



Rep. Elaine Nekritz

Filed: 3/13/2013

09800HB1166ham007

LRB098 08855 EFG 42762 a

1 AMENDMENT TO HOUSE BILL 1166

2 AMENDMENT NO. _____. Amend House Bill 1166, AS AMENDED, by
3 inserting after the end of Section 1 the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 2-126, 14-133, 15-136, 15-157, 16-133, and
6 16-152 and by adding Sections 2-105.1, 14-103.40, 15-107.1, and
7 16-106.4 as 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 3% of salary toward the cost of
10 his or her retirement annuity.

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

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

24 (c) Beginning July 1, 1967, each participant shall
25 contribute 1% of salary towards the cost of automatic increase
26 in annuity provided in Section 2-119.1. These contributions

1 shall be made concurrently with contributions for retirement
2 annuity purposes.

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

20 (e) Notwithstanding any other provision of this Article,
21 the required contribution of a participant who first becomes a
22 participant on or after January 1, 2011 shall not exceed the
23 contribution that would be due under this Article if that
24 participant's highest salary for annuity purposes were
25 \$106,800, plus any increases in that amount under Section
26 2-108.1.

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

2 (40 ILCS 5/14-103.40 new)

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

9 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

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

20 (3) Noncovered employees serving in a position in which
21 "eligible creditable service" as defined in Section 14-110
22 may be earned, 1% for a widow or survivors annuity plus the
23 following amount for retirement annuity: 8.5% through
24 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%

1 in 2004 and thereafter;

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

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

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

20 (a-5) Beginning July 1, 2013, in addition to the
21 contributions otherwise required under this Article, each Tier
22 I member shall contribute toward the cost of his or her
23 retirement annuity 3% of each payment of compensation received
24 by him or her for service as a member.

25 (b) Contributions shall be in the form of a deduction from
26 compensation and shall be made notwithstanding that the

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

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

7 (40 ILCS 5/15-107.1 new)

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

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

16 Sec. 15-136. Retirement annuities - Amount. The provisions
17 of this Section 15-136 apply only to those participants who are
18 participating in the traditional benefit package or the
19 portable benefit package and do not apply to participants who
20 are participating in the self-managed plan.

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

1 Rule 1: The retirement annuity shall be 1.67% of final rate
2 of earnings for each of the first 10 years of service, 1.90%
3 for each of the next 10 years of service, 2.10% for each year
4 of service in excess of 20 but not exceeding 30, and 2.30% for
5 each year in excess of 30; or for persons who retire on or
6 after January 1, 1998, 2.2% of the final rate of earnings for
7 each year of service.

8 Rule 2: The retirement annuity shall be the sum of the
9 following, determined from amounts credited to the participant
10 in accordance with the actuarial tables and the effective rate
11 of interest in effect at the time the retirement annuity
12 begins:

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

16 (ii) an annuity from employer contributions of an
17 amount equal to that which can be provided on an
18 actuarially equivalent basis from the accumulated normal
19 contributions made by the participant under Section
20 15-113.6 and Section 15-113.7 plus 1.4 times all other
21 accumulated normal contributions made by the participant;
22 and

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

26 For the purpose of calculating an annuity under this Rule

1 2, the contribution required under subsection (c-5) of Section
2 15-157 shall not be considered when determining the
3 participant's accumulated normal contributions under clause
4 (i) or the employer contribution under clause (ii).

5 With respect to a police officer or firefighter who retires
6 on or after August 14, 1998, the accumulated normal
7 contributions taken into account under clauses (i) and (ii) of
8 this Rule 2 shall include the additional normal contributions
9 made by the police officer or firefighter under Section
10 15-157(a).

11 The amount of a retirement annuity calculated under this
12 Rule 2 shall be computed solely on the basis of the
13 participant's accumulated normal contributions, as specified
14 in this Rule and defined in Section 15-116. Neither an employee
15 or employer contribution for early retirement under Section
16 15-136.2 nor any other employer contribution shall be used in
17 the calculation of the amount of a retirement annuity under
18 this Rule 2.

