shall be computed as
10 stated in paragraph (b).

11 (b) In the case of a member who retires on or after January
12 1, 1998 and is a covered employee, the retirement annuity for
13 membership service and prior service shall be computed as
14 stated in paragraph (a) for all service credit established as a
15 noncovered employee; for service credit established as a
16 covered employee it shall be 1.67% of final average
17 compensation for each year of service.

18 (c) For a member retiring after attaining age 55 but before
19 age 60 with at least 30 but less than 35 years of creditable
20 service if retirement is before January 1, 2001, or with at
21 least 25 but less than 30 years of creditable service if
22 retirement is on or after January 1, 2001, the retirement
23 annuity shall be reduced by 1/2 of 1% for each month that the
24 member's age is under age 60 at the time of retirement. For
25 members to whom subsection (c) of Section 14-107 applies, the
26 references to age 55 and 60 in this subsection (c) are

1 increased as provided in subsection (c) of Section 14-107.

2 (d) A retirement annuity shall not exceed 75% of final
3 average compensation, subject to such extension as may result
4 from the application of Section 14-114 or Section 14-115.

5 (e) The retirement annuity payable to any covered employee
6 who is a member of the System and in service on January 1,
7 1969, or in service thereafter in 1969 as a result of
8 legislation enacted by the Illinois General Assembly
9 transferring the member to State employment from county
10 employment in a county Department of Public Aid in counties of
11 3,000,000 or more population, under a plan of coordination with
12 the Old Age, Survivors and Disability provisions thereof, if
13 not fully insured for Old Age Insurance payments under the
14 Federal Old Age, Survivors and Disability Insurance provisions
15 at the date of acceptance of a retirement annuity, shall not be
16 less than the amount for which the member would have been
17 eligible if coordination were not applicable.

18 (f) The retirement annuity payable to any covered employee
19 who is a member of the System and in service on January 1,
20 1969, or in service thereafter in 1969 as a result of the
21 legislation designated in the immediately preceding paragraph,
22 if fully insured for Old Age Insurance payments under the
23 Federal Social Security Act at the date of acceptance of a
24 retirement annuity, shall not be less than an amount which when
25 added to the Primary Insurance Benefit payable to the member
26 upon attainment of age 65 under such Federal Act, will equal

1 the annuity which would otherwise be payable if the coordinated
2 plan of coverage were not applicable.

3 (g) In the case of a member who is a noncovered employee,
4 the retirement annuity for membership service as a security
5 employee of the Department of Corrections or security employee
6 of the Department of Human Services shall be: if retirement
7 occurs on or after January 1, 2001, 3% of final average
8 compensation for each year of creditable service; or if
9 retirement occurs before January 1, 2001, 1.9% of final average
10 compensation for each of the first 10 years of service, 2.1%
11 for each of the next 10 years of service, 2.25% for each year
12 of service in excess of 20 but not exceeding 30, and 2.5% for
13 each year in excess of 30; except that the annuity may be
14 calculated under subsection (a) rather than this subsection (g)
15 if the resulting annuity is greater.

16 (h) In the case of a member who is a covered employee, the
17 retirement annuity for membership service as a security
18 employee of the Department of Corrections or security employee
19 of the Department of Human Services shall be: if retirement
20 occurs on or after January 1, 2001, 2.5% of final average
21 compensation for each year of creditable service; if retirement
22 occurs before January 1, 2001, 1.67% of final average
23 compensation for each of the first 10 years of service, 1.90%
24 for each of the next 10 years of service, 2.10% for each year
25 of service in excess of 20 but not exceeding 30, and 2.30% for
26 each year in excess of 30.

1 (i) For the purposes of this Section and Section 14-133 of
2 this Act, the term "security employee of the Department of
3 Corrections" and the term "security employee of the Department
4 of Human Services" shall have the meanings ascribed to them in
5 subsection (c) of Section 14-110.

6 (j) The retirement annuity computed pursuant to paragraphs
7 (g) or (h) shall be applicable only to those security employees
8 of the Department of Corrections and security employees of the
9 Department of Human Services who have at least 20 years of
10 membership service and who are not eligible for the alternative
11 retirement annuity provided under Section 14-110. However,
12 persons transferring to this System under Section 14-108.2 or
13 14-108.2c who have service credit under Article 16 of this Code
14 may count such service toward establishing their eligibility
15 under the 20-year service requirement of this subsection; but
16 such service may be used only for establishing such
17 eligibility, and not for the purpose of increasing or
18 calculating any benefit.

19 (k) (Blank).

20 (l) The changes to this Section made by this amendatory Act
21 of 1997 (changing certain retirement annuity formulas from a
22 stepped rate to a flat rate) apply to members who retire on or
23 after January 1, 1998, without regard to whether employment
24 terminated before the effective date of this amendatory Act of
25 1997. An annuity shall not be calculated in steps by using the
26 new flat rate for some steps and the superseded stepped rate

1 for other steps of the same type of service.

2 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

3 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

4 Sec. 14-110. Alternative retirement annuity.

5 (a) Any member who has withdrawn from service with not less
6 than 20 years of eligible creditable service and has attained
7 age 55, and any member who has withdrawn from service with not
8 less than 25 years of eligible creditable service and has
9 attained age 50, regardless of whether the attainment of either
10 of the specified ages occurs while the member is still in
11 service, shall be entitled to receive at the option of the
12 member, in lieu of the regular or minimum retirement annuity, a
13 retirement annuity computed as follows:

14 (i) for periods of service as a noncovered employee: if
15 retirement occurs on or after January 1, 2001, 3% of final
16 average compensation for each year of creditable service;
17 if retirement occurs before January 1, 2001, 2 1/4% of
18 final average compensation for each of the first 10 years
19 of creditable service, 2 1/2% for each year above 10 years
20 to and including 20 years of creditable service, and 2 3/4%
21 for each year of creditable service above 20 years; and

22 (ii) for periods of eligible creditable service as a
23 covered employee: if retirement occurs on or after January
24 1, 2001, 2.5% of final average compensation for each year
25 of creditable service; if retirement occurs before January

1 1, 2001, 1.67% of final average compensation for each of
2 the first 10 years of such service, 1.90% for each of the
3 next 10 years of such service, 2.10% for each year of such
4 service in excess of 20 but not exceeding 30, and 2.30% for
5 each year in excess of 30.

6 Such annuity shall be subject to a maximum of 75% of final
7 average compensation if retirement occurs before January 1,
8 2001 or to a maximum of 80% of final average compensation if
9 retirement occurs on or after January 1, 2001.

10 These rates shall not be applicable to any service
11 performed by a member as a covered employee which is not
12 eligible creditable service. Service as a covered employee
13 which is not eligible creditable service shall be subject to
14 the rates and provisions of Section 14-108.

15 (a-5) Notwithstanding subsection (a) of this Section, for a
16 Tier I member who begins receiving a retirement annuity under
17 this Section after July 1, 2013:

18 (1) If the Tier I member is at least 45 years old on
19 the effective date of this amendatory Act of the 98th
20 General Assembly, then the references to age 50 and 55 in
21 subsection (a) of this Section remain unchanged.

22 (2) If the Tier I member is at least 40 but less than
23 45 years old on the effective date of this amendatory Act
24 of the 98th General Assembly, then the references to age 50
25 and 55 in subsection (a) of this Section are increased by
26 one year.

1 (3) If the Tier I member is at least 35 but less than
2 40 years old on the effective date of this amendatory Act
3 of the 98th General Assembly, then the references to age 50
4 and 55 in subsection (a) of this Section are increased by 3
5 years.

6 (4) If the Tier I member is less than 35 years old on
7 the effective date of this amendatory Act of the 98th
8 General Assembly, then the references to age 50 and 55 in
9 subsection (a) of this Section are increased by 5 years.

10 Notwithstanding Section 1-103.1, this subsection (a-5)
11 applies without regard to whether or not the Tier I member is
12 in active service under this Article on or after the effective
13 date of this amendatory Act of the 98th General Assembly.

14 (b) For the purpose of this Section, "eligible creditable
15 service" means creditable service resulting from service in one
16 or more of the following positions:

17 (1) State policeman;

18 (2) fire fighter in the fire protection service of a
19 department;

20 (3) air pilot;

21 (4) special agent;

22 (5) investigator for the Secretary of State;

23 (6) conservation police officer;

24 (7) investigator for the Department of Revenue or the
25 Illinois Gaming Board;

26 (8) security employee of the Department of Human

1 Services;

2 (9) Central Management Services security police
3 officer;

4 (10) security employee of the Department of
5 Corrections or the Department of Juvenile Justice;

6 (11) dangerous drugs investigator;

7 (12) investigator for the Department of State Police;

8 (13) investigator for the Office of the Attorney
9 General;

10 (14) controlled substance inspector;

11 (15) investigator for the Office of the State's
12 Attorneys Appellate Prosecutor;

13 (16) Commerce Commission police officer;

14 (17) arson investigator;

15 (18) State highway maintenance worker.

16 A person employed in one of the positions specified in this
17 subsection is entitled to eligible creditable service for
18 service credit earned under this Article while undergoing the
19 basic police training course approved by the Illinois Law
20 Enforcement Training Standards Board, if completion of that
21 training is required of persons serving in that position. For
22 the purposes of this Code, service during the required basic
23 police training course shall be deemed performance of the
24 duties of the specified position, even though the person is not
25 a sworn peace officer at the time of the training.

26 (c) For the purposes of this Section:

1 (1) The term "state policeman" includes any title or
2 position in the Department of State Police that is held by
3 an individual employed under the State Police Act.

4 (2) The term "fire fighter in the fire protection
5 service of a department" includes all officers in such fire
6 protection service including fire chiefs and assistant
7 fire chiefs.

8 (3) The term "air pilot" includes any employee whose
9 official job description on file in the Department of
10 Central Management Services, or in the department by which
11 he is employed if that department is not covered by the
12 Personnel Code, states that his principal duty is the
13 operation of aircraft, and who possesses a pilot's license;
14 however, the change in this definition made by this
15 amendatory Act of 1983 shall not operate to exclude any
16 noncovered employee who was an "air pilot" for the purposes
17 of this Section on January 1, 1984.

18 (4) The term "special agent" means any person who by
19 reason of employment by the Division of Narcotic Control,
20 the Bureau of Investigation or, after July 1, 1977, the
21 Division of Criminal Investigation, the Division of
22 Internal Investigation, the Division of Operations, or any
23 other Division or organizational entity in the Department
24 of State Police is vested by law with duties to maintain
25 public order, investigate violations of the criminal law of
26 this State, enforce the laws of this State, make arrests

1 and recover property. The term "special agent" includes any
2 title or position in the Department of State Police that is
3 held by an individual employed under the State Police Act.

4 (5) The term "investigator for the Secretary of State"
5 means any person employed by the Office of the Secretary of
6 State and vested with such investigative duties as render
7 him ineligible for coverage under the Social Security Act
8 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
9 218(1)(1) of that Act.

10 A person who became employed as an investigator for the
11 Secretary of State between January 1, 1967 and December 31,
12 1975, and who has served as such until attainment of age
13 60, either continuously or with a single break in service
14 of not more than 3 years duration, which break terminated
15 before January 1, 1976, shall be entitled to have his
16 retirement annuity calculated in accordance with
17 subsection (a), notwithstanding that he has less than 20
18 years of credit for such service.

19 (6) The term "Conservation Police Officer" means any
20 person employed by the Division of Law Enforcement of the
21 Department of Natural Resources and vested with such law
22 enforcement duties as render him ineligible for coverage
23 under the Social Security Act by reason of Sections
24 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The
25 term "Conservation Police Officer" includes the positions
26 of Chief Conservation Police Administrator and Assistant

1 Conservation Police Administrator.

2 (7) The term "investigator for the Department of
3 Revenue" means any person employed by the Department of
4 Revenue and vested with such investigative duties as render
5 him ineligible for coverage under the Social Security Act
6 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
7 218(1)(1) of that Act.

8 The term "investigator for the Illinois Gaming Board"
9 means any person employed as such by the Illinois Gaming
10 Board and vested with such peace officer duties as render
11 the person ineligible for coverage under the Social
12 Security Act by reason of Sections 218(d)(5)(A),
13 218(d)(8)(D), and 218(1)(1) of that Act.

14 (8) The term "security employee of the Department of
15 Human Services" means any person employed by the Department
16 of Human Services who (i) is employed at the Chester Mental
17 Health Center and has daily contact with the residents
18 thereof, (ii) is employed within a security unit at a
19 facility operated by the Department and has daily contact
20 with the residents of the security unit, (iii) is employed
21 at a facility operated by the Department that includes a
22 security unit and is regularly scheduled to work at least
23 50% of his or her working hours within that security unit,
24 or (iv) is a mental health police officer. "Mental health
25 police officer" means any person employed by the Department
26 of Human Services in a position pertaining to the

1 Department's mental health and developmental disabilities
2 functions who is vested with such law enforcement duties as
3 render the person ineligible for coverage under the Social
4 Security Act by reason of Sections 218(d)(5)(A),
5 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
6 means that portion of a facility that is devoted to the
7 care, containment, and treatment of persons committed to
8 the Department of Human Services as sexually violent
9 persons, persons unfit to stand trial, or persons not
10 guilty by reason of insanity. With respect to past
11 employment, references to the Department of Human Services
12 include its predecessor, the Department of Mental Health
13 and Developmental Disabilities.

14 The changes made to this subdivision (c)(8) by Public
15 Act 92-14 apply to persons who retire on or after January
16 1, 2001, notwithstanding Section 1-103.1.

17 (9) "Central Management Services security police
18 officer" means any person employed by the Department of
19 Central Management Services who is vested with such law
20 enforcement duties as render him ineligible for coverage
21 under the Social Security Act by reason of Sections
22 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

23 (10) For a member who first became an employee under
24 this Article before July 1, 2005, the term "security
25 employee of the Department of Corrections or the Department
26 of Juvenile Justice" means any employee of the Department

1 of Corrections or the Department of Juvenile Justice or the
2 former Department of Personnel, and any member or employee
3 of the Prisoner Review Board, who has daily contact with
4 inmates or youth by working within a correctional facility
5 or Juvenile facility operated by the Department of Juvenile
6 Justice or who is a parole officer or an employee who has
7 direct contact with committed persons in the performance of
8 his or her job duties. For a member who first becomes an
9 employee under this Article on or after July 1, 2005, the
10 term means an employee of the Department of Corrections or
11 the Department of Juvenile Justice who is any of the
12 following: (i) officially headquartered at a correctional
13 facility or Juvenile facility operated by the Department of
14 Juvenile Justice, (ii) a parole officer, (iii) a member of
15 the apprehension unit, (iv) a member of the intelligence
16 unit, (v) a member of the sort team, or (vi) an
17 investigator.

18 (11) The term "dangerous drugs investigator" means any
19 person who is employed as such by the Department of Human
20 Services.

21 (12) The term "investigator for the Department of State
22 Police" means a person employed by the Department of State
23 Police who is vested under Section 4 of the Narcotic
24 Control Division Abolition Act with such law enforcement
25 powers as render him ineligible for coverage under the
26 Social Security Act by reason of Sections 218(d)(5)(A),

1 218(d)(8)(D) and 218(1)(1) of that Act.

2 (13) "Investigator for the Office of the Attorney
3 General" means any person who is employed as such by the
4 Office of the Attorney General and is vested with such
5 investigative duties as render him ineligible for coverage
6 under the Social Security Act by reason of Sections
7 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
8 the period before January 1, 1989, the term includes all
9 persons who were employed as investigators by the Office of
10 the Attorney General, without regard to social security
11 status.

12 (14) "Controlled substance inspector" means any person
13 who is employed as such by the Department of Professional
14 Regulation and is vested with such law enforcement duties
15 as render him ineligible for coverage under the Social
16 Security Act by reason of Sections 218(d)(5)(A),
17 218(d)(8)(D) and 218(1)(1) of that Act. The term
18 "controlled substance inspector" includes the Program
19 Executive of Enforcement and the Assistant Program
20 Executive of Enforcement.

21 (15) The term "investigator for the Office of the
22 State's Attorneys Appellate Prosecutor" means a person
23 employed in that capacity on a full time basis under the
24 authority of Section 7.06 of the State's Attorneys
25 Appellate Prosecutor's Act.

26 (16) "Commerce Commission police officer" means any

1 person employed by the Illinois Commerce Commission who is
2 vested with such law enforcement duties as render him
3 ineligible for coverage under the Social Security Act by
4 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
5 218(1)(1) of that Act.

6 (17) "Arson investigator" means any person who is
7 employed as such by the Office of the State Fire Marshal
8 and is vested with such law enforcement duties as render
9 the person ineligible for coverage under the Social
10 Security Act by reason of Sections 218(d)(5)(A),
11 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
12 employed as an arson investigator on January 1, 1995 and is
13 no longer in service but not yet receiving a retirement
14 annuity may convert his or her creditable service for
15 employment as an arson investigator into eligible
16 creditable service by paying to the System the difference
17 between the employee contributions actually paid for that
18 service and the amounts that would have been contributed if
19 the applicant were contributing at the rate applicable to
20 persons with the same social security status earning
21 eligible creditable service on the date of application.

22 (18) The term "State highway maintenance worker" means
23 a person who is either of the following:

24 (i) A person employed on a full-time basis by the
25 Illinois Department of Transportation in the position
26 of highway maintainer, highway maintenance lead

1 worker, highway maintenance lead/lead worker, heavy
2 construction equipment operator, power shovel
3 operator, or bridge mechanic; and whose principal
4 responsibility is to perform, on the roadway, the
5 actual maintenance necessary to keep the highways that
6 form a part of the State highway system in serviceable
7 condition for vehicular traffic.

8 (ii) A person employed on a full-time basis by the
9 Illinois State Toll Highway Authority in the position
10 of equipment operator/laborer H-4, equipment
11 operator/laborer H-6, welder H-4, welder H-6,
12 mechanical/electrical H-4, mechanical/electrical H-6,
13 water/sewer H-4, water/sewer H-6, sign maker/hanger
14 H-4, sign maker/hanger H-6, roadway lighting H-4,
15 roadway lighting H-6, structural H-4, structural H-6,
16 painter H-4, or painter H-6; and whose principal
17 responsibility is to perform, on the roadway, the
18 actual maintenance necessary to keep the Authority's
19 tollways in serviceable condition for vehicular
20 traffic.

