



Rep. Michael J. Madigan

Filed: 2/26/2013

09800HB1166ham001

LRB098 08855 EFG 41392 a

1 AMENDMENT TO HOUSE BILL 1166

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1166 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 2-126, 14-133, 15-157, and 16-152 and by  
6 adding Sections 2-105.1, 14-103.40, 15-107.1, and 16-106.4 as  
7 follows:

8 (40 ILCS 5/2-105.1 new)

9 Sec. 2-105.1. Tier I participant. "Tier I participant": A  
10 participant who first became a participant before January 1,  
11 2011.

12 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

13 Sec. 2-126. Contributions by participants.

14 (a) Each participant shall contribute toward the cost of  
15 his or her retirement annuity a percentage of each payment of

1 salary received by him or her for service as a member as  
2 follows: for service between October 31, 1947 and January 1,  
3 1959, 5%; for service between January 1, 1959 and June 30,  
4 1969, 6%; for service between July 1, 1969 and January 10,  
5 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
6 service after December 31, 1981, 8 1/2%.

7 (a-5) Beginning July 1, 2013, in addition to the  
8 contributions otherwise required under this Article, each Tier  
9 I participant shall contribute toward the cost of his or her  
10 retirement annuity 5% of each payment of salary received by him  
11 or her for service as a member.

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

15 A participant who has no eligible survivor's annuity  
16 beneficiary may elect to cease making contributions for  
17 survivor's annuity under this subsection. A survivor's annuity  
18 shall not be payable upon the death of a person who has made  
19 this election, unless prior to that death the election has been  
20 revoked and the amount of the contributions that would have  
21 been paid under this subsection in the absence of the election  
22 is paid to the System, together with interest at the rate of 4%  
23 per year from the date the contributions would have been made  
24 to the date of payment.

25 (c) Beginning July 1, 1967, each participant shall  
26 contribute 1% of salary towards the cost of automatic increase

1 in annuity provided in Section 2-119.1. These contributions  
2 shall be made concurrently with contributions for retirement  
3 annuity purposes.

4 (d) In addition, each participant serving as an officer of  
5 the General Assembly shall contribute, for the same purposes  
6 and at the same rates as are required of a regular participant,  
7 on each additional payment received as an officer. If the  
8 participant serves as an officer for at least 2 but less than 4  
9 years, he or she shall contribute an amount equal to the amount  
10 that would have been contributed had the participant served as  
11 an officer for 4 years. Persons who serve as officers in the  
12 87th General Assembly but cannot receive the additional payment  
13 to officers because of the ban on increases in salary during  
14 their terms may nonetheless make contributions based on those  
15 additional payments for the purpose of having the additional  
16 payments included in their highest salary for annuity purposes;  
17 however, persons electing to make these additional  
18 contributions must also pay an amount representing the  
19 corresponding employer contributions, as calculated by the  
20 System.

21 (e) Notwithstanding any other provision of this Article,  
22 the required contribution of a participant who first becomes a  
23 participant on or after January 1, 2011 shall not exceed the  
24 contribution that would be due under this Article if that  
25 participant's highest salary for annuity purposes were  
26 \$106,800, plus any increases in that amount under Section

1 2-108.1.

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

3 (40 ILCS 5/14-103.40 new)

4 Sec. 14-103.40. Tier I member. "Tier I member": A member of  
5 this System who first became a member or participant before  
6 January 1, 2011 under any reciprocal retirement system or  
7 pension fund established under this Code other than a  
8 retirement system or pension fund established under Article 2,  
9 3, 4, 5, 6, or 18 of this Code.