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

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

25 Rule 3: The retirement annuity of a participant who is
26 employed at least one-half time during the period on which his

1 or her final rate of earnings is based, shall be equal to the
2 participant's years of service not to exceed 30, multiplied by
3 (1) \$96 if the participant's final rate of earnings is less
4 than \$3,500, (2) \$108 if the final rate of earnings is at least
5 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
6 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
7 the final rate of earnings is at least \$5,500 but less than
8 \$6,500, (5) \$144 if the final rate of earnings is at least
9 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
10 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
11 the final rate of earnings is at least \$8,500 but less than
12 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
13 more, except that the annuity for those persons having made an
14 election under Section 15-154(a-1) shall be calculated and
15 payable under the portable retirement benefit program pursuant
16 to the provisions of Section 15-136.4.

17 Rule 4: A participant who is at least age 50 and has 25 or
18 more years of service as a police officer or firefighter, and a
19 participant who is age 55 or over and has at least 20 but less
20 than 25 years of service as a police officer or firefighter,
21 shall be entitled to a retirement annuity of 2 1/4% of the
22 final rate of earnings for each of the first 10 years of
23 service as a police officer or firefighter, 2 1/2% for each of
24 the next 10 years of service as a police officer or
25 firefighter, and 2 3/4% for each year of service as a police
26 officer or firefighter in excess of 20. The retirement annuity

1 for all other service shall be computed under Rule 1.

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

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

6 (ii) in the case of an individual who was a
7 participating employee employed in the fire department of
8 the University of Illinois's Champaign-Urbana campus
9 immediately prior to the elimination of that fire
10 department and who immediately after the elimination of
11 that fire department transferred to another job with the
12 University of Illinois, service performed as an employee of
13 the University of Illinois in a position other than police
14 officer or firefighter, from the date of that transfer
15 until the employee's next termination of service with the
16 University of Illinois.

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

26 (i) the normal annuity which can be provided on an

1 actuarially equivalent basis, by the accumulated normal
2 contributions as of the date the annuity begins; and

3 (ii) an annuity from employer contributions of an
4 amount equal to that which can be provided on an
5 actuarially equivalent basis from the accumulated normal
6 contributions made by the participant under Section
7 15-113.6 and Section 15-113.7 plus 1.4 times all other
8 accumulated normal contributions made by the participant;
9 and

10 (iii) an annuity which can be provided on an
11 actuarially equivalent basis from the employee
12 contribution for early retirement under Section 15-136.2,
13 and an annuity from employer contributions of an amount
14 equal to that which can be provided on an actuarially
15 equivalent basis from the employee contribution for early
16 retirement under Section 15-136.2.

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

26 With respect to a participant who is qualified for a

1 retirement annuity under this Rule 5 whose retirement annuity
2 began before the effective date of this amendatory Act of the
3 91st General Assembly, and for whom an employee contribution
4 was made under Section 15-136.2, the System shall recalculate
5 the retirement annuity under this Rule 5 and shall pay any
6 additional amounts due in the manner provided in Section
7 15-186.1 for benefits mistakenly set too low.

8 The amount of a retirement annuity calculated under this
9 Rule 5 shall be computed solely on the basis of those
10 contributions specifically set forth in this Rule 5. Except as
11 provided in clause (iii) of this Rule 5, neither an employee
12 nor employer contribution for early retirement under Section
13 15-136.2, nor any other employer contribution, shall be used in
14 the calculation of the amount of a retirement annuity under
15 this Rule 5.

16 The General Assembly has adopted the changes set forth in
17 Section 25 of this amendatory Act of the 91st General Assembly
18 in recognition that the decision of the Appellate Court for the
19 Fourth District in *Mattis v. State Universities Retirement*
20 *System et al.* might be deemed to give some right to the
21 plaintiff in that case. The changes made by Section 25 of this
22 amendatory Act of the 91st General Assembly are a legislative
23 implementation of the decision of the Appellate Court for the
24 Fourth District in *Mattis v. State Universities Retirement*
25 *System et al.* with respect to that plaintiff.

26 The changes made by Section 25 of this amendatory Act of

1 the 91st General Assembly apply without regard to whether the
2 person is in service as an employee on or after its effective
3 date.