21 (d) A security employee of the Department of Corrections or
22 the Department of Juvenile Justice, and a security employee of
23 the Department of Human Services who is not a mental health
24 police officer, shall not be eligible for the alternative
25 retirement annuity provided by this Section unless he or she
26 meets the following minimum age and service requirements at the

1 time of retirement:

2 (i) 25 years of eligible creditable service and age 55;

3 or

4 (ii) beginning January 1, 1987, 25 years of eligible
5 creditable service and age 54, or 24 years of eligible
6 creditable service and age 55; or

7 (iii) beginning January 1, 1988, 25 years of eligible
8 creditable service and age 53, or 23 years of eligible
9 creditable service and age 55; or

10 (iv) beginning January 1, 1989, 25 years of eligible
11 creditable service and age 52, or 22 years of eligible
12 creditable service and age 55; or

13 (v) beginning January 1, 1990, 25 years of eligible
14 creditable service and age 51, or 21 years of eligible
15 creditable service and age 55; or

16 (vi) beginning January 1, 1991, 25 years of eligible
17 creditable service and age 50, or 20 years of eligible
18 creditable service and age 55.

19 For members to whom subsection (a-5) of this Section
20 applies, the references to age 50 and 55 in item (vi) of this
21 subsection are increased as provided in subsection (a-5).

22 Persons who have service credit under Article 16 of this
23 Code for service as a security employee of the Department of
24 Corrections or the Department of Juvenile Justice, or the
25 Department of Human Services in a position requiring
26 certification as a teacher may count such service toward

1 establishing their eligibility under the service requirements
2 of this Section; but such service may be used only for
3 establishing such eligibility, and not for the purpose of
4 increasing or calculating any benefit.

5 (e) If a member enters military service while working in a
6 position in which eligible creditable service may be earned,
7 and returns to State service in the same or another such
8 position, and fulfills in all other respects the conditions
9 prescribed in this Article for credit for military service,
10 such military service shall be credited as eligible creditable
11 service for the purposes of the retirement annuity prescribed
12 in this Section.

13 (f) For purposes of calculating retirement annuities under
14 this Section, periods of service rendered after December 31,
15 1968 and before October 1, 1975 as a covered employee in the
16 position of special agent, conservation police officer, mental
17 health police officer, or investigator for the Secretary of
18 State, shall be deemed to have been service as a noncovered
19 employee, provided that the employee pays to the System prior
20 to retirement an amount equal to (1) the difference between the
21 employee contributions that would have been required for such
22 service as a noncovered employee, and the amount of employee
23 contributions actually paid, plus (2) if payment is made after
24 July 31, 1987, regular interest on the amount specified in item
25 (1) from the date of service to the date of payment.

26 For purposes of calculating retirement annuities under

1 this Section, periods of service rendered after December 31,
2 1968 and before January 1, 1982 as a covered employee in the
3 position of investigator for the Department of Revenue shall be
4 deemed to have been service as a noncovered employee, provided
5 that the employee pays to the System prior to retirement an
6 amount equal to (1) the difference between the employee
7 contributions that would have been required for such service as
8 a noncovered employee, and the amount of employee contributions
9 actually paid, plus (2) if payment is made after January 1,
10 1990, regular interest on the amount specified in item (1) from
11 the date of service to the date of payment.

12 (g) A State policeman may elect, not later than January 1,
13 1990, to establish eligible creditable service for up to 10
14 years of his service as a policeman under Article 3, by filing
15 a written election with the Board, accompanied by payment of an
16 amount to be determined by the Board, equal to (i) the
17 difference between the amount of employee and employer
18 contributions transferred to the System under Section 3-110.5,
19 and the amounts that would have been contributed had such
20 contributions been made at the rates applicable to State
21 policemen, plus (ii) interest thereon at the effective rate for
22 each year, compounded annually, from the date of service to the
23 date of payment.

24 Subject to the limitation in subsection (i), a State
25 policeman may elect, not later than July 1, 1993, to establish
26 eligible creditable service for up to 10 years of his service

1 as a member of the County Police Department under Article 9, by
2 filing a written election with the Board, accompanied by
3 payment of an amount to be determined by the Board, equal to
4 (i) the difference between the amount of employee and employer
5 contributions transferred to the System under Section 9-121.10
6 and the amounts that would have been contributed had those
7 contributions been made at the rates applicable to State
8 policemen, plus (ii) interest thereon at the effective rate for
9 each year, compounded annually, from the date of service to the
10 date of payment.

11 (h) Subject to the limitation in subsection (i), a State
12 policeman or investigator for the Secretary of State may elect
13 to establish eligible creditable service for up to 12 years of
14 his service as a policeman under Article 5, by filing a written
15 election with the Board on or before January 31, 1992, and
16 paying to the System by January 31, 1994 an amount to be
17 determined by the Board, equal to (i) the difference between
18 the amount of employee and employer contributions transferred
19 to the System under Section 5-236, and the amounts that would
20 have been contributed had such contributions been made at the
21 rates applicable to State policemen, plus (ii) interest thereon
22 at the effective rate for each year, compounded annually, from
23 the date of service to the date of payment.

24 Subject to the limitation in subsection (i), a State
25 policeman, conservation police officer, or investigator for
26 the Secretary of State may elect to establish eligible

1 creditable service for up to 10 years of service as a sheriff's
2 law enforcement employee under Article 7, by filing a written
3 election with the Board on or before January 31, 1993, and
4 paying to the System by January 31, 1994 an amount to be
5 determined by the Board, equal to (i) the difference between
6 the amount of employee and employer contributions transferred
7 to the System under Section 7-139.7, and the amounts that would
8 have been contributed had such contributions been made at the
9 rates applicable to State policemen, plus (ii) interest thereon
10 at the effective rate for each year, compounded annually, from
11 the date of service to the date of payment.

12 Subject to the limitation in subsection (i), a State
13 policeman, conservation police officer, or investigator for
14 the Secretary of State may elect to establish eligible
15 creditable service for up to 5 years of service as a police
16 officer under Article 3, a policeman under Article 5, a
17 sheriff's law enforcement employee under Article 7, a member of
18 the county police department under Article 9, or a police
19 officer under Article 15 by filing a written election with the
20 Board and paying to the System an amount to be determined by
21 the Board, equal to (i) the difference between the amount of
22 employee and employer contributions transferred to the System
23 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4
24 and the amounts that would have been contributed had such
25 contributions been made at the rates applicable to State
26 policemen, plus (ii) interest thereon at the effective rate for

1 each year, compounded annually, from the date of service to the
2 date of payment.

3 Subject to the limitation in subsection (i), an
4 investigator for the Office of the Attorney General, or an
5 investigator for the Department of Revenue, may elect to
6 establish eligible creditable service for up to 5 years of
7 service as a police officer under Article 3, a policeman under
8 Article 5, a sheriff's law enforcement employee under Article
9 7, or a member of the county police department under Article 9
10 by filing a written election with the Board within 6 months
11 after August 25, 2009 (the effective date of Public Act 96-745)
12 and paying to the System an amount to be determined by the
13 Board, equal to (i) the difference between the amount of
14 employee and employer contributions transferred to the System
15 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
16 amounts that would have been contributed had such contributions
17 been made at the rates applicable to State policemen, plus (ii)
18 interest thereon at the actuarially assumed rate for each year,
19 compounded annually, from the date of service to the date of
20 payment.

21 Subject to the limitation in subsection (i), a State
22 policeman, conservation police officer, investigator for the
23 Office of the Attorney General, an investigator for the
24 Department of Revenue, or investigator for the Secretary of
25 State may elect to establish eligible creditable service for up
26 to 5 years of service as a person employed by a participating

1 municipality to perform police duties, or law enforcement
2 officer employed on a full-time basis by a forest preserve
3 district under Article 7, a county corrections officer, or a
4 court services officer under Article 9, by filing a written
5 election with the Board within 6 months after August 25, 2009
6 (the effective date of Public Act 96-745) and paying to the
7 System an amount to be determined by the Board, equal to (i)
8 the difference between the amount of employee and employer
9 contributions transferred to the System under Sections 7-139.8
10 and 9-121.10 and the amounts that would have been contributed
11 had such contributions been made at the rates applicable to
12 State policemen, plus (ii) interest thereon at the actuarially
13 assumed rate for each year, compounded annually, from the date
14 of service to the date of payment.

15 (i) The total amount of eligible creditable service
16 established by any person under subsections (g), (h), (j), (k),
17 and (l) of this Section shall not exceed 12 years.

18 (j) Subject to the limitation in subsection (i), an
19 investigator for the Office of the State's Attorneys Appellate
20 Prosecutor or a controlled substance inspector may elect to
21 establish eligible creditable service for up to 10 years of his
22 service as a policeman under Article 3 or a sheriff's law
23 enforcement employee under Article 7, by filing a written
24 election with the Board, accompanied by payment of an amount to
25 be determined by the Board, equal to (1) the difference between
26 the amount of employee and employer contributions transferred

1 to the System under Section 3-110.6 or 7-139.8, and the amounts
2 that would have been contributed had such contributions been
3 made at the rates applicable to State policemen, plus (2)
4 interest thereon at the effective rate for each year,
5 compounded annually, from the date of service to the date of
6 payment.

7 (k) Subject to the limitation in subsection (i) of this
8 Section, an alternative formula employee may elect to establish
9 eligible creditable service for periods spent as a full-time
10 law enforcement officer or full-time corrections officer
11 employed by the federal government or by a state or local
12 government located outside of Illinois, for which credit is not
13 held in any other public employee pension fund or retirement
14 system. To obtain this credit, the applicant must file a
15 written application with the Board by March 31, 1998,
16 accompanied by evidence of eligibility acceptable to the Board
17 and payment of an amount to be determined by the Board, equal
18 to (1) employee contributions for the credit being established,
19 based upon the applicant's salary on the first day as an
20 alternative formula employee after the employment for which
21 credit is being established and the rates then applicable to
22 alternative formula employees, plus (2) an amount determined by
23 the Board to be the employer's normal cost of the benefits
24 accrued for the credit being established, plus (3) regular
25 interest on the amounts in items (1) and (2) from the first day
26 as an alternative formula employee after the employment for

1 which credit is being established to the date of payment.

2 (l) Subject to the limitation in subsection (i), a security
3 employee of the Department of Corrections may elect, not later
4 than July 1, 1998, to establish eligible creditable service for
5 up to 10 years of his or her service as a policeman under
6 Article 3, by filing a written election with the Board,
7 accompanied by payment of an amount to be determined by the
8 Board, equal to (i) the difference between the amount of
9 employee and employer contributions transferred to the System
10 under Section 3-110.5, and the amounts that would have been
11 contributed had such contributions been made at the rates
12 applicable to security employees of the Department of
13 Corrections, plus (ii) interest thereon at the effective rate
14 for each year, compounded annually, from the date of service to
15 the date of payment.

16 (m) The amendatory changes to this Section made by this
17 amendatory Act of the 94th General Assembly apply only to: (1)
18 security employees of the Department of Juvenile Justice
19 employed by the Department of Corrections before the effective
20 date of this amendatory Act of the 94th General Assembly and
21 transferred to the Department of Juvenile Justice by this
22 amendatory Act of the 94th General Assembly; and (2) persons
23 employed by the Department of Juvenile Justice on or after the
24 effective date of this amendatory Act of the 94th General
25 Assembly who are required by subsection (b) of Section 3-2.5-15
26 of the Unified Code of Corrections to have a bachelor's or

1 advanced degree from an accredited college or university with a
2 specialization in criminal justice, education, psychology,
3 social work, or a closely related social science or, in the
4 case of persons who provide vocational training, who are
5 required to have adequate knowledge in the skill for which they
6 are providing the vocational training.

7 (n) A person employed in a position under subsection (b) of
8 this Section who has purchased service credit under subsection
9 (j) of Section 14-104 or subsection (b) of Section 14-105 in
10 any other capacity under this Article may convert up to 5 years
11 of that service credit into service credit covered under this
12 Section by paying to the Fund an amount equal to (1) the
13 additional employee contribution required under Section
14 14-133, plus (2) the additional employer contribution required
15 under Section 14-131, plus (3) interest on items (1) and (2) at
16 the actuarially assumed rate from the date of the service to
17 the date of payment.

18 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;
19 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.
20 7-2-10.)

21 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

22 Sec. 14-114. Automatic increase in retirement annuity.

23 (a) Except as provided in subsections (a-1) and (a-2), any
24 ~~Any~~ person receiving a retirement annuity under this Article
25 who retires having attained age 60, or who retires before age

1 60 having at least 35 years of creditable service, or who
2 retires on or after January 1, 2001 at an age which, when added
3 to the number of years of his or her creditable service, equals
4 at least 85, shall, on January 1 next following the first full
5 year of retirement, have the amount of the then fixed and
6 payable monthly retirement annuity increased 3%. Any person
7 receiving a retirement annuity under this Article who retires
8 before attainment of age 60 and with less than (i) 35 years of
9 creditable service if retirement is before January 1, 2001, or
10 (ii) the number of years of creditable service which, when
11 added to the member's age, would equal 85, if retirement is on
12 or after January 1, 2001, shall have the amount of the fixed
13 and payable retirement annuity increased by 3% on the January 1
14 occurring on or next following (1) attainment of age 60, or (2)
15 the first anniversary of retirement, whichever occurs later.
16 However, for persons who receive the alternative retirement
17 annuity under Section 14-110, references in this subsection (a)
18 to attainment of age 60 shall be deemed to refer to attainment
19 of age 55. For a person receiving early retirement incentives
20 under Section 14-108.3 whose retirement annuity began after
21 January 1, 1992 pursuant to an extension granted under
22 subsection (e) of that Section, the first anniversary of
23 retirement shall be deemed to be January 1, 1993. For a person
24 who retires on or after June 28, 2001 and on or before October
25 1, 2001, and whose retirement annuity is calculated, in whole
26 or in part, under Section 14-110 or subsection (g) or (h) of

1 Section 14-108, the first anniversary of retirement shall be
2 deemed to be January 1, 2002.

3 On each January 1 following the date of the initial
4 increase under this subsection, the employee's monthly
5 retirement annuity shall be increased by an additional 3%.

6 Beginning January 1, 1990 and except as provided in
7 subsections (a-1) and (a-2), all automatic annual increases
8 payable under this Section shall be calculated as a percentage
9 of the total annuity payable at the time of the increase,
10 including previous increases granted under this Article.

11 (a-1) Notwithstanding any other provision of this Article,
12 for a Tier I retiree, the amount of each automatic annual
13 increase in retirement annuity occurring on or after the
14 effective date of this amendatory Act of the 98th General
15 Assembly shall be the lesser of \$600 (\$750 if the annuity is
16 based primarily upon service as a noncovered employee) or 3% of
17 the total annuity payable at the time of the increase,
18 including previous increases granted.

19 (a-2) Notwithstanding any other provision of this Article,
20 for a Tier I retiree, the monthly retirement annuity shall
21 first be subject to annual increases on the January 1 occurring
22 on or next after the attainment of age 67 or the January 1
23 occurring on or next after the fifth anniversary of the annuity
24 start date, whichever occurs earlier. If on the effective date
25 of this amendatory Act of the 98th General Assembly a Tier I
26 retiree has already received an annual increase under this

1 Section but does not yet meet the new eligibility requirements
2 of this subsection, the annual increases already received shall
3 continue in force, but no additional annual increase shall be
4 granted until the Tier I retiree meets the new eligibility
5 requirements.

6 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
7 and (a-2) apply without regard to whether or not the Tier I
8 retiree is in active service under this Article on or after the
9 effective date of this amendatory Act of the 98th General
10 Assembly.

11 (b) The provisions of subsection (a) of this Section shall
12 be applicable to an employee only if the employee makes the
13 additional contributions required after December 31, 1969 for
14 the purpose of the automatic increases for not less than the
15 equivalent of one full year. If an employee becomes an
16 annuitant before his additional contributions equal one full
17 year's contributions based on his salary at the date of
18 retirement, the employee may pay the necessary balance of the
19 contributions to the system, without interest, and be eligible
20 for the increasing annuity authorized by this Section.

21 (c) The provisions of subsection (a) of this Section shall
22 not be applicable to any annuitant who is on retirement on
23 December 31, 1969, and thereafter returns to State service,
24 unless the member has established at least one year of
25 additional creditable service following reentry into service.

26 (d) In addition to other increases which may be provided by

1 this Section, on January 1, 1981 any annuitant who was
2 receiving a retirement annuity on or before January 1, 1971
3 shall have his retirement annuity then being paid increased \$1
4 per month for each year of creditable service. On January 1,
5 1982, any annuitant who began receiving a retirement annuity on
6 or before January 1, 1977, shall have his retirement annuity
7 then being paid increased \$1 per month for each year of
8 creditable service.

9 On January 1, 1987, any annuitant who began receiving a
10 retirement annuity on or before January 1, 1977, shall have the
11 monthly retirement annuity increased by an amount equal to 8¢
12 per year of creditable service times the number of years that
13 have elapsed since the annuity began.

14 (e) Every person who receives the alternative retirement
15 annuity under Section 14-110 and who is eligible to receive the
16 3% increase under subsection (a) on January 1, 1986, shall also
17 receive on that date a one-time increase in retirement annuity
18 equal to the difference between (1) his actual retirement
19 annuity on that date, including any increases received under
20 subsection (a), and (2) the amount of retirement annuity he
21 would have received on that date if the amendments to
22 subsection (a) made by Public Act 84-162 had been in effect
23 since the date of his retirement.

24 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
25 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-131)

2 Sec. 14-131. Contributions by State.

3 (a) The State shall make contributions to the System by
4 appropriations of amounts which, together with other employer
5 contributions from trust, federal, and other funds, employee
6 contributions, investment income, and other income, will be
7 sufficient to meet the cost of maintaining and administering
8 the System on a 100% ~~90%~~ funded basis in accordance with
9 actuarial recommendations by the end of State fiscal year 2043.

10 For the purposes of this Section and Section 14-135.08,
11 references to State contributions refer only to employer
12 contributions and do not include employee contributions that
13 are picked up or otherwise paid by the State or a department on
14 behalf of the employee.

15 (b) The Board shall determine the total amount of State
16 contributions required for each fiscal year on the basis of the
17 actuarial tables and other assumptions adopted by the Board,
18 using the formula in subsection (e).

19 The Board shall also determine a State contribution rate
20 for each fiscal year, expressed as a percentage of payroll,
21 based on the total required State contribution for that fiscal
22 year (less the amount received by the System from
23 appropriations under Section 8.12 of the State Finance Act and
24 Section 1 of the State Pension Funds Continuing Appropriation
25 Act, if any, for the fiscal year ending on the June 30
26 immediately preceding the applicable November 15 certification

1 deadline), the estimated payroll (including all forms of
2 compensation) for personal services rendered by eligible
3 employees, and the recommendations of the actuary.

4 For the purposes of this Section and Section 14.1 of the
5 State Finance Act, the term "eligible employees" includes
6 employees who participate in the System, persons who may elect
7 to participate in the System but have not so elected, persons
8 who are serving a qualifying period that is required for
9 participation, and annuitants employed by a department as
10 described in subdivision (a) (1) or (a) (2) of Section 14-111.

