



Rep. Joe Sosnowski

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1 AMENDMENT TO HOUSE BILL 1678

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1678 by replacing  
3 everything after the enacting clause with the following:

4 "Section 3. The State Employees Group Insurance Act of 1971  
5 is amended by changing Section 3 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise  
8 requires, the following words and phrases as used in this Act  
9 shall have the following meanings. The Department may define  
10 these and other words and phrases separately for the purpose of  
11 implementing specific programs providing benefits under this  
12 Act.

13 (a) "Administrative service organization" means any  
14 person, firm or corporation experienced in the handling of  
15 claims which is fully qualified, financially sound and capable  
16 of meeting the service requirements of a contract of

1 administration executed with the Department.

2 (b) "Annuitant" means (1) an employee who retires, or has  
3 retired, on or after January 1, 1966 on an immediate annuity  
4 under the provisions of Article ~~Articles~~ 2 (including an  
5 employee who has retired under the self-managed plan), 14  
6 (including an employee who has retired under the self-managed  
7 plan and including an employee who has elected to receive an  
8 alternative retirement cancellation payment under Section  
9 14-108.5 of the Illinois Pension Code in lieu of an annuity),  
10 or 15 (including an employee who has retired under the optional  
11 retirement program established under Section 15-158.2), or  
12 under paragraphs (2), (3), or (5) of Section 16-106 of Article  
13 16 (including an employee who has retired under the  
14 self-managed plan), or under Article 18 (including an employee  
15 who has retired under the self-managed plan) of the Illinois  
16 Pension Code; (2) any person who was receiving group insurance  
17 coverage under this Act as of March 31, 1978 by reason of his  
18 status as an annuitant, even though the annuity in relation to  
19 which such coverage was provided is a proportional annuity  
20 based on less than the minimum period of service required for a  
21 retirement annuity in the system involved; (3) any person not  
22 otherwise covered by this Act who has retired as a  
23 participating member under Article 2 of the Illinois Pension  
24 Code but is ineligible for the retirement annuity under Section  
25 2-119 of the Illinois Pension Code; (4) the spouse of any  
26 person who is receiving a retirement annuity under Article 18

1 of the Illinois Pension Code and who is covered under a group  
2 health insurance program sponsored by a governmental employer  
3 other than the State of Illinois and who has irrevocably  
4 elected to waive his or her coverage under this Act and to have  
5 his or her spouse considered as the "annuitant" under this Act  
6 and not as a "dependent"; or (5) an employee who retires, or  
7 has retired, from a qualified position, as determined according  
8 to rules promulgated by the Director, under a qualified local  
9 government, a qualified rehabilitation facility, a qualified  
10 domestic violence shelter or service, or a qualified child  
11 advocacy center. (For definition of "retired employee", see (p)  
12 post).

13 (b-5) (Blank).

14 (b-6) (Blank).

15 (b-7) (Blank).

16 (c) "Carrier" means (1) an insurance company, a corporation  
17 organized under the Limited Health Service Organization Act or  
18 the Voluntary Health Services Plan Act, a partnership, or other  
19 nongovernmental organization, which is authorized to do group  
20 life or group health insurance business in Illinois, or (2) the  
21 State of Illinois as a self-insurer.

22 (d) "Compensation" means salary or wages payable on a  
23 regular payroll by the State Treasurer on a warrant of the  
24 State Comptroller out of any State, trust or federal fund, or  
25 by the Governor of the State through a disbursing officer of  
26 the State out of a trust or out of federal funds, or by any

1 Department out of State, trust, federal or other funds held by  
2 the State Treasurer or the Department, to any person for  
3 personal services currently performed, and ordinary or  
4 accidental disability benefits under Articles 2, 14, 15  
5 (including ordinary or accidental disability benefits under  
6 the optional retirement program established under Section  
7 15-158.2), paragraphs (2), (3), or (5) of Section 16-106 of  
8 Article 16, or Article 18 of the Illinois Pension Code, for  
9 disability incurred after January 1, 1966, or benefits payable  
10 under the Workers' Compensation or Occupational Diseases Act or  
11 benefits payable under a sick pay plan established in  
12 accordance with Section 36 of the State Finance Act.  
13 "Compensation" also means salary or wages paid to an employee  
14 of any qualified local government, qualified rehabilitation  
15 facility, qualified domestic violence shelter or service, or  
16 qualified child advocacy center.

17 (e) "Commission" means the State Employees Group Insurance  
18 Advisory Commission authorized by this Act. Commencing July 1,  
19 1984, "Commission" as used in this Act means the Commission on  
20 Government Forecasting and Accountability as established by  
21 the Legislative Commission Reorganization Act of 1984.