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

8 (1) For a disabled participant whose disability
9 benefits have been discontinued because he or she has
10 exhausted eligibility for disability benefits under clause
11 (6) of Section 15-152;

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

15 (3) For that portion of a retirement annuity which has
16 been provided on account of service of the participant
17 during periods when he or she performed the duties of a
18 police officer or firefighter, if these duties were
19 performed for at least 5 years immediately preceding the
20 date the retirement annuity is to begin.

21 (c) The maximum retirement annuity provided under Rules 1,
22 2, 4, and 5 shall be the lesser of (1) the annual limit of
23 benefits as specified in Section 415 of the Internal Revenue
24 Code of 1986, as such Section may be amended from time to time
25 and as such benefit limits shall be adjusted by the
26 Commissioner of Internal Revenue, and (2) 80% of final rate of

1 earnings.

2 (d) An annuitant whose status as an employee terminates
3 after August 14, 1969 shall receive automatic increases in his
4 or her retirement annuity as follows:

5 Effective January 1 immediately following the date the
6 retirement annuity begins, the annuitant shall receive an
7 increase in his or her monthly retirement annuity of 0.125% of
8 the monthly retirement annuity provided under Rule 1, Rule 2,
9 Rule 3, Rule 4, or Rule 5, contained in this Section,
10 multiplied by the number of full months which elapsed from the
11 date the retirement annuity payments began to January 1, 1972,
12 plus 0.1667% of such annuity, multiplied by the number of full
13 months which elapsed from January 1, 1972, or the date the
14 retirement annuity payments began, whichever is later, to
15 January 1, 1978, plus 0.25% of such annuity multiplied by the
16 number of full months which elapsed from January 1, 1978, or
17 the date the retirement annuity payments began, whichever is
18 later, to the effective date of the increase.

19 The annuitant shall receive an increase in his or her
20 monthly retirement annuity on each January 1 thereafter during
21 the annuitant's life of 3% of the monthly annuity provided
22 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
23 this Section. The change made under this subsection by P.A.
24 81-970 is effective January 1, 1980 and applies to each
25 annuitant whose status as an employee terminates before or
26 after that date.

1 Beginning January 1, 1990, all automatic annual increases
2 payable under this Section shall be calculated as a percentage
3 of the total annuity payable at the time of the increase,
4 including all increases previously granted under this Article.

5 The change made in this subsection by P.A. 85-1008 is
6 effective January 26, 1988, and is applicable without regard to
7 whether status as an employee terminated before that date.

8 (e) If, on January 1, 1987, or the date the retirement
9 annuity payment period begins, whichever is later, the sum of
10 the retirement annuity provided under Rule 1 or Rule 2 of this
11 Section and the automatic annual increases provided under the
12 preceding subsection or Section 15-136.1, amounts to less than
13 the retirement annuity which would be provided by Rule 3, the
14 retirement annuity shall be increased as of January 1, 1987, or
15 the date the retirement annuity payment period begins,
16 whichever is later, to the amount which would be provided by
17 Rule 3 of this Section. Such increased amount shall be
18 considered as the retirement annuity in determining benefits
19 provided under other Sections of this Article. This paragraph
20 applies without regard to whether status as an employee
21 terminated before the effective date of this amendatory Act of
22 1987, provided that the annuitant was employed at least
23 one-half time during the period on which the final rate of
24 earnings was based.

25 (f) A participant is entitled to such additional annuity as
26 may be provided on an actuarially equivalent basis, by any

1 accumulated additional contributions to his or her credit.
2 However, the additional contributions made by the participant
3 toward the automatic increases in annuity provided under this
4 Section and the contributions made under subsection (c-5) of
5 Section 15-157 by this amendatory Act of the 98th General
6 Assembly shall not be taken into account in determining the
7 amount of such additional annuity.