11 (c) Contributions shall be made by the several departments
12 for each pay period by warrants drawn by the State Comptroller
13 against their respective funds or appropriations based upon
14 vouchers stating the amount to be so contributed. These amounts
15 shall be based on the full rate certified by the Board under
16 Section 14-135.08 for that fiscal year. From the effective date
17 of this amendatory Act of the 93rd General Assembly through the
18 payment of the final payroll from fiscal year 2004
19 appropriations, the several departments shall not make
20 contributions for the remainder of fiscal year 2004 but shall
21 instead make payments as required under subsection (a-1) of
22 Section 14.1 of the State Finance Act. The several departments
23 shall resume those contributions at the commencement of fiscal
24 year 2005.

25 (c-1) Notwithstanding subsection (c) of this Section, for
26 fiscal years 2010, 2012, and 2013 only, contributions by the

1 several departments are not required to be made for General
2 Revenue Funds payrolls processed by the Comptroller. Payrolls
3 paid by the several departments from all other State funds must
4 continue to be processed pursuant to subsection (c) of this
5 Section.

6 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
7 or as soon as possible after the 15th day of each month, the
8 Board shall submit vouchers for payment of State contributions
9 to the System, in a total monthly amount of one-twelfth of the
10 fiscal year General Revenue Fund contribution as certified by
11 the System pursuant to Section 14-135.08 of the Illinois
12 Pension Code.

13 (d) If an employee is paid from trust funds or federal
14 funds, the department or other employer shall pay employer
15 contributions from those funds to the System at the certified
16 rate, unless the terms of the trust or the federal-State
17 agreement preclude the use of the funds for that purpose, in
18 which case the required employer contributions shall be paid by
19 the State. From the effective date of this amendatory Act of
20 the 93rd General Assembly through the payment of the final
21 payroll from fiscal year 2004 appropriations, the department or
22 other employer shall not pay contributions for the remainder of
23 fiscal year 2004 but shall instead make payments as required
24 under subsection (a-1) of Section 14.1 of the State Finance
25 Act. The department or other employer shall resume payment of
26 contributions at the commencement of fiscal year 2005.

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

13 For State fiscal years 2012 and 2013 ~~through 2045~~, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 sufficient to bring the total assets of the System up to 90% of
17 the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected unit credit actuarial cost method.

23 For State fiscal years 1996 through 2005, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 so that by State fiscal year 2011, the State is contributing at

1 the rate required under this Section; except that (i) for State
2 fiscal year 1998, for all purposes of this Code and any other
3 law of this State, the certified percentage of the applicable
4 employee payroll shall be 5.052% for employees earning eligible
5 creditable service under Section 14-110 and 6.500% for all
6 other employees, notwithstanding any contrary certification
7 made under Section 14-135.08 before the effective date of this
8 amendatory Act of 1997, and (ii) in the following specified
9 State fiscal years, the State contribution to the System shall
10 not be less than the following indicated percentages of the
11 applicable employee payroll, even if the indicated percentage
12 will produce a State contribution in excess of the amount
13 otherwise required under this subsection and subsection (a):
14 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
15 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution to the System for State
18 fiscal year 2006 is \$203,783,900.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution to the System for State
21 fiscal year 2007 is \$344,164,400.

22 For each of State fiscal years 2008 through 2009, the State
23 contribution to the System, as a percentage of the applicable
24 employee payroll, shall be increased in equal annual increments
25 from the required State contribution for State fiscal year
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State General Revenue Fund contribution for
4 State fiscal year 2010 is \$723,703,100 and shall be made from
5 the proceeds of bonds sold in fiscal year 2010 pursuant to
6 Section 7.2 of the General Obligation Bond Act, less (i) the
7 pro rata share of bond sale expenses determined by the System's
8 share of total bond proceeds, (ii) any amounts received from
9 the General Revenue Fund in fiscal year 2010, and (iii) any
10 reduction in bond proceeds due to the issuance of discounted
11 bonds, if applicable.

12 Notwithstanding any other provision of this Article, the
13 total required State General Revenue Fund contribution for
14 State fiscal year 2011 is the amount recertified by the System
15 on or before April 1, 2011 pursuant to Section 14-135.08 and
16 shall be made from the proceeds of bonds sold in fiscal year
17 2011 pursuant to Section 7.2 of the General Obligation Bond
18 Act, less (i) the pro rata share of bond sale expenses
19 determined by the System's share of total bond proceeds, (ii)
20 any amounts received from the General Revenue Fund in fiscal
21 year 2011, and (iii) any reduction in bond proceeds due to the
22 issuance of discounted bonds, if applicable.

23 Beginning in State fiscal year 2044, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 100% of the total
26 actuarial liabilities of the System.

1 ~~Beginning in State fiscal year 2046, the minimum State~~
2 ~~contribution for each fiscal year shall be the amount needed to~~
3 ~~maintain the total assets of the System at 90% of the total~~
4 ~~actuarial liabilities of the System.~~

5 Amounts received by the System pursuant to Section 25 of
6 the Budget Stabilization Act or Section 8.12 of the State
7 Finance Act in any fiscal year do not reduce and do not
8 constitute payment of any portion of the minimum State
9 contribution required under this Article in that fiscal year.
10 Such amounts shall not reduce, and shall not be included in the
11 calculation of, the required State contributions under this
12 Article in any future year until the System has reached a
13 funding ratio of at least 100% ~~90%~~. A reference in this Article
14 to the "required State contribution" or any substantially
15 similar term does not include or apply to any amounts payable
16 to the System under Section 25 of the Budget Stabilization Act.

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter through State
20 fiscal year 2013, as calculated under this Section and
21 certified under Section 14-135.08, shall not exceed an amount
22 equal to (i) the amount of the required State contribution that
23 would have been calculated under this Section for that fiscal
24 year if the System had not received any payments under
25 subsection (d) of Section 7.2 of the General Obligation Bond
26 Act, minus (ii) the portion of the State's total debt service

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

16 (f) After the submission of all payments for eligible
17 employees from personal services line items in fiscal year 2004
18 have been made, the Comptroller shall provide to the System a
19 certification of the sum of all fiscal year 2004 expenditures
20 for personal services that would have been covered by payments
21 to the System under this Section if the provisions of this
22 amendatory Act of the 93rd General Assembly had not been
23 enacted. Upon receipt of the certification, the System shall
24 determine the amount due to the System based on the full rate
25 certified by the Board under Section 14-135.08 for fiscal year
26 2004 in order to meet the State's obligation under this

1 Section. The System shall compare this amount due to the amount
2 received by the System in fiscal year 2004 through payments
3 under this Section and under Section 6z-61 of the State Finance
4 Act. If the amount due is more than the amount received, the
5 difference shall be termed the "Fiscal Year 2004 Shortfall" for
6 purposes of this Section, and the Fiscal Year 2004 Shortfall
7 shall be satisfied under Section 1.2 of the State Pension Funds
8 Continuing Appropriation Act. If the amount due is less than
9 the amount received, the difference shall be termed the "Fiscal
10 Year 2004 Overpayment" for purposes of this Section, and the
11 Fiscal Year 2004 Overpayment shall be repaid by the System to
12 the Pension Contribution Fund as soon as practicable after the
13 certification.

14 (g) For purposes of determining the required State
15 contribution to the System, the value of the System's assets
16 shall be equal to the actuarial value of the System's assets,
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (h) For purposes of determining the required State
26 contribution to the System for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the System's actuarially assumed rate of return.

3 (i) After the submission of all payments for eligible
4 employees from personal services line items paid from the
5 General Revenue Fund in fiscal year 2010 have been made, the
6 Comptroller shall provide to the System a certification of the
7 sum of all fiscal year 2010 expenditures for personal services
8 that would have been covered by payments to the System under
9 this Section if the provisions of this amendatory Act of the
10 96th General Assembly had not been enacted. Upon receipt of the
11 certification, the System shall determine the amount due to the
12 System based on the full rate certified by the Board under
13 Section 14-135.08 for fiscal year 2010 in order to meet the
14 State's obligation under this Section. The System shall compare
15 this amount due to the amount received by the System in fiscal
16 year 2010 through payments under this Section. If the amount
17 due is more than the amount received, the difference shall be
18 termed the "Fiscal Year 2010 Shortfall" for purposes of this
19 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
20 under Section 1.2 of the State Pension Funds Continuing
21 Appropriation Act. If the amount due is less than the amount
22 received, the difference shall be termed the "Fiscal Year 2010
23 Overpayment" for purposes of this Section, and the Fiscal Year
24 2010 Overpayment shall be repaid by the System to the General
25 Revenue Fund as soon as practicable after the certification.

26 (j) After the submission of all payments for eligible

1 employees from personal services line items paid from the
2 General Revenue Fund in fiscal year 2011 have been made, the
3 Comptroller shall provide to the System a certification of the
4 sum of all fiscal year 2011 expenditures for personal services
5 that would have been covered by payments to the System under
6 this Section if the provisions of this amendatory Act of the
7 96th General Assembly had not been enacted. Upon receipt of the
8 certification, the System shall determine the amount due to the
9 System based on the full rate certified by the Board under
10 Section 14-135.08 for fiscal year 2011 in order to meet the
11 State's obligation under this Section. The System shall compare
12 this amount due to the amount received by the System in fiscal
13 year 2011 through payments under this Section. If the amount
14 due is more than the amount received, the difference shall be
15 termed the "Fiscal Year 2011 Shortfall" for purposes of this
16 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
17 under Section 1.2 of the State Pension Funds Continuing
18 Appropriation Act. If the amount due is less than the amount
19 received, the difference shall be termed the "Fiscal Year 2011
20 Overpayment" for purposes of this Section, and the Fiscal Year
21 2011 Overpayment shall be repaid by the System to the General
22 Revenue Fund as soon as practicable after the certification.

23 (k) For fiscal years 2012 and 2013 only, after the
24 submission of all payments for eligible employees from personal
25 services line items paid from the General Revenue Fund in the
26 fiscal year have been made, the Comptroller shall provide to

1 the System a certification of the sum of all expenditures in
2 the fiscal year for personal services. Upon receipt of the
3 certification, the System shall determine the amount due to the
4 System based on the full rate certified by the Board under
5 Section 14-135.08 for the fiscal year in order to meet the
6 State's obligation under this Section. The System shall compare
7 this amount due to the amount received by the System for the
8 fiscal year. If the amount due is more than the amount
9 received, the difference shall be termed the "Prior Fiscal Year
10 Shortfall" for purposes of this Section, and the Prior Fiscal
11 Year Shortfall shall be satisfied under Section 1.2 of the
12 State Pension Funds Continuing Appropriation Act. If the amount
13 due is less than the amount received, the difference shall be
14 termed the "Prior Fiscal Year Overpayment" for purposes of this
15 Section, and the Prior Fiscal Year Overpayment shall be repaid
16 by the System to the General Revenue Fund as soon as
17 practicable after the certification.

18 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
19 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
20 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
21 eff. 6-30-12.)

22 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

23 Sec. 14-132. Obligations of State; funding guarantee.

24 (a) The payment of the required department contributions,
25 all allowances, annuities, benefits granted under this

1 Article, and all expenses of administration of the system are
2 obligations of the State of Illinois to the extent specified in
3 this Article.

4 (b) All income of the system shall be credited to a
5 separate account for this system in the State treasury and
6 shall be used to pay allowances, annuities, benefits and
7 administration expense.

8 (c) Beginning July 1, 2013, the State shall be
9 contractually obligated to contribute to the System under
10 Section 14-131 in each State fiscal year an amount not less
11 than the sum of (i) the State's normal cost for that year and
12 (ii) the portion of the unfunded accrued liability assigned to
13 that year by law in accordance with a schedule that distributes
14 payments equitably over a reasonable period of time and in
15 accordance with accepted actuarial practices. The obligations
16 created under this subsection (c) are contractual obligations
17 protected and enforceable under Article I, Section 16 and
18 Article XIII, Section 5 of the Illinois Constitution.

19 Notwithstanding any other provision of law, if the State
20 fails to pay in a State fiscal year the amount guaranteed under
21 this subsection, the System may bring a mandamus action in the
22 Circuit Court of Sangamon County to compel the State to make
23 that payment, irrespective of other remedies that may be
24 available to the System. In ordering the State to make the
25 required payment, the court may order a reasonable payment
26 schedule to enable the State to make the required payment

1 without significantly imperiling the public health, safety, or
2 welfare.

3 Any payments required to be made by the State pursuant to
4 this subsection (c) are expressly subordinated to the payment
5 of the principal, interest, and premium, if any, on any bonded
6 debt obligation of the State or any other State-created entity,
7 either currently outstanding or to be issued, for which the
8 source of repayment or security thereon is derived directly or
9 indirectly from tax revenues collected by the State or any
10 other State-created entity. Payments on such bonded
11 obligations include any statutory fund transfers or other
12 prefunding mechanisms or formulas set forth, now or hereafter,
13 in State law or bond indentures, into debt service funds or
14 accounts of the State related to such bonded obligations,
15 consistent with the payment schedules associated with such
16 obligations.

17 (Source: P.A. 80-841.)

18 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

23 (1) Covered employees, except as indicated below, 3.5%
24 for retirement annuity, and 0.5% for a widow or survivors
25 annuity;

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

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

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

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

22 (6) Each security employee of the Department of
23 Corrections or of the Department of Human Services who is
24 not a covered employee, 1% for a widow or survivors annuity
25 plus the following amount for retirement annuity: 8.5%
26 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and

1 11.5% in 2004 and thereafter.

2 (a-5) In addition to the contributions otherwise required
3 under this Article, each Tier I member shall also make the
4 following contributions for retirement annuity from each
5 payment of compensation:

6 (1) beginning July 1, 2013 and through June 30, 2014,
7 1% of compensation; and

8 (2) beginning on July 1, 2014, 2% of compensation.

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

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

17 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

1 ~~specifically identify the System's projected State normal cost~~
2 ~~for that fiscal year.~~

3 (a-5) On or before November 1 of each year, beginning
4 November 1, 2012, the Board shall submit to the State Actuary,
5 the Governor, and the General Assembly a proposed certification
6 of the amount of the required State contribution to the System
7 for the next fiscal year, along with all of the actuarial
8 assumptions, calculations, and data upon which that proposed
9 certification is based. On or before January 1 of each year,
10 beginning January 1, 2013, the State Actuary shall issue a
11 preliminary report concerning the proposed certification and
12 identifying, if necessary, recommended changes in actuarial
13 assumptions that the Board must consider before finalizing its
14 certification of the required State contributions.

15 On or before January 15, 2013 and each January 15
16 thereafter, the Board shall certify to the Governor and the
17 General Assembly the amount of the required State contribution
18 for the next fiscal year. The certification shall include a
19 copy of the actuarial recommendations upon which it is based
20 and shall specifically identify the System's projected State
21 normal cost for that fiscal year. The Board's certification
22 must note any deviations from the State Actuary's recommended
23 changes, the reason or reasons for not following the State
24 Actuary's recommended changes, and the fiscal impact of not
25 following the State Actuary's recommended changes on the
26 required State contribution.

1 (b) The certifications under subsections (a) and (a-5)
2 shall include an additional amount necessary to pay all
3 principal of and interest on those general obligation bonds due
4 the next fiscal year authorized by Section 7.2(a) of the
5 General Obligation Bond Act and issued to provide the proceeds
6 deposited by the State with the System in July 2003,
7 representing deposits other than amounts reserved under
8 Section 7.2(c) of the General Obligation Bond Act. For State
9 fiscal year 2005, the Board shall make a supplemental
10 certification of the additional amount necessary to pay all
11 principal of and interest on those general obligation bonds due
12 in State fiscal years 2004 and 2005 authorized by Section
13 7.2(a) of the General Obligation Bond Act and issued to provide
14 the proceeds deposited by the State with the System in July
15 2003, representing deposits other than amounts reserved under
16 Section 7.2(c) of the General Obligation Bond Act, as soon as
17 practical after the effective date of this amendatory Act of
18 the 93rd General Assembly.

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

26 On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor and to each department the amount of
2 the required State contribution to the System and the required
3 rates for State contributions to the System for State fiscal
4 year 2006, taking into account the changes in required State
5 contributions made by this amendatory Act of the 94th General
6 Assembly.

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

13 On or before July 1, 2013, the Board shall, if necessary,
14 recalculate and recertify to the Governor the amount of the
15 required State contribution to the System for State fiscal year
16 2014, taking into account the changes in required State
17 contributions made by this amendatory Act of the 98th General
18 Assembly.

19 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/14-152.1)

22 Sec. 14-152.1. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article by Public Act 96-37 or by this
7 amendatory Act of the 98th ~~96th~~ General Assembly.

8 (b) Notwithstanding any other provision of this Code or any
9 subsequent amendment to this Code, every new benefit increase
10 is subject to this Section and shall be deemed to be granted
11 only in conformance with and contingent upon compliance with
12 the provisions of this Section.

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

17 Every new benefit increase is contingent upon the General
18 Assembly providing the additional funding required under this
19 subsection. The Commission on Government Forecasting and
20 Accountability shall analyze whether adequate additional
21 funding has been provided for the new benefit increase and
22 shall report its analysis to the Public Pension Division of the
23 Department of Financial and Professional Regulation. A new
24 benefit increase created by a Public Act that does not include
25 the additional funding required under this subsection is null
26 and void. If the Public Pension Division determines that the

1 additional funding provided for a new benefit increase under
2 this subsection is or has become inadequate, it may so certify
3 to the Governor and the State Comptroller and, in the absence
4 of corrective action by the General Assembly, the new benefit
5 increase shall expire at the end of the fiscal year in which
6 the certification is made.

7 (d) Every new benefit increase shall expire 5 years after
8 its effective date or on such earlier date as may be specified
9 in the language enacting the new benefit increase or provided
10 under subsection (c). This does not prevent the General
11 Assembly from extending or re-creating a new benefit increase
12 by law.

13 (e) Except as otherwise provided in the language creating
14 the new benefit increase, a new benefit increase that expires
15 under this Section continues to apply to persons who applied
16 and qualified for the affected benefit while the new benefit
17 increase was in effect and to the affected beneficiaries and
18 alternate payees of such persons, but does not apply to any
19 other person, including without limitation a person who
20 continues in service after the expiration date and did not
21 apply and qualify for the affected benefit while the new
22 benefit increase was in effect.

23 (Source: P.A. 96-37, eff. 7-13-09.)

24 (40 ILCS 5/15-107.1 new)

25 Sec. 15-107.1. Tier I participant. "Tier I participant": A

1 participant under this Article, other than a participant in the
2 self-managed plan under Section 15-158.2, who first became a
3 member or participant before January 1, 2011 under any
4 reciprocal retirement system or pension fund established under
5 this Code other than a retirement system or pension fund
6 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

7 (40 ILCS 5/15-107.2 new)

8 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former
9 Tier I participant who is receiving a retirement annuity.