10 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

12 (a) Each participating employee shall make contributions  
13 to the System, based on the employee's compensation, as  
14 follows:

15 (1) Covered employees, except as indicated below, 3.5%  
16 for retirement annuity, and 0.5% for a widow or survivors  
17 annuity;

18 (2) Noncovered employees, except as indicated below,  
19 7% for retirement annuity and 1% for a widow or survivors  
20 annuity;

21 (3) Noncovered employees serving in a position in which  
22 "eligible creditable service" as defined in Section 14-110  
23 may be earned, 1% for a widow or survivors annuity plus the  
24 following amount for retirement annuity: 8.5% through

1 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
2 in 2004 and thereafter;

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

9 (5) Each security employee of the Department of  
10 Corrections or of the Department of Human Services who is a  
11 covered employee, 0.5% for a widow or survivors annuity  
12 plus the following amount for retirement annuity: 5%  
13 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
14 in 2004 and thereafter;

15 (6) Each security employee of the Department of  
16 Corrections or of the Department of Human Services who is  
17 not a covered employee, 1% for a widow or survivors annuity  
18 plus the following amount for retirement annuity: 8.5%  
19 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
20 11.5% in 2004 and thereafter.

21 (a-5) Beginning July 1, 2013, in addition to the  
22 contributions otherwise required under this Article, each Tier  
23 I member shall contribute toward the cost of his or her  
24 retirement annuity 5% of each payment of compensation received  
25 by him or her for service as a member.

26 (b) Contributions shall be in the form of a deduction from

1 compensation and shall be made notwithstanding that the  
2 compensation paid in cash to the employee shall be reduced  
3 thereby below the minimum prescribed by law or regulation. Each  
4 member is deemed to consent and agree to the deductions from  
5 compensation provided for in this Article, and shall receipt in  
6 full for salary or compensation.

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

8 (40 ILCS 5/15-107.1 new)

9 Sec. 15-107.1. Tier I participant. "Tier I participant": A  
10 participant under this Article, other than a participant in the  
11 self-managed plan under Section 15-158.2, who first became a  
12 member or participant before January 1, 2011 under any  
13 reciprocal retirement system or pension fund established under  
14 this Code other than a retirement system or pension fund  
15 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

16 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

17 Sec. 15-157. Employee Contributions.

18 (a) Each participating employee shall make contributions  
19 towards the retirement benefits payable under the retirement  
20 program applicable to the employee from each payment of  
21 earnings applicable to employment under this system on and  
22 after the date of becoming a participant as follows: Prior to  
23 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
24 to August 31, 1955, 5%; from September 1, 1955 to August 31,

1 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
2 are to be considered as normal contributions for purposes of  
3 this Article.

4 Each participant who is a police officer or firefighter  
5 shall make normal contributions of 8% of each payment of  
6 earnings applicable to employment as a police officer or  
7 firefighter under this system on or after September 1, 1981,  
8 unless he or she files with the board within 60 days after the  
9 effective date of this amendatory Act of 1991 or 60 days after  
10 the board receives notice that he or she is employed as a  
11 police officer or firefighter, whichever is later, a written  
12 notice waiving the retirement formula provided by Rule 4 of  
13 Section 15-136. This waiver shall be irrevocable. If a  
14 participant had met the conditions set forth in Section  
15 15-132.1 prior to the effective date of this amendatory Act of  
16 1991 but failed to make the additional normal contributions  
17 required by this paragraph, he or she may elect to pay the  
18 additional contributions plus compound interest at the  
19 effective rate. If such payment is received by the board, the  
20 service shall be considered as police officer service in  
21 calculating the retirement annuity under Rule 4 of Section  
22 15-136. While performing service described in clause (i) or  
23 (ii) of Rule 4 of Section 15-136, a participating employee  
24 shall be deemed to be employed as a firefighter for the purpose  
25 of determining the rate of employee contributions under this  
26 Section.

1 (b) Starting September 1, 1969, each participating  
2 employee shall make additional contributions of 1/2 of 1% of  
3 earnings to finance a portion of the cost of the annual  
4 increases in retirement annuity provided under Section 15-136,  
5 except that with respect to participants in the self-managed  
6 plan this additional contribution shall be used to finance the  
7 benefits obtained under that retirement program.