8 (g) If, (1) by law, a function of a governmental unit, as
9 defined by Section 20-107 of this Code, is transferred in whole
10 or in part to an employer, and (2) a participant transfers
11 employment from such governmental unit to such employer within
12 6 months after the transfer of the function, and (3) the sum of
13 (A) the annuity payable to the participant under Rule 1, 2, or
14 3 of this Section (B) all proportional annuities payable to the
15 participant by all other retirement systems covered by Article
16 20, and (C) the initial primary insurance amount to which the
17 participant is entitled under the Social Security Act, is less
18 than the retirement annuity which would have been payable if
19 all of the participant's pension credits validated under
20 Section 20-109 had been validated under this system, a
21 supplemental annuity equal to the difference in such amounts
22 shall be payable to the participant.

23 (h) On January 1, 1981, an annuitant who was receiving a
24 retirement annuity on or before January 1, 1971 shall have his
25 or her retirement annuity then being paid increased \$1 per
26 month for each year of creditable service. On January 1, 1982,

1 an annuitant whose retirement annuity began on or before
2 January 1, 1977, shall have his or her retirement annuity then
3 being paid increased \$1 per month for each year of creditable
4 service.

5 (i) On January 1, 1987, any annuitant whose retirement
6 annuity began on or before January 1, 1977, shall have the
7 monthly retirement annuity increased by an amount equal to 8¢
8 per year of creditable service times the number of years that
9 have elapsed since the annuity began.

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

11 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)
12 Sec. 15-157. Employee Contributions.

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

23 Each participant who is a police officer or firefighter
24 shall make normal contributions of 8% of each payment of
25 earnings applicable to employment as a police officer or

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

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

1 benefits obtained under that retirement program.

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

18 (c-5) Beginning July 1, 2013, in addition to the
19 contributions otherwise required under this Article, each Tier
20 I participant other than a participant in the self-managed plan
21 shall contribute 3% of each payment of earnings applicable to
22 employment under this System toward the retirement benefits
23 payable under the retirement program applicable to the
24 participant.

25 (d) If the board by board rule so permits and subject to
26 such conditions and limitations as may be specified in its

1 rules, a participant may make other additional contributions of
2 such percentage of earnings or amounts as the participant shall
3 elect in a written notice thereof received by the board.

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

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

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

22 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
23 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
24 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

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

7 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

9 (a) The amount of the retirement annuity shall be (i) in
10 the case of a person who first became a teacher under this
11 Article before July 1, 2005, the larger of the amounts
12 determined under paragraphs (A) and (B) below, or (ii) in the
13 case of a person who first becomes a teacher under this Article
14 on or after July 1, 2005, the amount determined under the
15 applicable provisions of paragraph (B):

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

17 (1) An amount that can be provided on an
18 actuarially equivalent basis by the member's
19 accumulated contributions at the time of retirement;
20 and

21 (2) The sum of (i) the amount that can be provided
22 on an actuarially equivalent basis by the member's
23 accumulated contributions representing service prior
24 to July 1, 1947, and (ii) the amount that can be
25 provided on an actuarially equivalent basis by the

1 amount obtained by multiplying 1.4 times the member's
2 accumulated contributions covering service subsequent
3 to June 30, 1947; and

4 (3) If there is prior service, 2 times the amount
5 that would have been determined under subparagraph (2)
6 of paragraph (A) above on account of contributions
7 which would have been made during the period of prior
8 service creditable to the member had the System been in
9 operation and had the member made contributions at the
10 contribution rate in effect prior to July 1, 1947.

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

16 This paragraph (A) does not apply to a person who first
17 becomes a teacher under this Article on or after July 1,
18 2005.

19 (B) An amount consisting of the greater of the
20 following:

21 (1) For creditable service earned before July 1,
22 1998 that has not been augmented under Section
23 16-129.1: 1.67% of final average salary for each of the
24 first 10 years of creditable service, 1.90% of final
25 average salary for each year in excess of 10 but not
26 exceeding 20, 2.10% of final average salary for each

1 year in excess of 20 but not exceeding 30, and 2.30% of
2 final average salary for each year in excess of 30; and

3 For creditable service earned on or after July 1,
4 1998 by a member who has at least 24 years of
5 creditable service on July 1, 1998 and who does not
6 elect to augment service under Section 16-129.1: 2.2%
7 of final average salary for each year of creditable
8 service earned on or after July 1, 1998 but before the
9 member reaches a total of 30 years of creditable
10 service and 2.3% of final average salary for each year
11 of creditable service earned on or after July 1, 1998
12 and after the member reaches a total of 30 years of
13 creditable service; and

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

16 (2) 1.5% of final average salary for each year of
17 creditable service plus the sum \$7.50 for each of the
18 first 20 years of creditable service.