10 A person does not become a Tier I retiree by virtue of
11 receiving a reversionary, survivors, beneficiary, or
12 disability annuity.

13 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

14 Sec. 15-111. Earnings. "Earnings": An amount paid for
15 personal services equal to the sum of the basic compensation
16 plus extra compensation for summer teaching, overtime or other
17 extra service. For periods for which an employee receives
18 service credit under subsection (c) of Section 15-113.1 or
19 Section 15-113.2, earnings are equal to the basic compensation
20 on which contributions are paid by the employee during such
21 periods. Compensation for employment which is irregular,
22 intermittent and temporary shall not be considered earnings,
23 unless the participant is also receiving earnings from the
24 employer as an employee under Section 15-107.

1 With respect to transition pay paid by the University of
2 Illinois to a person who was a participating employee employed
3 in the fire department of the University of Illinois's
4 Champaign-Urbana campus immediately prior to the elimination
5 of that fire department:

6 (1) "Earnings" includes transition pay paid to the
7 employee on or after the effective date of this amendatory
8 Act of the 91st General Assembly.

9 (2) "Earnings" includes transition pay paid to the
10 employee before the effective date of this amendatory Act
11 of the 91st General Assembly only if (i) employee
12 contributions under Section 15-157 have been withheld from
13 that transition pay or (ii) the employee pays to the System
14 before January 1, 2001 an amount representing employee
15 contributions under Section 15-157 on that transition pay.
16 Employee contributions under item (ii) may be paid in a
17 lump sum, by withholding from additional transition pay
18 accruing before January 1, 2001, or in any other manner
19 approved by the System. Upon payment of the employee
20 contributions on transition pay, the corresponding
21 employer contributions become an obligation of the State.

22 Notwithstanding any other provision of this Code, the
23 earnings of a Tier I participant for the purposes of this Code
24 shall not exceed, for periods of service on or after the
25 effective date of this amendatory Act of the 98th General
26 Assembly, the annual contribution and benefit base established

1 for the applicable year by the Commissioner of Social Security
2 under the federal Social Security Act; except that this
3 limitation does not apply to a participant's earnings that are
4 determined under an employment contract or collective
5 bargaining agreement that is in effect on the effective date of
6 this amendatory Act of the 98th General Assembly and has not
7 been amended or renewed after that date.

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

9 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

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

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

14 The service granted under this Section shall not be
15 considered in determining whether the person has the minimum
16 number of 8 years of service required to qualify for a
17 retirement annuity ~~at age 55 or the 5 years of service required~~
18 ~~to qualify for a retirement annuity at age 62, as provided in~~
19 ~~Section 15-135, or the 10 years required by subsection (c) of~~
20 ~~Section 1-160 for a person who first becomes a participant on~~
21 ~~or after January 1, 2011.~~ The maximum allowable service of 10
22 years for this governmental employment shall be reduced by the
23 service credit which is validated under paragraph (2) of
24 subsection (b) of Section 16-127 and paragraph 1 of Section
25 17-133.

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

1 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

2 Sec. 15-113.7. Service for other public employment.

3 "Service for other public employment": Includes those periods
4 not exceeding the lesser of 10 years or 2/3 of the service
5 granted under other Sections of this Article dealing with
6 service credit, during which a person was employed full time by
7 the United States government, or by the government of a state,
8 or by a political subdivision of a state, or by an agency or
9 instrumentality of any of the foregoing, if the person (1)
10 cannot qualify for a retirement pension or other benefit based
11 upon employer contributions from another retirement system,
12 exclusive of federal social security, based in whole or in part
13 upon this employment, and (2) pays the lesser of (A) an amount
14 equal to 8% of his or her annual basic compensation on the date
15 of becoming a participating employee subsequent to this service
16 multiplied by the number of years of such service, together
17 with compound interest from the date participation begins to
18 the date payment is received by the board at the rate of 6% per
19 annum through August 31, 1982, and at the effective rates after
20 that date, and (B) 50% of the actuarial value of the increase
21 in the retirement annuity provided by this service, and (3)
22 contributes for at least 5 years subsequent to this employment
23 to one or more of the following systems: the State Universities
24 Retirement System, the Teachers' Retirement System of the State
25 of Illinois, and the Public School Teachers' Pension and

1 Retirement Fund of Chicago. If a function of a governmental
2 unit as defined by Section 20-107 is transferred by law, in
3 whole or in part to an employer, and an employee transfers
4 employment from this governmental unit to such employer within
5 6 months of the transfer of the function, the payment for
6 service authorized under this Section shall not exceed the
7 amount which would have been payable for this service to the
8 retirement system covering the governmental unit from which the
9 function was transferred.

10 The service granted under this Section shall not be
11 considered in determining whether the person has the minimum
12 number of ~~8~~ years of service required to qualify for a
13 retirement annuity ~~at age 55 or the 5 years of service required~~
14 ~~to qualify for a retirement annuity at age 62, as provided in~~
15 ~~Section 15-135~~. The maximum allowable service of 10 years for
16 this governmental employment shall be reduced by the service
17 credit which is validated under paragraph (2) of subsection (b)
18 of Section 16-127 and paragraph one of Section 17-133.

19 Except as hereinafter provided, this Section shall not
20 apply to persons who become participants in the system after
21 September 1, 1974.

22 (Source: P.A. 95-83, eff. 8-13-07.)

23 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

24 Sec. 15-135. Retirement annuities - Conditions.

25 (a) A participant who retires in one of the following

1 specified years with the specified amount of service is
2 entitled to a retirement annuity at any age under the
3 retirement program applicable to the participant:

4 35 years if retirement is in 1997 or before;

5 34 years if retirement is in 1998;

6 33 years if retirement is in 1999;

7 32 years if retirement is in 2000;

8 31 years if retirement is in 2001;

9 30 years if retirement is in 2002 or later.

10 A participant with 8 or more years of service after
11 September 1, 1941, is entitled to a retirement annuity on or
12 after attainment of age 55.

13 A participant with at least 5 but less than 8 years of
14 service after September 1, 1941, is entitled to a retirement
15 annuity on or after attainment of age 62.

16 A participant who has at least 25 years of service in this
17 system as a police officer or firefighter is entitled to a
18 retirement annuity on or after the attainment of age 50, if
19 Rule 4 of Section 15-136 is applicable to the participant.

20 (a-5) Notwithstanding subsection (a) of this Section, for a
21 Tier I participant who begins receiving a retirement annuity
22 under this Article after July 1, 2013:

23 (1) If the Tier I participant is at least 45 years old
24 on the effective date of this amendatory Act of the 98th
25 General Assembly, then the references to age 50, 55, and 62
26 in subsection (a) of this Section remain unchanged.

1 (2) If the Tier I participant is at least 40 but less
2 than 45 years old on the effective date of this amendatory
3 Act of the 98th General Assembly, then the references to
4 age 50, 55, and 62 in subsection (a) of this Section are
5 increased by one year.

6 (3) If the Tier I participant is at least 35 but less
7 than 40 years old on the effective date of this amendatory
8 Act of the 98th General Assembly, then the references to
9 age 50, 55, and 62 in subsection (a) of this Section are
10 increased by 3 years.

11 (4) If the Tier I participant is less than 35 years old
12 on the effective date of this amendatory Act of the 98th
13 General Assembly, then the references to age 50, 55, and 62
14 in subsection (a) of this Section are increased by 5 years.

15 Notwithstanding Section 1-103.1, this subsection (a-5)
16 applies without regard to whether or not the Tier I participant
17 is in active service under this Article on or after the
18 effective date of this amendatory Act of the 98th General
19 Assembly.

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

1 defined in Article 20 of this Code on April 1 of the calendar
2 year next following the calendar year in which the participant
3 attains age 70 1/2, the annuity payment period shall begin on
4 that date regardless of whether an application has been filed.

5 (c) An annuity is not payable if the amount provided under
6 Section 15-136 is less than \$10 per month.

7 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

8 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

9 Sec. 15-136. Retirement annuities - Amount. The provisions
10 of this Section 15-136 apply only to those participants who are
11 participating in the traditional benefit package or the
12 portable benefit package and do not apply to participants who
13 are participating in the self-managed plan.

14 (a) The amount of a participant's retirement annuity,
15 expressed in the form of a single-life annuity, shall be
16 determined by whichever of the following rules is applicable
17 and provides the largest annuity:

18 Rule 1: The retirement annuity shall be 1.67% of final rate
19 of earnings for each of the first 10 years of service, 1.90%
20 for each of the next 10 years of service, 2.10% for each year
21 of service in excess of 20 but not exceeding 30, and 2.30% for
22 each year in excess of 30; or for persons who retire on or
23 after January 1, 1998, 2.2% of the final rate of earnings for
24 each year of service.

25 Rule 2: The retirement annuity shall be the sum of the

1 following, determined from amounts credited to the participant
2 in accordance with the actuarial tables and the effective rate
3 of interest in effect at the time the retirement annuity
4 begins:

5 (i) the normal annuity which can be provided on an
6 actuarially equivalent basis, by the accumulated normal
7 contributions as of the date the annuity begins;

8 (ii) an annuity from employer contributions of an
9 amount equal to that which can be provided on an
10 actuarially equivalent basis from the accumulated normal
11 contributions made by the participant under Section
12 15-113.6 and Section 15-113.7 plus 1.4 times all other
13 accumulated normal contributions made by the participant;
14 and

15 (iii) the annuity that can be provided on an
16 actuarially equivalent basis from the entire contribution
17 made by the participant under Section 15-113.3.

18 For the purpose of calculating an annuity under this Rule
19 2, the contribution required under subsection (c-5) of Section
20 15-157 shall not be considered when determining the
21 participant's accumulated normal contributions under clause
22 (i) or the employer contribution under clause (ii).

23 With respect to a police officer or firefighter who retires
24 on or after August 14, 1998, the accumulated normal
25 contributions taken into account under clauses (i) and (ii) of
26 this Rule 2 shall include the additional normal contributions

1 made by the police officer or firefighter under Section
2 15-157(a).

3 The amount of a retirement annuity calculated under this
4 Rule 2 shall be computed solely on the basis of the
5 participant's accumulated normal contributions, as specified
6 in this Rule and defined in Section 15-116. Neither an employee
7 or employer contribution for early retirement under Section
8 15-136.2 nor any other employer contribution shall be used in
9 the calculation of the amount of a retirement annuity under
10 this Rule 2.

11 This amendatory Act of the 91st General Assembly is a
12 clarification of existing law and applies to every participant
13 and annuitant without regard to whether status as an employee
14 terminates before the effective date of this amendatory Act.

15 This Rule 2 does not apply to a person who first becomes an
16 employee under this Article on or after July 1, 2005.

17 Rule 3: The retirement annuity of a participant who is
18 employed at least one-half time during the period on which his
19 or her final rate of earnings is based, shall be equal to the
20 participant's years of service not to exceed 30, multiplied by
21 (1) \$96 if the participant's final rate of earnings is less
22 than \$3,500, (2) \$108 if the final rate of earnings is at least
23 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
24 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
25 the final rate of earnings is at least \$5,500 but less than
26 \$6,500, (5) \$144 if the final rate of earnings is at least

1 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
2 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
3 the final rate of earnings is at least \$8,500 but less than
4 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
5 more, except that the annuity for those persons having made an
6 election under Section 15-154(a-1) shall be calculated and
7 payable under the portable retirement benefit program pursuant
8 to the provisions of Section 15-136.4.

9 Rule 4: A participant who is at least age 50 and has 25 or
10 more years of service as a police officer or firefighter, and a
11 participant who is age 55 or over and has at least 20 but less
12 than 25 years of service as a police officer or firefighter,
13 shall be entitled to a retirement annuity of 2 1/4% of the
14 final rate of earnings for each of the first 10 years of
15 service as a police officer or firefighter, 2 1/2% for each of
16 the next 10 years of service as a police officer or
17 firefighter, and 2 3/4% for each year of service as a police
18 officer or firefighter in excess of 20. The retirement annuity
19 for all other service shall be computed under Rule 1.

20 For purposes of this Rule 4, a participant's service as a
21 firefighter shall also include the following:

22 (i) service that is performed while the person is an
23 employee under subsection (h) of Section 15-107; and

24 (ii) in the case of an individual who was a
25 participating employee employed in the fire department of
26 the University of Illinois's Champaign-Urbana campus

1 immediately prior to the elimination of that fire
2 department and who immediately after the elimination of
3 that fire department transferred to another job with the
4 University of Illinois, service performed as an employee of
5 the University of Illinois in a position other than police
6 officer or firefighter, from the date of that transfer
7 until the employee's next termination of service with the
8 University of Illinois.

9 Rule 5: The retirement annuity of a participant who elected
10 early retirement under the provisions of Section 15-136.2 and
11 who, on or before February 16, 1995, brought administrative
12 proceedings pursuant to the administrative rules adopted by the
13 System to challenge the calculation of his or her retirement
14 annuity shall be the sum of the following, determined from
15 amounts credited to the participant in accordance with the
16 actuarial tables and the prescribed rate of interest in effect
17 at the time the retirement annuity begins:

18 (i) the normal annuity which can be provided on an
19 actuarially equivalent basis, by the accumulated normal
20 contributions as of the date the annuity begins; and

21 (ii) an annuity from employer contributions of an
22 amount equal to that which can be provided on an
23 actuarially equivalent basis from the accumulated normal
24 contributions made by the participant under Section
25 15-113.6 and Section 15-113.7 plus 1.4 times all other
26 accumulated normal contributions made by the participant;

1 and

2 (iii) an annuity which can be provided on an
3 actuarially equivalent basis from the employee
4 contribution for early retirement under Section 15-136.2,
5 and an annuity from employer contributions of an amount
6 equal to that which can be provided on an actuarially
7 equivalent basis from the employee contribution for early
8 retirement under Section 15-136.2.

9 In no event shall a retirement annuity under this Rule 5 be
10 lower than the amount obtained by adding (1) the monthly amount
11 obtained by dividing the combined employee and employer
12 contributions made under Section 15-136.2 by the System's
13 annuity factor for the age of the participant at the beginning
14 of the annuity payment period and (2) the amount equal to the
15 participant's annuity if calculated under Rule 1, reduced under
16 Section 15-136(b) as if no contributions had been made under
17 Section 15-136.2.

18 With respect to a participant who is qualified for a
19 retirement annuity under this Rule 5 whose retirement annuity
20 began before the effective date of this amendatory Act of the
21 91st General Assembly, and for whom an employee contribution
22 was made under Section 15-136.2, the System shall recalculate
23 the retirement annuity under this Rule 5 and shall pay any
24 additional amounts due in the manner provided in Section
25 15-186.1 for benefits mistakenly set too low.

26 The amount of a retirement annuity calculated under this

1 Rule 5 shall be computed solely on the basis of those
2 contributions specifically set forth in this Rule 5. Except as
3 provided in clause (iii) of this Rule 5, neither an employee
4 nor employer contribution for early retirement under Section
5 15-136.2, nor any other employer contribution, shall be used in
6 the calculation of the amount of a retirement annuity under
7 this Rule 5.

8 The General Assembly has adopted the changes set forth in
9 Section 25 of this amendatory Act of the 91st General Assembly
10 in recognition that the decision of the Appellate Court for the
11 Fourth District in *Mattis v. State Universities Retirement*
12 *System et al.* might be deemed to give some right to the
13 plaintiff in that case. The changes made by Section 25 of this
14 amendatory Act of the 91st General Assembly are a legislative
15 implementation of the decision of the Appellate Court for the
16 Fourth District in *Mattis v. State Universities Retirement*
17 *System et al.* with respect to that plaintiff.

18 The changes made by Section 25 of this amendatory Act of
19 the 91st General Assembly apply without regard to whether the
20 person is in service as an employee on or after its effective
21 date.

22 (b) The retirement annuity provided under Rules 1 and 3
23 above shall be reduced by 1/2 of 1% for each month the
24 participant is under age 60 at the time of retirement. However,
25 this reduction shall not apply in the following cases:

26 (1) For a disabled participant whose disability

1 benefits have been discontinued because he or she has
2 exhausted eligibility for disability benefits under clause
3 (6) of Section 15-152;

4 (2) For a participant who has at least the number of
5 years of service required to retire at any age under
6 subsection (a) of Section 15-135; or

7 (3) For that portion of a retirement annuity which has
8 been provided on account of service of the participant
9 during periods when he or she performed the duties of a
10 police officer or firefighter, if these duties were
11 performed for at least 5 years immediately preceding the
12 date the retirement annuity is to begin.

13 (c) The maximum retirement annuity provided under Rules 1,
14 2, 4, and 5 shall be the lesser of (1) the annual limit of
15 benefits as specified in Section 415 of the Internal Revenue
16 Code of 1986, as such Section may be amended from time to time
17 and as such benefit limits shall be adjusted by the
18 Commissioner of Internal Revenue, and (2) 80% of final rate of
19 earnings.

20 (d) Subject to the provisions of subsections (d-1) and
21 (d-2), an An annuitant whose status as an employee terminates
22 after August 14, 1969 shall receive automatic increases in his
23 or her retirement annuity as follows:

24 Effective January 1 immediately following the date the
25 retirement annuity begins, the annuitant shall receive an
26 increase in his or her monthly retirement annuity of 0.125% of

1 the monthly retirement annuity provided under Rule 1, Rule 2,
2 Rule 3, Rule 4, or Rule 5, contained in this Section,
3 multiplied by the number of full months which elapsed from the
4 date the retirement annuity payments began to January 1, 1972,
5 plus 0.1667% of such annuity, multiplied by the number of full
6 months which elapsed from January 1, 1972, or the date the
7 retirement annuity payments began, whichever is later, to
8 January 1, 1978, plus 0.25% of such annuity multiplied by the
9 number of full months which elapsed from January 1, 1978, or
10 the date the retirement annuity payments began, whichever is
11 later, to the effective date of the increase.

12 The annuitant shall receive an increase in his or her
13 monthly retirement annuity on each January 1 thereafter during
14 the annuitant's life of 3% of the monthly annuity provided
15 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
16 this Section. The change made under this subsection by P.A.
17 81-970 is effective January 1, 1980 and applies to each
18 annuitant whose status as an employee terminates before or
19 after that date.

20 Beginning January 1, 1990 and except as provided in
21 subsections (d-1) and (d-2), all automatic annual increases
22 payable under this Section shall be calculated as a percentage
23 of the total annuity payable at the time of the increase,
24 including all increases previously granted under this Article.

25 The change made in this subsection by P.A. 85-1008 is
26 effective January 26, 1988, and is applicable without regard to

1 whether status as an employee terminated before that date.