8 (c) In addition to the amounts described in subsections (a)  
9 and (b) of this Section, each participating employee shall make  
10 contributions of 1% of earnings applicable under this system on  
11 and after August 1, 1959. The contributions made under this  
12 subsection (c) shall be considered as survivor's insurance  
13 contributions for purposes of this Article if the employee is  
14 covered under the traditional benefit package, and such  
15 contributions shall be considered as additional contributions  
16 for purposes of this Article if the employee is participating  
17 in the self-managed plan or has elected to participate in the  
18 portable benefit package and has completed the applicable  
19 one-year waiting period. Contributions in excess of \$80 during  
20 any fiscal year beginning before August 31, 1969 and in excess  
21 of \$120 during any fiscal year thereafter until September 1,  
22 1971 shall be considered as additional contributions for  
23 purposes of this Article.

24 (c-5) Beginning July 1, 2013, in addition to the  
25 contributions otherwise required under this Article, each Tier  
26 I participant shall contribute toward the cost of his or her



1 retirement annuity 5% of each payment of earnings received by  
2 him or her for service as a member.

3 Except as otherwise specified, these contributions shall  
4 be considered as normal contributions for purposes of this  
5 Article.

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

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

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

1 (g) A participating employee may make contributions for the  
2 purchase of service credit under this Article.

3 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
4 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
5 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

6 (40 ILCS 5/16-106.4 new)

7 Sec. 16-106.4. Tier I member. "Tier I member": A member  
8 under this Article who first became a member or participant  
9 before January 1, 2011 under any reciprocal retirement system  
10 or pension fund established under this Code other than a  
11 retirement system or pension fund established under Article 2,  
12 3, 4, 5, 6, or 18 of this Code.

13 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

14 Sec. 16-152. Contributions by members.

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

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

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

23 (3) Effective July 24, 1959, contributions of 1% of  
24 salary towards the cost of survivor benefits. Such

1 contributions shall not be credited to the individual  
2 account of the member and shall not be subject to refund  
3 except as provided under Section 16-143.2.

4 (4) Effective July 1, 2005, contributions of 0.40% of  
5 salary toward the cost of the early retirement without  
6 discount option provided under Section 16-133.2. This  
7 contribution shall cease upon termination of the early  
8 retirement without discount option as provided in Section  
9 16-176.

10 (a-5) Beginning July 1, 2013, in addition to the  
11 contributions otherwise required under this Article, each Tier  
12 I member shall contribute toward the cost of his or her  
13 retirement annuity 5% of each payment of salary received by him  
14 or her for service as a member.

15 Except as otherwise specified, these contributions shall  
16 be considered as normal contributions for purposes of this  
17 Article.

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

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

23 (d) A person who (i) was a member before July 1, 1998, (ii)  
24 retires with more than 34 years of creditable service, and  
25 (iii) does not elect to qualify for the augmented rate under  
26 Section 16-129.1 shall be entitled, at the time of retirement,

1 to receive a partial refund of contributions made under this  
2 Section for service occurring after the later of June 30, 1998  
3 or attainment of 34 years of creditable service, in an amount  
4 equal to 1.00% of the salary upon which those contributions  
5 were based.

6 (e) A member's contributions toward the cost of early  
7 retirement without discount made under item (a)(4) of this  
8 Section shall not be refunded if the member has elected early  
9 retirement without discount under Section 16-133.2 and has  
10 begun to receive a retirement annuity under this Article  
11 calculated in accordance with that election. Otherwise, a  
12 member's contributions toward the cost of early retirement  
13 without discount made under item (a)(4) of this Section shall  
14 be refunded according to whichever one of the following  
15 circumstances occurs first:

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

20 (2) The contributions shall be included, without  
21 interest, in any refund claimed by the member under Section  
22 16-151.

23 (3) The contributions shall be refunded to the member's  
24 designated beneficiary (or if there is no beneficiary, to  
25 the member's estate), without interest, if the member dies  
26 without having begun to receive a retirement annuity under

1           this Article.

2           (4) The contributions shall be refunded to the member,  
3           without interest, within 120 days after the early  
4           retirement without discount option provided under Section  
5           16-133.2 is terminated under Section 16-176.

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

7           Section 99. Effective date. This Act takes effect upon  
8           becoming law.".