19 The amount of the retirement annuity determined under this
20 paragraph (B) shall be reduced by 1/2 of 1% for each month
21 that the member is less than age 60 at the time the
22 retirement annuity begins. However, this reduction shall
23 not apply (i) if the member has at least 35 years of
24 creditable service, or (ii) if the member retires on
25 account of disability under Section 16-149.2 of this
26 Article with at least 20 years of creditable service, or

1 (iii) if the member (1) has earned during the period
2 immediately preceding the last day of service at least one
3 year of contributing creditable service as an employee of a
4 department as defined in Section 14-103.04, (2) has earned
5 at least 5 years of contributing creditable service as an
6 employee of a department as defined in Section 14-103.04,
7 (3) retires on or after January 1, 2001, and (4) retires
8 having attained an age which, when added to the number of
9 years of his or her total creditable service, equals at
10 least 85. Portions of years shall be counted as decimal
11 equivalents.

12 (b) For purposes of this Section, final average salary
13 shall be the average salary for the highest 4 consecutive years
14 within the last 10 years of creditable service as determined
15 under rules of the board. The minimum final average salary
16 shall be considered to be \$2,400 per year.

17 In the determination of final average salary for members
18 other than elected officials and their appointees when such
19 appointees are allowed by statute, that part of a member's
20 salary for any year beginning after June 30, 1979 which exceeds
21 the member's annual full-time salary rate with the same
22 employer for the preceding year by more than 20% shall be
23 excluded. The exclusion shall not apply in any year in which
24 the member's creditable earnings are less than 50% of the
25 preceding year's mean salary for downstate teachers as
26 determined by the survey of school district salaries provided

1 in Section 2-3.103 of the School Code.

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

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

10 (e) The maximum retirement annuity provided under
11 paragraph (B) of this Section shall be 75% of final average
12 salary.

13 (f) A member retiring after the effective date of this
14 amendatory Act of 1998 shall receive a pension equal to 75% of
15 final average salary if the member is qualified to receive a
16 retirement annuity equal to at least 74.6% of final average
17 salary under this Article or as proportional annuities under
18 Article 20 of this Code.

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

20 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

21 Sec. 16-152. Contributions by members.

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

24 (1) Effective July 1, 1998, contributions of 7.50% of
25 salary towards the cost of the retirement annuity. Such

1 contributions shall be deemed "normal contributions".

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

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

10 (4) Effective July 1, 2005, contributions of 0.40% of
11 salary toward the cost of the early retirement without
12 discount option provided under Section 16-133.2. This
13 contribution shall cease upon termination of the early
14 retirement without discount option as provided in Section
15 16-176.

16 (a-5) Beginning July 1, 2013, in addition to the
17 contributions otherwise required under this Article, each Tier
18 I member shall contribute 3% of each payment of salary received
19 by him or her for service as a member toward the cost of his or
20 her retirement annuity.

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

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

26 (d) A person who (i) was a member before July 1, 1998, (ii)

1 retires with more than 34 years of creditable service, and
2 (iii) does not elect to qualify for the augmented rate under
3 Section 16-129.1 shall be entitled, at the time of retirement,
4 to receive a partial refund of contributions made under this
5 Section for service occurring after the later of June 30, 1998
6 or attainment of 34 years of creditable service, in an amount
7 equal to 1.00% of the salary upon which those contributions
8 were based.

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

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

23 (2) The contributions shall be included, without
24 interest, in any refund claimed by the member under Section
25 16-151.

26 (3) The contributions shall be refunded to the member's

1 designated beneficiary (or if there is no beneficiary, to
2 the member's estate), without interest, if the member dies
3 without having begun to receive a retirement annuity under
4 this Article.

5 (4) The contributions shall be refunded to the member,
6 without interest, within 120 days after the early
7 retirement without discount option provided under Section
8 16-133.2 is terminated under Section 16-176.

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