2 (d-1) Notwithstanding any other provision of this Article,
3 for a Tier I retiree, the amount of each automatic annual
4 increase in retirement annuity occurring on or after the
5 effective date of this amendatory Act of the 98th General
6 Assembly shall be the lesser of \$750 or 3% of the total annuity
7 payable at the time of the increase, including previous
8 increases granted.

9 (d-2) Notwithstanding any other provision of this Article,
10 for a Tier I retiree, the monthly retirement annuity shall
11 first be subject to annual increases on the January 1 occurring
12 on or next after the attainment of age 67 or the January 1
13 occurring on or next after the fifth anniversary of the annuity
14 start date, whichever occurs earlier. If on the effective date
15 of this amendatory Act of the 98th General Assembly a Tier I
16 retiree has already received an annual increase under this
17 Section but does not yet meet the new eligibility requirements
18 of this subsection, the annual increases already received shall
19 continue in force, but no additional annual increase shall be
20 granted until the Tier I retiree meets the new eligibility
21 requirements.

22 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)
23 and (d-2) apply without regard to whether or not the Tier I
24 retiree is in active service under this Article on or after the
25 effective date of this amendatory Act of the 98th General
26 Assembly.

1 (e) If, on January 1, 1987, or the date the retirement
2 annuity payment period begins, whichever is later, the sum of
3 the retirement annuity provided under Rule 1 or Rule 2 of this
4 Section and the automatic annual increases provided under the
5 preceding subsection or Section 15-136.1, amounts to less than
6 the retirement annuity which would be provided by Rule 3, the
7 retirement annuity shall be increased as of January 1, 1987, or
8 the date the retirement annuity payment period begins,
9 whichever is later, to the amount which would be provided by
10 Rule 3 of this Section. Such increased amount shall be
11 considered as the retirement annuity in determining benefits
12 provided under other Sections of this Article. This paragraph
13 applies without regard to whether status as an employee
14 terminated before the effective date of this amendatory Act of
15 1987, provided that the annuitant was employed at least
16 one-half time during the period on which the final rate of
17 earnings was based.

18 (f) A participant is entitled to such additional annuity as
19 may be provided on an actuarially equivalent basis, by any
20 accumulated additional contributions to his or her credit.
21 However, the additional contributions made by the participant
22 toward the automatic increases in annuity provided under this
23 Section and the contributions made under subsection (c-5) of
24 Section 15-157 by this amendatory Act of the 98th General
25 Assembly shall not be taken into account in determining the
26 amount of such additional annuity.

1 (g) If, (1) by law, a function of a governmental unit, as
2 defined by Section 20-107 of this Code, is transferred in whole
3 or in part to an employer, and (2) a participant transfers
4 employment from such governmental unit to such employer within
5 6 months after the transfer of the function, and (3) the sum of
6 (A) the annuity payable to the participant under Rule 1, 2, or
7 3 of this Section (B) all proportional annuities payable to the
8 participant by all other retirement systems covered by Article
9 20, and (C) the initial primary insurance amount to which the
10 participant is entitled under the Social Security Act, is less
11 than the retirement annuity which would have been payable if
12 all of the participant's pension credits validated under
13 Section 20-109 had been validated under this system, a
14 supplemental annuity equal to the difference in such amounts
15 shall be payable to the participant.

16 (h) On January 1, 1981, an annuitant who was receiving a
17 retirement annuity on or before January 1, 1971 shall have his
18 or her retirement annuity then being paid increased \$1 per
19 month for each year of creditable service. On January 1, 1982,
20 an annuitant whose retirement annuity began on or before
21 January 1, 1977, shall have his or her retirement annuity then
22 being paid increased \$1 per month for each year of creditable
23 service.

24 (i) On January 1, 1987, any annuitant whose retirement
25 annuity began on or before January 1, 1977, shall have the
26 monthly retirement annuity increased by an amount equal to 8¢

1 per year of creditable service times the number of years that
2 have elapsed since the annuity began.

3 (j) For participants to whom subsection (a-5) of Section
4 15-135 applies, the references to age 50, 55, and 62 in this
5 Section are increased as provided in subsection (a-5) of
6 Section 15-135.

7 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

8 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

9 Sec. 15-155. Employer contributions.

10 (a) The State of Illinois shall make contributions by
11 appropriations of amounts which, together with the ~~other~~
12 employer contributions ~~from trust, federal, and other funds,~~
13 employee contributions, income from investments, and other
14 income of this System, will be sufficient to meet the cost of
15 maintaining and administering the System on a 100% ~~90%~~ funded
16 basis in accordance with actuarial recommendations by the end
17 of State fiscal year 2043.

18 Beginning with State fiscal year 2014, the State's required
19 contributions to the System under subsection (a-1) shall be
20 limited to the amounts required to amortize the total cost of
21 the benefits of the System arising before July 1, 2013. The
22 State shall also pay any employer contributions required from
23 the State as the actual employer of participants under this
24 Article and any contribution required under subsection (a-20).

25 The Board shall determine the amount of State and employer

1 contributions required for each fiscal year on the basis of the
2 actuarial tables and other assumptions adopted by the Board and
3 the recommendations of the actuary, using the formulas provided
4 in this Section ~~formula in subsection (a-1)~~.

5 (a-1) For State fiscal years 2014 through 2043, the minimum
6 contribution to the System to be made by the State under this
7 subsection (a-1) for each fiscal year shall be an amount
8 determined by the Board to be sufficient to amortize the
9 unfunded accrued liability that is attributable to benefits
10 that accrued before July 1, 2013 as a level percentage of
11 payroll over the years remaining to and including fiscal year
12 2043, determined under the projected unit credit actuarial cost
13 method.

14 For State fiscal year 2044 and thereafter, the minimum
15 contribution to the System to be made by the State under this
16 subsection (a-1) for each fiscal year shall be an amount
17 determined by the Board to be sufficient to amortize, over a
18 30-year rolling amortization period, any unfunded liability
19 arising on or after July 1, 2043 that is attributable to
20 benefits that accrued before July 1, 2013.

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

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

5 For State fiscal years 1996 through 2005, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 so that by State fiscal year 2011, the State is contributing at
9 the rate required under this Section.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2006 is
12 \$166,641,900.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2007 is
15 \$252,064,100.

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$702,514,000 and shall be made from the State Pensions Fund and
25 proceeds of bonds sold in fiscal year 2010 pursuant to Section
26 7.2 of the General Obligation Bond Act, less (i) the pro rata

1 share of bond sale expenses determined by the System's share of
2 total bond proceeds, (ii) any amounts received from the General
3 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2011 is
8 the amount recertified by the System on or before April 1, 2011
9 pursuant to Section 15-165 and shall be made from the State
10 Pensions Fund and proceeds of bonds sold in fiscal year 2011
11 pursuant to Section 7.2 of the General Obligation Bond Act,
12 less (i) the pro rata share of bond sale expenses determined by
13 the System's share of total bond proceeds, (ii) any amounts
14 received from the General Revenue Fund in fiscal year 2011, and
15 (iii) any reduction in bond proceeds due to the issuance of
16 discounted bonds, if applicable.

17 ~~Beginning in State fiscal year 2046, the minimum State~~
18 ~~contribution for each fiscal year shall be the amount needed to~~
19 ~~maintain the total assets of the System at 90% of the total~~
20 ~~actuarial liabilities of the System.~~

21 Amounts received by the System pursuant to Section 25 of
22 the Budget Stabilization Act or Section 8.12 of the State
23 Finance Act in any fiscal year do not reduce and do not
24 constitute payment of any portion of the minimum State
25 contribution required under this Article in that fiscal year.
26 Such amounts shall not reduce, and shall not be included in the

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 100% ~~90%~~. A reference in this Article
4 to the "required State contribution" or any substantially
5 similar term does not include or apply to any amounts payable
6 to the System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter through State
10 fiscal year 2013, as calculated under this Section and
11 certified under Section 15-165, shall not exceed an amount
12 equal to (i) the amount of the required State contribution that
13 would have been calculated under this Section for that fiscal
14 year if the System had not received any payments under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act, minus (ii) the portion of the State's total debt service
17 payments for that fiscal year on the bonds issued in fiscal
18 year 2003 for the purposes of that Section 7.2, as determined
19 and certified by the Comptroller, that is the same as the
20 System's portion of the total moneys distributed under
21 subsection (d) of Section 7.2 of the General Obligation Bond
22 Act. In determining this maximum for State fiscal years 2008
23 through 2010, however, the amount referred to in item (i) shall
24 be increased, as a percentage of the applicable employee
25 payroll, in equal increments calculated from the sum of the
26 required State contribution for State fiscal year 2007 plus the

1 applicable portion of the State's total debt service payments
2 for fiscal year 2007 on the bonds issued in fiscal year 2003
3 for the purposes of Section 7.2 of the General Obligation Bond
4 Act, so that, by State fiscal year 2011, the State is
5 contributing at the rate otherwise required under this Section.

6 (a-10) Subject to the limitations provided in subsection
7 (a-15), beginning with State fiscal year 2014, the minimum
8 required contribution of each employer under this Article shall
9 be sufficient to produce an annual amount equal to:

10 (i) the employer's normal cost for that fiscal year,
11 exclusive of the employer's normal cost that arises from
12 optional employer contributions agreed to by that employer
13 for that fiscal year under Section 1-161; plus

14 (ii) the employer's normal cost for that fiscal year
15 that arises from optional employer contributions agreed to
16 by that employer for that fiscal year under Section 1-161;
17 plus

18 (iii) the amount required for that fiscal year to
19 amortize that employer's portion of the unfunded accrued
20 liability associated with the cost of benefits accrued on
21 or after July 1, 2013 as a level percentage of payroll over
22 a 30-year rolling amortization period, as determined for
23 each employer by the Board.

24 Each employer under this Article shall make these
25 contributions in the amounts determined and the manner
26 prescribed from time to time by the Board.

1 (a-15) The System shall determine the employer's normal
2 cost under item (i) of subsection (a-10) as a percentage of
3 projected payroll applicable to all employers, based on
4 actuarial assumptions applicable to the System as a whole. The
5 required employer contribution under item (i) in a fiscal year
6 shall not exceed a percentage of payroll determined by
7 subtracting 2013 from the applicable fiscal year and
8 multiplying the result by 0.5%.

9 The System shall determine the employer's normal cost under
10 item (ii) of subsection (a-10) as an additional percentage of
11 projected payroll payable by a specific employer, based on the
12 optional employer contributions agreed to by that employer for
13 that fiscal year under Section 1-161 and the actuarial
14 assumptions applicable to the System as a whole.

15 The System shall determine the employer's portion of the
16 unfunded accrued liability under item (iii) of subsection
17 (a-10) separately for each employer, as a percentage of that
18 employer's projected payroll, based on the liabilities
19 attributable to that employer arising on or after July 1, 2013
20 and the actuarial assumptions applicable to the System as a
21 whole.

22 For use in determining the employer's contribution for
23 unfunded accrued liability under item (iii), the System shall
24 maintain a separate account for each employer. The separate
25 account shall be maintained in such form and detail as the
26 System determines to be appropriate. The separate account shall

1 reflect the following items to the extent that they are
2 attributable to that employer and arise on or after July 1,
3 2013: employer contributions, State contributions under
4 subsection (a-20), employee contributions, investment returns,
5 payments of benefits, and that employer's proportionate share
6 of the System's administrative expenses.

7 In the event that the Board determines that there is a
8 deficiency or surplus in the account of an employer with
9 respect to the , the Board shall determine the employer's
10 contribution rate under item (iii) of subsection (a-10) so as
11 to address that deficiency or surplus over a reasonable period
12 of time as determined by the Board.

13 (a-20) Beginning in State fiscal year 2014, for any fiscal
14 year in which (1) the System's normal cost for all employers
15 for that fiscal year, exclusive of the normal cost that arises
16 from optional employer contributions agreed to by employers for
17 that fiscal year under Section 1-161, exceeds (2) the total
18 contribution calculated under item (i) of subsection (a-10) for
19 all employers for that fiscal year, the State shall make an
20 additional contribution to the System for that fiscal year
21 equal to the difference.

22 The State contribution under this subsection (a-20) is in
23 addition to the State contributions required under subsection
24 (a-1) and any contributions required to be paid by the State as
25 an employer under subsection (a-10) of this Section.

26 (b) If an employee is paid from trust or federal funds, the

1 employer shall pay to the Board contributions from those funds
2 which are sufficient to cover the accruing normal costs on
3 behalf of the employee. However, universities having employees
4 who are compensated out of local auxiliary funds, income funds,
5 or service enterprise funds are not required to pay such
6 contributions on behalf of those employees. The local auxiliary
7 funds, income funds, and service enterprise funds of
8 universities shall not be considered trust funds for the
9 purpose of this Article, but funds of alumni associations,
10 foundations, and athletic associations which are affiliated
11 with the universities included as employers under this Article
12 and other employers which do not receive State appropriations
13 are considered to be trust funds for the purpose of this
14 Article.

15 (b-1) The City of Urbana and the City of Champaign shall
16 each make employer contributions to this System for their
17 respective firefighter employees who participate in this
18 System pursuant to subsection (h) of Section 15-107. The rate
19 of contributions to be made by those municipalities shall be
20 determined annually by the Board on the basis of the actuarial
21 assumptions adopted by the Board and the recommendations of the
22 actuary, and shall be expressed as a percentage of salary for
23 each such employee. The Board shall certify the rate to the
24 affected municipalities as soon as may be practical. The
25 employer contributions required under this subsection shall be
26 remitted by the municipality to the System at the same time and

1 in the same manner as employee contributions.

2 (c) Through State fiscal year 1995: The total employer
3 contribution shall be apportioned among the various funds of
4 the State and other employers, whether trust, federal, or other
5 funds, in accordance with actuarial procedures approved by the
6 Board. State of Illinois contributions for employers receiving
7 State appropriations for personal services shall be payable
8 from appropriations made to the employers or to the System. The
9 contributions for Class I community colleges covering earnings
10 other than those paid from trust and federal funds, shall be
11 payable solely from appropriations to the Illinois Community
12 College Board or the System for employer contributions.

13 (d) Beginning in State fiscal year 1996, the required State
14 contributions to the System shall be appropriated directly to
15 the System and shall be payable through vouchers issued in
16 accordance with subsection (c) of Section 15-165, except as
17 provided in subsection (g).

18 (e) The State Comptroller shall draw warrants payable to
19 the System upon proper certification by the System or by the
20 employer in accordance with the appropriation laws and this
21 Code.

22 (f) Normal costs under this Section means liability for
23 pensions and other benefits which accrues to the System because
24 of the credits earned for service rendered by the participants
25 during the fiscal year and expenses of administering the
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board
2 or any expenses incurred or deposits required in connection
3 therewith.

4 (g) The employer contributions under this subsection (g)
5 are no longer required after June 30, 2013.

6 If the amount of a participant's earnings for any academic
7 year used to determine the final rate of earnings, determined
8 on a full-time equivalent basis, exceeds the amount of his or
9 her earnings with the same employer for the previous academic
10 year, determined on a full-time equivalent basis, by more than
11 6%, the participant's employer shall pay to the System, in
12 addition to all other payments required under this Section and
13 in accordance with guidelines established by the System, the
14 present value of the increase in benefits resulting from the
15 portion of the increase in earnings that is in excess of 6%.
16 This present value shall be computed by the System on the basis
17 of the actuarial assumptions and tables used in the most recent
18 actuarial valuation of the System that is available at the time
19 of the computation. The System may require the employer to
20 provide any pertinent information or documentation.

21 Whenever it determines that a payment is or may be required
22 under this subsection (g), the System shall calculate the
23 amount of the payment and bill the employer for that amount.
24 The bill shall specify the calculations used to determine the
25 amount due. If the employer disputes the amount of the bill, it
26 may, within 30 days after receipt of the bill, apply to the

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

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

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

24 When assessing payment for any amount due under subsection
25 (g), the System shall exclude earnings increases paid to
26 participants under contracts or collective bargaining

1 agreements entered into, amended, or renewed before June 1,
2 2005.

3 When assessing payment for any amount due under subsection
4 (g), the System shall exclude earnings increases paid to a
5 participant at a time when the participant is 10 or more years
6 from retirement eligibility under Section 15-135.

7 When assessing payment for any amount due under subsection
8 (g), the System shall exclude earnings increases resulting from
9 overload work, including a contract for summer teaching, or
10 overtime when the employer has certified to the System, and the
11 System has approved the certification, that: (i) in the case of
12 overloads (A) the overload work is for the sole purpose of
13 academic instruction in excess of the standard number of
14 instruction hours for a full-time employee occurring during the
15 academic year that the overload is paid and (B) the earnings
16 increases are equal to or less than the rate of pay for
17 academic instruction computed using the participant's current
18 salary rate and work schedule; and (ii) in the case of
19 overtime, the overtime was necessary for the educational
20 mission.

21 When assessing payment for any amount due under subsection
22 (g), the System shall exclude any earnings increase resulting
23 from (i) a promotion for which the employee moves from one
24 classification to a higher classification under the State
25 Universities Civil Service System, (ii) a promotion in academic
26 rank for a tenured or tenure-track faculty position, or (iii) a

1 promotion that the Illinois Community College Board has
2 recommended in accordance with subsection (k) of this Section.
3 These earnings increases shall be excluded only if the
4 promotion is to a position that has existed and been filled by
5 a member for no less than one complete academic year and the
6 earnings increase as a result of the promotion is an increase
7 that results in an amount no greater than the average salary
8 paid for other similar positions.

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

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

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

25 (2) The dollar amount by which each employer's
26 contribution to the System was changed due to

1 recalculations required by Public Act 94-1057.

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

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

8 (k) The Illinois Community College Board shall adopt rules
9 for recommending lists of promotional positions submitted to
10 the Board by community colleges and for reviewing the
11 promotional lists on an annual basis. When recommending
12 promotional lists, the Board shall consider the similarity of
13 the positions submitted to those positions recognized for State
14 universities by the State Universities Civil Service System.
15 The Illinois Community College Board shall file a copy of its
16 findings with the System. The System shall consider the
17 findings of the Illinois Community College Board when making
18 determinations under this Section. The System shall not exclude
19 any earnings increases resulting from a promotion when the
20 promotion was not submitted by a community college. Nothing in
21 this subsection (k) shall require any community college to
22 submit any information to the Community College Board.

23 (l) For purposes of determining the required State
24 contribution to the System, the value of the System's assets
25 shall be equal to the actuarial value of the System's assets,
26 which shall be calculated as follows:

1 As of June 30, 2008, the actuarial value of the System's
2 assets shall be equal to the market value of the assets as of
3 that date. In determining the actuarial value of the System's
4 assets for fiscal years after June 30, 2008, any actuarial
5 gains or losses from investment return incurred in a fiscal
6 year shall be recognized in equal annual amounts over the
7 5-year period following that fiscal year.

8 (m) For purposes of determining the required State
9 contribution to the system for a particular year, the actuarial
10 value of assets shall be assumed to earn a rate of return equal
11 to the system's actuarially assumed rate of return.

12 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
13 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
14 7-13-12; revised 10-17-12.)

15 (40 ILCS 5/15-155.1 new)

16 Sec. 15-155.1. Actions to enforce payments by employers
17 other than the State. Any employer, other than the State, that
18 fails to transmit to the System contributions required of it
19 under this Article or contributions required of employees, for
20 more than 90 days after such contributions are due, is subject
21 to the following: after giving notice to the employer, the
22 System may certify to the State Comptroller or the Illinois
23 Community College Board, whichever is applicable, the amounts
24 of such delinquent payments and the State Comptroller or the
25 Illinois Community College Board, whichever is applicable,

1 shall deduct the amounts so certified or any part thereof from
2 any State funds to be remitted to the employer and shall pay
3 the amount so deducted to the System. If State funds from which
4 such deductions may be made are not available, the System may
5 proceed against the employer to recover the amounts of such
6 delinquent payments in the appropriate circuit court.

7 The System may provide for an audit of the records of an
8 employer, other than the State, as may be required to establish
9 the amounts of required contributions. The employer shall make
10 its records available to the System for the purpose of such
11 audit. The cost of such audit shall be added to the amount of
12 the delinquent payments and may be recovered by the System from
13 the employer at the same time and in the same manner as the
14 delinquent payments are recovered.

15 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

16 Sec. 15-156. Obligations of State; funding guarantees.

17 (a) The payment of (1) the required State contributions,
18 (2) all benefits granted under this system and (3) all expenses
19 in connection with the administration and operation thereof are
20 obligations of the State of Illinois to the extent specified in
21 this Article. The accumulated employee normal, additional and
22 survivors insurance contributions credited to the accounts of
23 active and inactive participants shall not be used to pay the
24 State's share of the obligations.

25 (b) Beginning July 1, 2013, the State shall be

1 contractually obligated to contribute to the System under
2 Section 15-155 in each State fiscal year an amount not less
3 than the sum of (i) the State's required contribution under
4 subsections (a-10) and (a-20) of Section 15-155 and (ii) the
5 portion of the total cost of the benefits of the System arising
6 before July 1, 2013 assigned to that State fiscal year by law
7 in accordance with a schedule that distributes payments
8 equitably over a reasonable period of time and in accordance
9 with accepted actuarial practices. The obligations created
10 under this subsection (b) are contractual obligations
11 protected and enforceable under Article I, Section 16 and
12 Article XIII, Section 5 of the Illinois Constitution.

13 Notwithstanding any other provision of law, if the State
14 fails to pay in a State fiscal year the amount guaranteed under
15 this subsection, the System may bring a mandamus action in the
16 circuit court of Champaign or Sangamon County to compel the
17 State to make that payment, irrespective of other remedies that
18 may be available to the System. In ordering the State to make
19 the required payment, the court may order a reasonable payment
20 schedule to enable the State to make the required payment
21 without significantly imperiling the public health, safety, or
22 welfare.

23 Any payments required to be made by the State pursuant to
24 this subsection (b) are expressly subordinated to the payment
25 of the principal, interest, and premium, if any, on any bonded
26 debt obligation of the State or any other State-created entity,

1 either currently outstanding or to be issued, for which the
2 source of repayment or security thereon is derived directly or
3 indirectly from tax revenues collected by the State or any
4 other State-created entity. Payments on such bonded
5 obligations include any statutory fund transfers or other
6 prefunding mechanisms or formulas set forth, now or hereafter,
7 in State law or bond indentures, into debt service funds or
8 accounts of the State related to such bonded obligations,
9 consistent with the payment schedules associated with such
10 obligations.

11 (Source: P.A. 83-1440.)

12 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

13 Sec. 15-157. Employee Contributions.

14 (a) Each participating employee shall make contributions
15 towards the retirement benefits payable under the retirement
16 program applicable to the employee from each payment of
17 earnings applicable to employment under this system on and
18 after the date of becoming a participant as follows: Prior to
19 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
20 to August 31, 1955, 5%; from September 1, 1955 to August 31,
21 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
22 are to be considered as normal contributions for purposes of
23 this Article.

24 Each participant who is a police officer or firefighter
25 shall make normal contributions of 8% of each payment of

1 earnings applicable to employment as a police officer or
2 firefighter under this system on or after September 1, 1981,
3 unless he or she files with the board within 60 days after the
4 effective date of this amendatory Act of 1991 or 60 days after
5 the board receives notice that he or she is employed as a
6 police officer or firefighter, whichever is later, a written
7 notice waiving the retirement formula provided by Rule 4 of
8 Section 15-136. This waiver shall be irrevocable. If a
9 participant had met the conditions set forth in Section
10 15-132.1 prior to the effective date of this amendatory Act of
11 1991 but failed to make the additional normal contributions
12 required by this paragraph, he or she may elect to pay the
13 additional contributions plus compound interest at the
14 effective rate. If such payment is received by the board, the
15 service shall be considered as police officer service in
16 calculating the retirement annuity under Rule 4 of Section
17 15-136. While performing service described in clause (i) or
18 (ii) of Rule 4 of Section 15-136, a participating employee
19 shall be deemed to be employed as a firefighter for the purpose
20 of determining the rate of employee contributions under this
21 Section.

22 (b) Starting September 1, 1969, each participating
23 employee shall make additional contributions of 1/2 of 1% of
24 earnings to finance a portion of the cost of the annual
25 increases in retirement annuity provided under Section 15-136,
26 except that with respect to participants in the self-managed

1 plan this additional contribution shall be used to finance the
2 benefits obtained under that retirement program.

3 (c) In addition to the amounts described in subsections (a)
4 and (b) of this Section, each participating employee shall make
5 contributions of 1% of earnings applicable under this system on
6 and after August 1, 1959. The contributions made under this
7 subsection (c) shall be considered as survivor's insurance
8 contributions for purposes of this Article if the employee is
9 covered under the traditional benefit package, and such
10 contributions shall be considered as additional contributions
11 for purposes of this Article if the employee is participating
12 in the self-managed plan or has elected to participate in the
13 portable benefit package and has completed the applicable
14 one-year waiting period. Contributions in excess of \$80 during
15 any fiscal year beginning before August 31, 1969 and in excess
16 of \$120 during any fiscal year thereafter until September 1,
17 1971 shall be considered as additional contributions for
18 purposes of this Article.

19 (c-5) In addition to the contributions otherwise required
20 under this Article, each Tier I participant shall also make the
21 following contributions toward the retirement benefits payable
22 under the retirement program applicable to the employee from
23 each payment of earnings applicable to employment under this
24 system:

25 (1) beginning July 1, 2013 and through June 30, 2014,
26 1% of earnings; and

1 (2) beginning on July 1, 2014, 2% of earnings.

2 Except as otherwise specified, these contributions are to
3 be considered as normal contributions for purposes of this
4 Article.

5 (d) If the board by board rule so permits and subject to
6 such conditions and limitations as may be specified in its
7 rules, a participant may make other additional contributions of
8 such percentage of earnings or amounts as the participant shall
9 elect in a written notice thereof received by the board.

10 (e) That fraction of a participant's total accumulated
11 normal contributions, the numerator of which is equal to the
12 number of years of service in excess of that which is required
13 to qualify for the maximum retirement annuity, and the
14 denominator of which is equal to the total service of the
15 participant, shall be considered as accumulated additional
16 contributions. The determination of the applicable maximum
17 annuity and the adjustment in contributions required by this
18 provision shall be made as of the date of the participant's
19 retirement.

20 (f) Notwithstanding the foregoing, a participating
21 employee shall not be required to make contributions under this
22 Section after the date upon which continuance of such
23 contributions would otherwise cause his or her retirement
24 annuity to exceed the maximum retirement annuity as specified
25 in clause (1) of subsection (c) of Section 15-136.

26 (g) A participating employee may make contributions for the

1 purchase of service credit under this Article.

2 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
3 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
4 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

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

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

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

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

22 On or before July 1, 2005, the Board shall recalculate and
23 recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2006, taking
25 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

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

8 On or before July 1, 2013, the Board shall, if necessary,
9 recalculate and recertify to the Governor the amount of the
10 required State contribution to the System for State fiscal year
11 2014, taking into account the changes in required State
12 contributions made by this amendatory Act of the 98th General
13 Assembly.

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

26 On or before January 15, 2013 and each January 15

1 thereafter, the Board shall certify to the Governor and the
2 General Assembly the amount of the required State contribution
3 for the next fiscal year. The certification shall include a
4 copy of the actuarial recommendations upon which it is based
5 and shall specifically identify the System's projected State
6 normal cost for that fiscal year and the projected State cost
7 for the self-managed plan for that fiscal year. The Board's
8 certification must note, in a written response to the State
9 Actuary, any deviations from the State Actuary's recommended
10 changes, the reason or reasons for not following the State
11 Actuary's recommended changes, and the fiscal impact of not
12 following the State Actuary's recommended changes on the
13 required State contribution.

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

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

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (b) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year.

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

15 (d) So long as the payments received are the full amount
16 lawfully vouchered under this Section, payments received by the
17 System under this Section shall be applied first toward the
18 employer contribution to the self-managed plan established
19 under Section 15-158.2. Payments shall be applied second toward
20 the employer's portion of the normal costs of the System, as
21 defined in subsection (f) of Section 15-155. The balance shall
22 be applied toward the unfunded actuarial liabilities of the
23 System.

24 (e) In the event that the System does not receive, as a
25 result of legislative enactment or otherwise, payments
26 sufficient to fully fund the employer contribution to the

1 self-managed plan established under Section 15-158.2 and to
2 fully fund that portion of the employer's portion of the normal
3 costs of the System, as calculated in accordance with Section
4 15-155(a-1), then any payments received shall be applied
5 proportionately to the optional retirement program established
6 under Section 15-158.2 and to the employer's portion of the
7 normal costs of the System, as calculated in accordance with
8 Section 15-155(a-1).

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/15-198)

12 Sec. 15-198. Application and expiration of new benefit
13 increases.

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article or Article 1, that results from
18 an amendment to this Code that takes effect after the effective
19 date of this amendatory Act of the 94th General Assembly. "New
20 benefit increase", however, does not include any benefit
21 increase resulting from the changes made to this Article or
22 Article 1 by this amendatory Act of the 98th General Assembly.

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

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

7 Every new benefit increase is contingent upon the General
8 Assembly providing the additional funding required under this
9 subsection. The Commission on Government Forecasting and
10 Accountability shall analyze whether adequate additional
11 funding has been provided for the new benefit increase and
12 shall report its analysis to the Public Pension Division of the
13 Department of Financial and Professional Regulation. A new
14 benefit increase created by a Public Act that does not include
15 the additional funding required under this subsection is null
16 and void. If the Public Pension Division determines that the
17 additional funding provided for a new benefit increase under
18 this subsection is or has become inadequate, it may so certify
19 to the Governor and the State Comptroller and, in the absence
20 of corrective action by the General Assembly, the new benefit
21 increase shall expire at the end of the fiscal year in which
22 the certification is made.

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

3 (e) Except as otherwise provided in the language creating
4 the new benefit increase, a new benefit increase that expires
5 under this Section continues to apply to persons who applied
6 and qualified for the affected benefit while the new benefit
7 increase was in effect and to the affected beneficiaries and
8 alternate payees of such persons, but does not apply to any
9 other person, including without limitation a person who
10 continues in service after the expiration date and did not
11 apply and qualify for the affected benefit while the new
12 benefit increase was in effect.

13 (Source: P.A. 94-4, eff. 6-1-05.)

14 (40 ILCS 5/16-106.4 new)

15 Sec. 16-106.4. Tier I member. "Tier I member": A member
16 under this Article who first became a member or participant
17 before January 1, 2011 under any reciprocal retirement system
18 or pension fund established under this Code other than a
19 retirement system or pension fund established under Article 2,
20 3, 4, 5, 6, or 18 of this Code.

21 (40 ILCS 5/16-106.5 new)

22 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former
23 Tier I member who is receiving a retirement annuity.

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

2 Sec. 16-121. Salary. "Salary": The actual compensation
3 received by a teacher during any school year and recognized by
4 the system in accordance with rules of the board. For purposes
5 of this Section, "school year" includes the regular school term
6 plus any additional period for which a teacher is compensated
7 and such compensation is recognized by the rules of the board.

8 Notwithstanding any other provision of this Code, the
9 salary of a Tier I member for the purposes of this Code shall
10 not exceed, for periods of service on or after the effective
11 date of this amendatory Act of the 98th General Assembly, the
12 annual contribution and benefit base established for the
13 applicable year by the Commissioner of Social Security under
14 the federal Social Security Act; except that this limitation
15 does not apply to a member's salary that is determined under an
16 employment contract or collective bargaining agreement that is
17 in effect on the effective date of this amendatory Act of the
18 98th General Assembly and has not been amended or renewed after
19 that date.

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

21 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

22 Sec. 16-132. Retirement annuity eligibility.

23 (a) A member who has at least 20 years of creditable
24 service is entitled to a retirement annuity upon or after
25 attainment of age 55. A member who has at least 10 but less

1 than 20 years of creditable service is entitled to a retirement
2 annuity upon or after attainment of age 60. A member who has at
3 least 5 but less than 10 years of creditable service is
4 entitled to a retirement annuity upon or after attainment of
5 age 62. A member who (i) has earned during the period
6 immediately preceding the last day of service at least one year
7 of contributing creditable service as an employee of a
8 department as defined in Section 14-103.04, (ii) has earned at
9 least 5 years of contributing creditable service as an employee
10 of a department as defined in Section 14-103.04, and (iii)
11 retires on or after January 1, 2001 is entitled to a retirement
12 annuity upon or after attainment of an age which, when added to
13 the number of years of his or her total creditable service,
14 equals at least 85. Portions of years shall be counted as
15 decimal equivalents.

16 A member who is eligible to receive a retirement annuity of
17 at least 74.6% of final average salary and will attain age 55
18 on or before December 31 during the year which commences on
19 July 1 shall be deemed to attain age 55 on the preceding June
20 1.

21 (b) Notwithstanding subsection (a) of this Section, for a
22 Tier I member who begins receiving a retirement annuity under
23 this Article after July 1, 2013:

24 (1) If the Tier I member is at least 45 years old on
25 the effective date of this amendatory Act of the 98th
26 General Assembly, then the references to age 55, 60, and 62

1 in subsection (a) of this Section remain unchanged and the
2 reference to 85 in subsection (a) of this Section remains
3 unchanged.

4 (2) If the Tier I member is at least 40 but less than
5 45 years old on the effective date of this amendatory Act
6 of the 98th General Assembly, then the references to age
7 55, 60, and 62 in subsection (a) of this Section are
8 increased by one year and the reference to 85 in subsection
9 (a) is increased to 87.

10 (3) If the Tier I member is at least 35 but less than
11 40 years old on the effective date of this amendatory Act
12 of the 98th General Assembly, then the references to age
13 55, 60, and 62 in subsection (a) of this Section are
14 increased by 3 years and the reference to 85 in subsection
15 (a) is increased to 91.

16 (4) If the Tier I member is less than 35 years old on
17 the effective date of this amendatory Act of the 98th
18 General Assembly, then the references to age 55, 60, and 62
19 in subsection (a) of this Section are increased by 5 years
20 and the reference to 85 in subsection (a) is increased to
21 95.

22 Notwithstanding Section 1-103.1, this subsection (b)
23 applies without regard to whether or not the Tier I member is
24 in active service under this Article on or after the effective
25 date of this amendatory Act of the 98th General Assembly.

26 (c) A member meeting the above eligibility conditions is

1 entitled to a retirement annuity upon written application to
2 the board setting forth the date the member wishes the
3 retirement annuity to commence. However, the effective date of
4 the retirement annuity shall be no earlier than the day
5 following the last day of creditable service, regardless of the
6 date of official termination of employment.

7 (d) To be eligible for a retirement annuity, a member shall
8 not be employed as a teacher in the schools included under this
9 System or under Article 17, except (i) as provided in Section
10 16-118 or 16-150.1, (ii) if the member is disabled (in which
11 event, eligibility for salary must cease), or (iii) if the
12 System is required by federal law to commence payment due to
13 the member's age; the changes to this sentence made by Public
14 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~
15 apply without regard to whether the member terminated
16 employment before or after its effective date.

17 (Source: P.A. 93-320, eff. 7-23-03.)

18 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

19 Sec. 16-133. Retirement annuity; amount.

20 (a) The amount of the retirement annuity shall be (i) in
21 the case of a person who first became a teacher under this
22 Article before July 1, 2005, the larger of the amounts
23 determined under paragraphs (A) and (B) below, or (ii) in the
24 case of a person who first becomes a teacher under this Article
25 on or after July 1, 2005, the amount determined under the

1 applicable provisions of paragraph (B):

2 (A) An amount consisting of the sum of the following:

3 (1) An amount that can be provided on an
4 actuarially equivalent basis by the member's
5 accumulated contributions at the time of retirement;
6 and

7 (2) The sum of (i) the amount that can be provided
8 on an actuarially equivalent basis by the member's
9 accumulated contributions representing service prior
10 to July 1, 1947, and (ii) the amount that can be
11 provided on an actuarially equivalent basis by the
12 amount obtained by multiplying 1.4 times the member's
13 accumulated contributions covering service subsequent
14 to June 30, 1947; and

15 (3) If there is prior service, 2 times the amount
16 that would have been determined under subparagraph (2)
17 of paragraph (A) above on account of contributions
18 which would have been made during the period of prior
19 service creditable to the member had the System been in
20 operation and had the member made contributions at the
21 contribution rate in effect prior to July 1, 1947.

22 For the purpose of calculating the sum provided under
23 this paragraph (A), the contribution required under
24 subsection (a-5) of Section 16-152 shall not be considered
25 when determining the amount of the member's accumulated
26 contributions under subparagraph (1) or (2).

1 This paragraph (A) does not apply to a person who first
2 becomes a teacher under this Article on or after July 1,
3 2005.

4 (B) An amount consisting of the greater of the
5 following:

6 (1) For creditable service earned before July 1,
7 1998 that has not been augmented under Section
8 16-129.1: 1.67% of final average salary for each of the
9 first 10 years of creditable service, 1.90% of final
10 average salary for each year in excess of 10 but not
11 exceeding 20, 2.10% of final average salary for each
12 year in excess of 20 but not exceeding 30, and 2.30% of
13 final average salary for each year in excess of 30; and

14 For creditable service earned on or after July 1,
15 1998 by a member who has at least 24 years of
16 creditable service on July 1, 1998 and who does not
17 elect to augment service under Section 16-129.1: 2.2%
18 of final average salary for each year of creditable
19 service earned on or after July 1, 1998 but before the
20 member reaches a total of 30 years of creditable
21 service and 2.3% of final average salary for each year
22 of creditable service earned on or after July 1, 1998
23 and after the member reaches a total of 30 years of
24 creditable service; and

25 For all other creditable service: 2.2% of final
26 average salary for each year of creditable service; or

1 (2) 1.5% of final average salary for each year of
2 creditable service plus the sum \$7.50 for each of the
3 first 20 years of creditable service.

4 The amount of the retirement annuity determined under this
5 paragraph (B) shall be reduced by 1/2 of 1% for each month
6 that the member is less than age 60 at the time the
7 retirement annuity begins. However, this reduction shall
8 not apply (i) if the member has at least 35 years of
9 creditable service, or (ii) if the member retires on
10 account of disability under Section 16-149.2 of this
11 Article with at least 20 years of creditable service, or
12 (iii) if the member (1) has earned during the period
13 immediately preceding the last day of service at least one
14 year of contributing creditable service as an employee of a
15 department as defined in Section 14-103.04, (2) has earned
16 at least 5 years of contributing creditable service as an
17 employee of a department as defined in Section 14-103.04,
18 (3) retires on or after January 1, 2001, and (4) retires
19 having attained an age which, when added to the number of
20 years of his or her total creditable service, equals at
21 least 85. Portions of years shall be counted as decimal
22 equivalents. For participants to whom subsection (b) of
23 Section 16-132 applies, the reference to age 60 in this
24 paragraph and the reference to 85 in this paragraph are
25 increased as provided in subsection (b) of Section 16-132.

26 (b) For purposes of this Section, final average salary

1 shall be the average salary for the highest 4 consecutive years
2 within the last 10 years of creditable service as determined
3 under rules of the board. The minimum final average salary
4 shall be considered to be \$2,400 per year.

5 In the determination of final average salary for members
6 other than elected officials and their appointees when such
7 appointees are allowed by statute, that part of a member's
8 salary for any year beginning after June 30, 1979 which exceeds
9 the member's annual full-time salary rate with the same
10 employer for the preceding year by more than 20% shall be
11 excluded. The exclusion shall not apply in any year in which
12 the member's creditable earnings are less than 50% of the
13 preceding year's mean salary for downstate teachers as
14 determined by the survey of school district salaries provided
15 in Section 2-3.103 of the School Code.

16 (c) In determining the amount of the retirement annuity
17 under paragraph (B) of this Section, a fractional year shall be
18 granted proportional credit.

19 (d) The retirement annuity determined under paragraph (B)
20 of this Section shall be available only to members who render
21 teaching service after July 1, 1947 for which member
22 contributions are required, and to annuitants who re-enter
23 under the provisions of Section 16-150.

24 (e) The maximum retirement annuity provided under
25 paragraph (B) of this Section shall be 75% of final average
26 salary.

1 (f) A member retiring after the effective date of this
2 amendatory Act of 1998 shall receive a pension equal to 75% of
3 final average salary if the member is qualified to receive a
4 retirement annuity equal to at least 74.6% of final average
5 salary under this Article or as proportional annuities under
6 Article 20 of this Code.

7 (Source: P.A. 94-4, eff. 6-1-05.)

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 retiree, the amount of each automatic annual
2 increase in retirement annuity occurring on or after the
3 effective date of this amendatory Act of the 98th General
4 Assembly shall be the lesser of \$750 or 3% of the total annuity
5 payable at the time of the increase, including previous
6 increases granted.

7 (a-2) Notwithstanding any other provision of this Article,
8 for a Tier I retiree, the monthly retirement annuity shall
9 first be subject to annual increases on the January 1 occurring
10 on or next after the attainment of age 67 or the January 1
11 occurring on or next after the fifth anniversary of the annuity
12 start date, whichever occurs earlier. If on the effective date
13 of this amendatory Act of the 98th General Assembly a Tier I
14 retiree has already received an annual increase under this
15 Section but does not yet meet the new eligibility requirements
16 of this subsection, the annual increases already received shall
17 continue in force, but no additional annual increase shall be
18 granted until the Tier I retiree meets the new eligibility
19 requirements.

20 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
21 and (a-2) apply without regard to whether or not the Tier I
22 retiree is in active service under this Article on or after the
23 effective date of this amendatory Act of the 98th General
24 Assembly.

25 (b) The automatic annual increases in annuity provided
26 under this Section shall not be applicable unless a member has

1 made contributions toward such increases for a period
2 equivalent to one full year of creditable service. If a member
3 contributes for service performed after August 26, 1969 but the
4 member becomes an annuitant before such contributions amount to
5 one full year's contributions based on the salary at the date
6 of retirement, he or she may pay the necessary balance of the
7 contributions to the system and be eligible for the automatic
8 annual increases in annuity provided under this Section.

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

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

18 (e) In addition to the automatic annual increases in
19 annuity provided under this Section, an annuitant who meets the
20 service requirements of this Section and whose retirement
21 annuity or disability retirement annuity began on or before
22 January 1, 1971 shall receive, on January 1, 1981, an increase
23 in the annuity then being paid of one dollar per month for each
24 year of creditable service. On January 1, 1982, an annuitant
25 whose retirement annuity or disability retirement annuity
26 began on or before January 1, 1977 shall receive an increase in

1 the annuity then being paid of one dollar per month for each
2 year of creditable service.

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

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

9 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

10 Sec. 16-152. Contributions by members.

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

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

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

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

24 (4) Effective July 1, 2005, contributions of 0.40% of
25 salary toward the cost of the early retirement without

1 discount option provided under Section 16-133.2. This
2 contribution shall cease upon termination of the early
3 retirement without discount option as provided in Section
4 16-176.

5 (a-5) In addition to the contributions otherwise required
6 under this Article, each Tier I member shall also make the
7 following contributions toward the cost of the retirement
8 annuity from each payment of salary:

9 (1) beginning July 1, 2013 and through June 30, 2014,
10 1% of salary; and

11 (2) beginning on July 1, 2014, 2% of salary.

12 Except as otherwise specified, these contributions are to
13 be considered as normal contributions for purposes of this
14 Article.

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

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

20 (d) A person who (i) was a member before July 1, 1998, (ii)
21 retires with more than 34 years of creditable service, and
22 (iii) does not elect to qualify for the augmented rate under
23 Section 16-129.1 shall be entitled, at the time of retirement,
24 to receive a partial refund of contributions made under this
25 Section for service occurring after the later of June 30, 1998
26 or attainment of 34 years of creditable service, in an amount

1 equal to 1.00% of the salary upon which those contributions
2 were based.

3 (e) A member's contributions toward the cost of early
4 retirement without discount made under item (a)(4) of this
5 Section shall not be refunded if the member has elected early
6 retirement without discount under Section 16-133.2 and has
7 begun to receive a retirement annuity under this Article
8 calculated in accordance with that election. Otherwise, a
9 member's contributions toward the cost of early retirement
10 without discount made under item (a)(4) of this Section shall
11 be refunded according to whichever one of the following
12 circumstances occurs first:

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

17 (2) The contributions shall be included, without
18 interest, in any refund claimed by the member under Section
19 16-151.

20 (3) The contributions shall be refunded to the member's
21 designated beneficiary (or if there is no beneficiary, to
22 the member's estate), without interest, if the member dies
23 without having begun to receive a retirement annuity under
24 this Article.

25 (4) The contributions shall be refunded to the member,
26 without interest, within 120 days after the early

1 retirement without discount option provided under Section
2 16-133.2 is terminated under Section 16-176.

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

4 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

5 Sec. 16-158. Contributions by State and other employing
6 units; funding guarantee.

7 (a) The State shall make contributions to the System by
8 means of appropriations from the Common School Fund and other
9 State funds of amounts which, together with ~~other~~ employer
10 contributions, employee contributions, investment income, and
11 other income, will be sufficient to meet the cost of
12 maintaining and administering the System on a 100% ~~90%~~ funded
13 basis in accordance with actuarial recommendations by the end
14 of State fiscal year 2043.

15 Beginning with State fiscal year 2014, the State's required
16 contributions to the System under subsection (b-3) shall be
17 limited to the amounts required to amortize the total cost of
18 the benefits of the System arising before July 1, 2013. The
19 State shall also pay any employer contributions required from
20 the State as the actual employer of participants under this
21 Article and any contribution required under subsection (b-20).

22 The Board shall determine the amount of State and employer
23 contributions required for each fiscal year on the basis of the
24 actuarial tables and other assumptions adopted by the Board and
25 the recommendations of the actuary, using the formulas provided

1 in this Section ~~formula in subsection (b-3).~~

2 (a-1) Annually, on or before November 15 through ~~until~~
3 November 15, 2011, the Board shall certify to the Governor the
4 amount of the required State contribution for the coming fiscal
5 year. The certification under this subsection (a-1) shall
6 include a copy of the actuarial recommendations upon which it
7 is based ~~and shall specifically identify the System's projected~~
8 ~~State normal cost for that fiscal year.~~

9 On or before May 1, 2004, 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 2005, taking
12 into account the amounts appropriated to and received by the
13 System under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act.

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

20 On or before April 1, 2011, 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 2011, applying
23 the changes made by Public Act 96-889 to the System's assets
24 and liabilities as of June 30, 2009 as though Public Act 96-889
25 was approved on that date.

26 On or before July 1, 2013, the Board shall, if necessary,

1 recalculate and recertify to the Governor the amount of the
2 required State contribution to the System for State fiscal year
3 2014, taking into account the changes in required State
4 contributions made by this amendatory Act of the 98th General
5 Assembly.

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

18 On or before January 15, 2013 and each January 15
19 thereafter, the Board shall certify to the Governor and the
20 General Assembly the amount of the required State contribution
21 for the next fiscal year. The certification shall include a
22 copy of the actuarial recommendations upon which it is based
23 and shall specifically identify the System's projected State
24 normal cost for that fiscal year. The Board's certification
25 must note any deviations from the State Actuary's recommended
26 changes, the reason or reasons for not following the State

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

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

7 (b-1) Beginning in State fiscal year 1996, on the 15th day
8 of each month, or as soon thereafter as may be practicable, the
9 Board shall submit vouchers for payment of State contributions
10 to the System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a-1). From the effective date of this amendatory Act of the
13 93rd General Assembly through June 30, 2004, the Board shall
14 not submit vouchers for the remainder of fiscal year 2004 in
15 excess of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (a) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year.

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this subsection, the

1 difference shall be paid from the Common School Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

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

7 (b-3) For State fiscal years 2014 through 2043, the minimum
8 contribution to the System to be made by the State under this
9 subsection (b-3) for each fiscal year shall be an amount
10 determined by the Board to be sufficient to amortize the
11 unfunded accrued liability that is attributable to benefits
12 that accrued before July 1, 2013 as a level percentage of
13 payroll over the years remaining to and including fiscal year
14 2043, determined under the projected unit credit actuarial cost
15 method.

16 For State fiscal year 2044 and thereafter, the minimum
17 contribution to the System to be made by the State under this
18 subsection (b-3) for each fiscal year shall be an amount
19 determined by the Board to be sufficient to amortize, over a
20 30-year rolling amortization period, any unfunded liability
21 arising on or after July 1, 2043 that is attributable to
22 benefits that accrued before July 1, 2013.

23 For State fiscal years 2012 and 2013 ~~through 2045~~, the
24 minimum contribution to the System to be made by the State for
25 each fiscal year shall be an amount determined by the System to
26 be sufficient to bring the total assets of the System up to 90%

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

7 For State fiscal years 1996 through 2005, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 so that by State fiscal year 2011, the State is contributing at
11 the rate required under this Section; except that in the
12 following specified State fiscal years, the State contribution
13 to the System shall not be less than the following indicated
14 percentages of the applicable employee payroll, even if the
15 indicated percentage will produce a State contribution in
16 excess of the amount otherwise required under this subsection
17 and subsection (a), and notwithstanding any contrary
18 certification made under subsection (a-1) before the effective
19 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
20 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
21 2003; and 13.56% in FY 2004.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$534,627,700.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$738,014,500.

2 For each of State fiscal years 2008 through 2009, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 from the required State contribution for State fiscal year
6 2007, so that by State fiscal year 2011, the State is
7 contributing at the rate otherwise required under this Section.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2010 is
10 \$2,089,268,000 and shall be made from the proceeds of bonds
11 sold in fiscal year 2010 pursuant to Section 7.2 of the General
12 Obligation Bond Act, less (i) the pro rata share of bond sale
13 expenses determined by the System's share of total bond
14 proceeds, (ii) any amounts received from the Common School Fund
15 in fiscal year 2010, and (iii) any reduction in bond proceeds
16 due to the issuance of discounted bonds, if applicable.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2011 is
19 the amount recertified by the System on or before April 1, 2011
20 pursuant to subsection (a-1) of this Section and shall be made
21 from the proceeds of bonds sold in fiscal year 2011 pursuant to
22 Section 7.2 of the General Obligation Bond Act, less (i) the
23 pro rata share of bond sale expenses determined by the System's
24 share of total bond proceeds, (ii) any amounts received from
25 the Common School Fund in fiscal year 2011, and (iii) any
26 reduction in bond proceeds due to the issuance of discounted

1 bonds, if applicable. This amount shall include, in addition to
2 the amount certified by the System, an amount necessary to meet
3 employer contributions required by the State as an employer
4 under paragraph (e) of this Section, which may also be used by
5 the System for contributions required by paragraph (a) of
6 Section 16-127.

7 ~~Beginning in State fiscal year 2046, the minimum State~~
8 ~~contribution for each fiscal year shall be the amount needed to~~
9 ~~maintain the total assets of the System at 90% of the total~~
10 ~~actuarial liabilities of the System.~~

11 Amounts received by the System pursuant to Section 25 of
12 the Budget Stabilization Act or Section 8.12 of the State
13 Finance Act in any fiscal year do not reduce and do not
14 constitute payment of any portion of the minimum State
15 contribution required under this Article in that fiscal year.
16 Such amounts shall not reduce, and shall not be included in the
17 calculation of, the required State contributions under this
18 Article in any future year until the System has reached a
19 funding ratio of at least 100% ~~90%~~. A reference in this Article
20 to the "required State contribution" or any substantially
21 similar term does not include or apply to any amounts payable
22 to the System under Section 25 of the Budget Stabilization Act.

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter through State
26 fiscal year 2013, as calculated under this Section and

1 certified under subsection (a-1), shall not exceed an amount
2 equal to (i) the amount of the required State contribution that
3 would have been calculated under this Section for that fiscal
4 year if the System had not received any payments under
5 subsection (d) of Section 7.2 of the General Obligation Bond
6 Act, minus (ii) the portion of the State's total debt service
7 payments for that fiscal year on the bonds issued in fiscal
8 year 2003 for the purposes of that Section 7.2, as determined
9 and certified by the Comptroller, that is the same as the
10 System's portion of the total moneys distributed under
11 subsection (d) of Section 7.2 of the General Obligation Bond
12 Act. In determining this maximum for State fiscal years 2008
13 through 2010, however, the amount referred to in item (i) shall
14 be increased, as a percentage of the applicable employee
15 payroll, in equal increments calculated from the sum of the
16 required State contribution for State fiscal year 2007 plus the
17 applicable portion of the State's total debt service payments
18 for fiscal year 2007 on the bonds issued in fiscal year 2003
19 for the purposes of Section 7.2 of the General Obligation Bond
20 Act, so that, by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 (b-10) Subject to the limitations provided in subsection
23 (b-15), beginning with State fiscal year 2014, the minimum
24 required contribution of each employer under this Article shall
25 be sufficient to produce an annual amount equal to:

26 (i) the employer's normal cost for that fiscal year,

1 exclusive of the employer's normal cost that arises from
2 optional employer contributions agreed to by that employer
3 for that fiscal year under Section 1-161; plus

4 (ii) the employer's normal cost for that fiscal year
5 that arises from optional employer contributions agreed to
6 by that employer for that fiscal year under Section 1-161;
7 plus

8 (iii) the amount required for that fiscal year to
9 amortize that employer's portion of the unfunded accrued
10 liability associated with the cost of benefits accrued on
11 or after July 1, 2013 as a level percentage of payroll over
12 a 30-year rolling amortization period, as determined for
13 each employer by the Board.

14 Each employer under this Article shall make these
15 contributions in the amounts determined and the manner
16 prescribed from time to time by the Board.

17 (b-15) The System shall determine the employer's normal
18 cost under item (i) of subsection (b-10) as a percentage of
19 projected payroll applicable to all employers, based on
20 actuarial assumptions applicable to the System as a whole. The
21 required employer contribution under item (i) in a fiscal year
22 shall not exceed a percentage of payroll determined by
23 subtracting 2013 from the applicable fiscal year and
24 multiplying the result by 0.5%.

25 The System shall determine the employer's normal cost under
26 item (ii) of subsection (b-10) as an additional percentage of

1 projected payroll payable by a specific employer, based on the
2 optional employer contributions agreed to by that employer for
3 that fiscal year under Section 1-161 and the actuarial
4 assumptions applicable to the System as a whole.

5 The System shall determine the employer's portion of the
6 unfunded accrued liability under item (iii) of subsection
7 (b-10) separately for each employer, as a percentage of that
8 employer's projected payroll, based on the liabilities
9 attributable to that employer and the actuarial assumptions
10 applicable to the System as a whole.

11 For use in determining the employer's contribution for
12 unfunded accrued liability under item (iii), the System shall
13 maintain a separate account for each employer. The separate
14 account shall be maintained in such form and detail as the
15 System determines to be appropriate. The separate account shall
16 reflect the following items to the extent that they are
17 attributable to that employer and arise on or after July 1,
18 2013: employer contributions, State contributions under
19 subsection (b-20), employee contributions, investment returns,
20 payments of benefits, and that employer's proportionate share
21 of the System's administrative expenses.

22 In the event that the Board determines that there is a
23 deficiency or surplus in the account of an employer with
24 respect to the projected liabilities attributable to that
25 employer arising on or after July 1, 2013, the Board shall
26 determine the employer's contribution rate under item (iii) of

1 subsection (b-10) so as to address that deficiency or surplus
2 over a reasonable period of time as determined by the Board.

3 (b-20) Beginning in State fiscal year 2014, for any fiscal
4 year in which (1) the System's normal cost for all employers
5 for that fiscal year, exclusive of the normal cost that arises
6 from optional employer contributions agreed to by employers for
7 that fiscal year under Section 1-161, exceeds (2) the total
8 contribution calculated under item (i) of subsection (b-10) for
9 all employers for that fiscal year, the State shall make an
10 additional contribution to the System for that fiscal year
11 equal to the difference.

12 The State contribution under this subsection (b-20) is in
13 addition to the State contributions required under subsection
14 (b-1) and any contributions required to be paid by the State as
15 an employer under subsection (b-10) of this Section.

16 ~~(c) Payment of the required State contributions and of all~~
17 ~~pensions, retirement annuities, death benefits, refunds, and~~
18 ~~other benefits granted under or assumed by this System, and all~~
19 ~~expenses in connection with the administration and operation~~
20 ~~thereof, are obligations of the State.~~

21 If members are paid from special trust or federal funds
22 which are administered by the employing unit, whether school
23 district or other unit, the employing unit shall pay to the
24 System from such funds the full accruing retirement costs based
25 upon that service, as determined by the System. Employer
26 contributions, based on salary paid to members from federal

1 funds, may be forwarded by the distributing agency of the State
2 of Illinois to the System prior to allocation, in an amount
3 determined in accordance with guidelines established by such
4 agency and the System.

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

12 However, with respect to benefits granted under Section
13 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
14 of Section 16-106, the employer's contribution shall be 12%
15 (rather than 20%) of the member's highest annual salary rate
16 for each year of creditable service granted, and the employer
17 shall also pay the required employee contribution on behalf of
18 the teacher. For the purposes of Sections 16-133.4 and
19 16-133.5, a teacher as defined in paragraph (8) of Section
20 16-106 who is serving in that capacity while on leave of
21 absence from another employer under this Article shall not be
22 considered an employee of the employer from which the teacher
23 is on leave.

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

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

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

7 The school district or other employing unit may pay these
8 employer contributions out of any source of funding available
9 for that purpose and shall forward the contributions to the
10 System on the schedule established for the payment of member
11 contributions.

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

15 Each employer of teachers is entitled to a credit against
16 the contributions required under this subsection (e) with
17 respect to salaries paid to teachers for the period January 1,
18 2002 through June 30, 2003, equal to the amount paid by that
19 employer under subsection (a-5) of Section 6.6 of the State
20 Employees Group Insurance Act of 1971 with respect to salaries
21 paid to teachers for that period.

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

1 If an employer is required by a contract in effect on May
2 1, 1998 between the employer and an employee organization to
3 pay, on behalf of all its full-time employees covered by this
4 Article, all mandatory employee contributions required under
5 this Article, then the employer shall be excused from paying
6 the employer contribution required under this subsection (e)
7 for the balance of the term of that contract. The employer and
8 the employee organization shall jointly certify to the System
9 the existence of the contractual requirement, in such form as
10 the System may prescribe. This exclusion shall cease upon the
11 termination, extension, or renewal of the contract at any time
12 after May 1, 1998.

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

15 If the amount of a teacher's salary for any school year
16 used to determine final average salary exceeds the member's
17 annual full-time salary rate with the same employer for the
18 previous school year by more than 6%, the teacher's employer
19 shall pay to the System, in addition to all other payments
20 required under this Section and in accordance with guidelines
21 established by the System, the present value of the increase in
22 benefits resulting from the portion of the increase in salary
23 that is in excess of 6%. This present value shall be computed
24 by the System on the basis of the actuarial assumptions and
25 tables used in the most recent actuarial valuation of the
26 System that is available at the time of the computation. If a

1 teacher's salary for the 2005-2006 school year is used to
2 determine final average salary under this subsection (f), then
3 the changes made to this subsection (f) by Public Act 94-1057
4 shall apply in calculating whether the increase in his or her
5 salary is in excess of 6%. For the purposes of this Section,
6 change in employment under Section 10-21.12 of the School Code
7 on or after June 1, 2005 shall constitute a change in employer.
8 The System may require the employer to provide any pertinent
9 information or documentation. The changes made to this
10 subsection (f) by this amendatory Act of the 94th General
11 Assembly apply without regard to whether the teacher was in
12 service on or after its effective date.

13 Whenever it determines that a payment is or may be required
14 under this subsection, the System shall calculate the amount of
15 the payment and bill the employer for that amount. The bill
16 shall specify the calculations used to determine the amount
17 due. If the employer disputes the amount of the bill, it may,
18 within 30 days after receipt of the bill, apply to the System
19 in writing for a recalculation. The application must specify in
20 detail the grounds of the dispute and, if the employer asserts
21 that the calculation is subject to subsection (g) or (h) of
22 this Section, must include an affidavit setting forth and
23 attesting to all facts within the employer's knowledge that are
24 pertinent to the applicability of that subsection. Upon
25 receiving a timely application for recalculation, the System
26 shall review the application and, if appropriate, recalculate

1 the amount due.

2 The employer contributions required under this subsection
3 (f) may be paid in the form of a lump sum within 90 days after
4 receipt of the bill. If the employer contributions are not paid
5 within 90 days after receipt of the bill, then interest will be
6 charged at a rate equal to the System's annual actuarially
7 assumed rate of return on investment compounded annually from
8 the 91st day after receipt of the bill. Payments must be
9 concluded within 3 years after the employer's receipt of the
10 bill.

11 (g) This subsection (g) applies only to payments made or
12 salary increases given on or after June 1, 2005 but before July
13 1, 2011. The changes made by Public Act 94-1057 shall not
14 require the System to refund any payments received before July
15 31, 2006 (the effective date of Public Act 94-1057).

16 When assessing payment for any amount due under subsection
17 (f), the System shall exclude salary increases paid to teachers
18 under contracts or collective bargaining agreements entered
19 into, amended, or renewed before June 1, 2005.

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases resulting from
26 overload work, including summer school, when the school

1 district has certified to the System, and the System has
2 approved the certification, that (i) the overload work is for
3 the sole purpose of classroom instruction in excess of the
4 standard number of classes for a full-time teacher in a school
5 district during a school year and (ii) the salary increases are
6 equal to or less than the rate of pay for classroom instruction
7 computed on the teacher's current salary and work schedule.

8 When assessing payment for any amount due under subsection
9 (f), the System shall exclude a salary increase resulting from
10 a promotion (i) for which the employee is required to hold a
11 certificate or supervisory endorsement issued by the State
12 Teacher Certification Board that is a different certification
13 or supervisory endorsement than is required for the teacher's
14 previous position and (ii) to a position that has existed and
15 been filled by a member for no less than one complete academic
16 year and the salary increase from the promotion is an increase
17 that results in an amount no greater than the lesser of the
18 average salary paid for other similar positions in the district
19 requiring the same certification or the amount stipulated in
20 the collective bargaining agreement for a similar position
21 requiring the same certification.

22 When assessing payment for any amount due under subsection
23 (f), the System shall exclude any payment to the teacher from
24 the State of Illinois or the State Board of Education over
25 which the employer does not have discretion, notwithstanding
26 that the payment is included in the computation of final

1 average salary.

2 (h) When assessing payment for any amount due under
3 subsection (f), the System shall exclude any salary increase
4 described in subsection (g) of this Section given on or after
5 July 1, 2011 but before July 1, 2014 under a contract or
6 collective bargaining agreement entered into, amended, or
7 renewed on or after June 1, 2005 but before July 1, 2011.
8 Notwithstanding any other provision of this Section, any
9 payments made or salary increases given after June 30, 2014
10 shall be used in assessing payment for any amount due under
11 subsection (f) of this Section.

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

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

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

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

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

1 (j) For purposes of determining the required State
2 contribution to the System, the value of the System's assets
3 shall be equal to the actuarial value of the System's assets,
4 which shall be calculated as follows:

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

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

16 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
17 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
18 6-18-12; 97-813, eff. 7-13-12.)

19 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

20 Sec. 16-158.1. Actions to enforce payments by school
21 districts and other employing units other than the State. Any
22 school district or other employing unit, other than the State,
23 that fails ~~failing~~ to transmit to the System contributions
24 required of it under this Article or contributions required of
25 teachers, for more than 90 days after such contributions are

1 due is subject to the following: after giving notice to the
2 district or other unit, the System may certify to the State
3 Comptroller or the Regional Superintendent of Schools the
4 amounts of such delinquent payments and the State Comptroller
5 or the Regional Superintendent of Schools shall deduct the
6 amounts so certified or any part thereof from any State funds
7 to be remitted to the school district or other employing unit
8 involved and shall pay the amount so deducted to the System. If
9 State funds from which such deductions may be made are not
10 available, the System may proceed against the school district
11 or other employing unit to recover the amounts of such
12 delinquent payments in the appropriate circuit court.

13 The System may provide for an audit of the records of a
14 school district or other employing unit, other than the State,
15 as may be required to establish the amounts of required
16 contributions. The school district or other employing unit
17 shall make its records available to the System for the purpose
18 of such audit. The cost of such audit shall be added to the
19 amount of the delinquent payments and shall be recovered by the
20 System from the school district or other employing unit at the
21 same time and in the same manner as the delinquent payments are
22 recovered.

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

24 (40 ILCS 5/16-158.2 new)

25 Sec. 16-158.2. Obligations of State; funding guarantee.

1 Beginning July 1, 2013, the State shall be contractually
2 obligated to contribute to the System under Section 16-158 in
3 each State fiscal year an amount not less than the sum of (i)
4 the State's required contribution under subsections (b-10) and
5 (b-20) of Section 16-158 and (ii) the portion of the total cost
6 of the benefits of the System arising before July 1, 2013
7 assigned to that State fiscal year by law in accordance with a
8 schedule that distributes payments equitably over a reasonable
9 period of time and in accordance with accepted actuarial
10 practices. The obligations created under this subsection (b)
11 are contractual obligations protected and enforceable under
12 Article I, Section 16 and Article XIII, Section 5 of the
13 Illinois Constitution.

14 Notwithstanding any other provision of law, if the State
15 fails to pay in a State fiscal year the amount guaranteed under
16 this subsection, the System may bring a mandamus action in the
17 circuit court of Sangamon County to compel the State to make
18 that payment, irrespective of other remedies that may be
19 available to the System. In ordering the State to make the
20 required payment, the court may order a reasonable payment
21 schedule to enable the State to make the required payment
22 without significantly imperiling the public health, safety, or
23 welfare.

24 Any payments required to be made by the State pursuant to
25 this Section are expressly subordinated to the payment of the
26 principal, interest, and premium, if any, on any bonded debt

1 obligation of the State or any other State-created entity,
2 either currently outstanding or to be issued, for which the
3 source of repayment or security thereon is derived directly or
4 indirectly from tax revenues collected by the State or any
5 other State-created entity. Payments on such bonded
6 obligations include any statutory fund transfers or other
7 prefunding mechanisms or formulas set forth, now or hereafter,
8 in State law or bond indentures, into debt service funds or
9 accounts of the State related to such bonded obligations,
10 consistent with the payment schedules associated with such
11 obligations.

12 (40 ILCS 5/16-203)

13 Sec. 16-203. Application and expiration of new benefit
14 increases.

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after June 1, 2005 (the
20 effective date of Public Act 94-4). "New benefit increase",
21 however, does not include any benefit increase resulting from
22 the changes made to this Article or Article 1 by Public Act
23 95-910 or this amendatory Act of the 98th ~~95th~~ General
24 Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

9 Every new benefit increase is contingent upon the General
10 Assembly providing the additional funding required under this
11 subsection. The Commission on Government Forecasting and
12 Accountability shall analyze whether adequate additional
13 funding has been provided for the new benefit increase and
14 shall report its analysis to the Public Pension Division of the
15 Department of Financial and Professional Regulation. A new
16 benefit increase created by a Public Act that does not include
17 the additional funding required under this subsection is null
18 and void. If the Public Pension Division determines that the
19 additional funding provided for a new benefit increase under
20 this subsection is or has become inadequate, it may so certify
21 to the Governor and the State Comptroller and, in the absence
22 of corrective action by the General Assembly, the new benefit
23 increase shall expire at the end of the fiscal year in which
24 the certification is made.

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

5 (e) Except as otherwise provided in the language creating
6 the new benefit increase, a new benefit increase that expires
7 under this Section continues to apply to persons who applied
8 and qualified for the affected benefit while the new benefit
9 increase was in effect and to the affected beneficiaries and
10 alternate payees of such persons, but does not apply to any
11 other person, including without limitation a person who
12 continues in service after the expiration date and did not
13 apply and qualify for the affected benefit while the new
14 benefit increase was in effect.

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

16 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

17 Sec. 20-121. Calculation of proportional retirement
18 annuities. Upon retirement of the employee, a proportional
19 retirement annuity shall be computed by each participating
20 system in which pension credit has been established on the
21 basis of pension credits under each system. The computation
22 shall be in accordance with the formula or method prescribed by
23 each participating system which is in effect at the date of the
24 employee's latest withdrawal from service covered by any of the
25 systems in which he has pension credits which he elects to have

1 considered under this Article. However, (1) the amount of any
2 retirement annuity payable under the self-managed plan
3 established under Section 15-158.2 of this Code depends solely
4 on the value of the participant's vested account balances and
5 is not subject to any proportional adjustment under this
6 Section, and (2) the amount of any retirement annuity payable
7 under the cash balance plan established under Section 1-161 of
8 this Code shall be calculated solely in accordance with that
9 Section and is not subject to any proportional adjustment under
10 this Section.

11 Combined pension credit under all retirement systems
12 subject to this Article shall be considered in determining
13 whether the minimum qualification has been met and the formula
14 or method of computation which shall be applied. If a system
15 has a step-rate formula for calculation of the retirement
16 annuity, pension credits covering previous service which have
17 been established under another system shall be considered in
18 determining which range or ranges of the step-rate formula are
19 to be applicable to the employee.

20 Interest on pension credit shall continue to accumulate in
21 accordance with the provisions of the law governing the
22 retirement system in which the same has been established during
23 the time an employee is in the service of another employer, on
24 the assumption such employee, for interest purposes for pension
25 credit, is continuing in the service covered by such retirement
26 system.

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

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

3 Sec. 20-123. Survivor's annuity. The provisions governing
4 a retirement annuity shall be applicable to a survivor's
5 annuity. Appropriate credits shall be established for
6 survivor's annuity purposes in those participating systems
7 which provide survivor's annuities, according to the same
8 conditions and subject to the same limitations and restrictions
9 herein prescribed for a retirement annuity. If a participating
10 system has no survivor's annuity benefit, or if the survivor's
11 annuity benefit under that system is waived, pension credit
12 established in that system shall not be considered in
13 determining eligibility for or the amount of the survivor's
14 annuity which may be payable by any other participating system.

15 For persons who participate in the self-managed plan
16 established under Section 15-158.2 or the portable benefit
17 package established under Section 15-136.4, pension credit
18 established under Article 15 may be considered in determining
19 eligibility for or the amount of the survivor's annuity that is
20 payable by any other participating system, but pension credit
21 established in any other system shall not result in any right
22 to a survivor's annuity under the Article 15 system.

23 For persons who participate in the cash balance plan
24 established under Section 1-161, pension credit established
25 under the participating system with respect to which the person

1 participates in the cash balance plan may be considered in
2 determining eligibility for or the amount of the survivor's
3 annuity that is payable by any other participating system with
4 respect to which the person does not participate in the cash
5 balance plan, but the amount of any survivor's annuity payable
6 under the cash balance plan established under Section 1-161
7 shall be calculated solely in accordance with that Section.

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

9 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

10 Sec. 20-124. Maximum benefits.

11 (a) In no event shall the combined retirement or survivors
12 annuities exceed the highest annuity which would have been
13 payable by any participating system in which the employee has
14 pension credits, if all of his pension credits had been
15 validated in that system.

16 If the combined annuities should exceed the highest maximum
17 as determined in accordance with this Section, the respective
18 annuities shall be reduced proportionately according to the
19 ratio which the amount of each proportional annuity bears to
20 the aggregate of all such annuities; except that benefits
21 payable under the cash balance plan established under Section
22 1-161 are not subject to proportionate reduction under this
23 Section.

24 (b) In the case of a participant in the self-managed plan
25 established under Section 15-158.2 of this Code to whom the

1 provisions of this Article apply:

2 (i) For purposes of calculating the combined
3 retirement annuity and the proportionate reduction, if
4 any, in a retirement annuity other than one payable under
5 the self-managed plan, the amount of the Article 15
6 retirement annuity shall be deemed to be the highest
7 annuity to which the annuitant would have been entitled if
8 he or she had participated in the traditional benefit
9 package as defined in Section 15-103.1 rather than the
10 self-managed plan.

11 (ii) For purposes of calculating the combined
12 survivor's annuity and the proportionate reduction, if
13 any, in a survivor's annuity other than one payable under
14 the self-managed plan, the amount of the Article 15
15 survivor's annuity shall be deemed to be the highest
16 survivor's annuity to which the survivor would have been
17 entitled if the deceased employee had participated in the
18 traditional benefit package as defined in Section 15-103.1
19 rather than the self-managed plan.

20 (iii) Benefits payable under the self-managed plan are
21 not subject to proportionate reduction under this Section.

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

23 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

24 Sec. 20-125. Return to employment - suspension of benefits.

25 If a retired employee returns to employment which is covered by

1 a system from which he is receiving a proportional annuity
2 under this Article, his proportional annuity from all
3 participating systems shall be suspended during the period of
4 re-employment, except that this suspension does not apply to
5 any distributions payable under the self-managed plan
6 established under Section 15-158.2 of this Code.

7 The provisions of the Article under which such employment
8 would be covered (including Section 1-161 in the case of a
9 participant in the cash balance plan) shall govern the
10 determination of whether the employee has returned to
11 employment, and if applicable the exemption of temporary
12 employment or employment not exceeding a specified duration or
13 frequency, for all participating systems from which the retired
14 employee is receiving a proportional annuity under this
15 Article, notwithstanding any contrary provisions in the other
16 Articles governing such systems.

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

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.37 as follows:

20 (30 ILCS 805/8.37 new)

21 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
22 of this Act, no reimbursement by the State is required for the
23 implementation of any mandate created by this amendatory Act of
24 the 98th General Assembly.

1 Section 97. Inseverability. The provisions of this Act are
2 inseverable.

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.

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Statutes amended in order of appearance

3	20 ILCS 3005/7	from Ch. 127, par. 417
4	20 ILCS 3005/8	from Ch. 127, par. 418
5	30 ILCS 105/13	from Ch. 127, par. 149
6	30 ILCS 105/24.12 new	
7	30 ILCS 105/24.13 new	
8	30 ILCS 122/20	
9	40 ILCS 5/1-103.3	
10	40 ILCS 5/1-160	
11	40 ILCS 5/1-161 new	
12	40 ILCS 5/2-105.1 new	
13	40 ILCS 5/2-105.2 new	
14	40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
15	40 ILCS 5/2-119	from Ch. 108 1/2, par. 2-119
16	40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
17	40 ILCS 5/2-121.1	from Ch. 108 1/2, par. 2-121.1
18	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
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20	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
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23	40 ILCS 5/14-103.10	from Ch. 108 1/2, par. 14-103.10
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12	40 ILCS 5/15-111	from Ch. 108 1/2, par. 15-111
13	40 ILCS 5/15-113.6	from Ch. 108 1/2, par. 15-113.6
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16	40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
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21	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
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