22 (f) "Contributory", when referred to as contributory  
23 coverage, shall mean optional coverages or benefits elected by  
24 the member toward the cost of which such member makes  
25 contribution, or which are funded in whole or in part through  
26 the acceptance of a reduction in earnings or the foregoing of

1 an increase in earnings by an employee, as distinguished from  
2 noncontributory coverage or benefits which are paid entirely by  
3 the State of Illinois without reduction of the member's salary.

4 (g) "Department" means any department, institution, board,  
5 commission, officer, court or any agency of the State  
6 government receiving appropriations and having power to  
7 certify payrolls to the Comptroller authorizing payments of  
8 salary and wages against such appropriations as are made by the  
9 General Assembly from any State fund, or against trust funds  
10 held by the State Treasurer and includes boards of trustees of  
11 the retirement systems created by Articles 2, 14, 15, 16 and 18  
12 of the Illinois Pension Code. "Department" also includes the  
13 Illinois Comprehensive Health Insurance Board, the Board of  
14 Examiners established under the Illinois Public Accounting  
15 Act, and the Illinois Finance Authority.

16 (h) "Dependent", when the term is used in the context of  
17 the health and life plan, means a member's spouse and any child  
18 (1) from birth to age 26 including an adopted child, a child  
19 who lives with the member from the time of the filing of a  
20 petition for adoption until entry of an order of adoption, a  
21 stepchild or adjudicated child, or a child who lives with the  
22 member if such member is a court appointed guardian of the  
23 child or (2) age 19 or over who is mentally or physically  
24 disabled from a cause originating prior to the age of 19 (age  
25 26 if enrolled as an adult child dependent). For the health  
26 plan only, the term "dependent" also includes (1) any person

1 enrolled prior to the effective date of this Section who is  
2 dependent upon the member to the extent that the member may  
3 claim such person as a dependent for income tax deduction  
4 purposes and (2) any person who has received after June 30,  
5 2000 an organ transplant and who is financially dependent upon  
6 the member and eligible to be claimed as a dependent for income  
7 tax purposes. A member requesting to cover any dependent must  
8 provide documentation as requested by the Department of Central  
9 Management Services and file with the Department any and all  
10 forms required by the Department.

11 (i) "Director" means the Director of the Illinois  
12 Department of Central Management Services or of any successor  
13 agency designated to administer this Act.

14 (j) "Eligibility period" means the period of time a member  
15 has to elect enrollment in programs or to select benefits  
16 without regard to age, sex or health.

17 (k) "Employee" means and includes each officer or employee  
18 in the service of a department who (1) receives his  
19 compensation for service rendered to the department on a  
20 warrant issued pursuant to a payroll certified by a department  
21 or on a warrant or check issued and drawn by a department upon  
22 a trust, federal or other fund or on a warrant issued pursuant  
23 to a payroll certified by an elected or duly appointed officer  
24 of the State or who receives payment of the performance of  
25 personal services on a warrant issued pursuant to a payroll  
26 certified by a Department and drawn by the Comptroller upon the

1 State Treasurer against appropriations made by the General  
2 Assembly from any fund or against trust funds held by the State  
3 Treasurer, and (2) is employed full-time or part-time in a  
4 position normally requiring actual performance of duty during  
5 not less than 1/2 of a normal work period, as established by  
6 the Director in cooperation with each department, except that  
7 persons elected by popular vote will be considered employees  
8 during the entire term for which they are elected regardless of  
9 hours devoted to the service of the State, and (3) except that  
10 "employee" does not include any person who is not eligible by  
11 reason of such person's employment to participate in one of the  
12 State retirement systems under Articles 2, 14, 15 (either the  
13 regular Article 15 system or the optional retirement program  
14 established under Section 15-158.2) or 18, or under paragraph  
15 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
16 Code, but such term does include persons who are employed  
17 during the 6 month qualifying period under Article 14 of the  
18 Illinois Pension Code. Such term also includes any person who  
19 (1) after January 1, 1966, is receiving ordinary or accidental  
20 disability benefits under Articles 2, 14, 15 (including  
21 ordinary or accidental disability benefits under the optional  
22 retirement program established under Section 15-158.2),  
23 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
24 the Illinois Pension Code, for disability incurred after  
25 January 1, 1966, (2) receives total permanent or total  
26 temporary disability under the Workers' Compensation Act or

1 Occupational Disease Act as a result of injuries sustained or  
2 illness contracted in the course of employment with the State  
3 of Illinois, or (3) is not otherwise covered under this Act and  
4 has retired as a participating member under Article 2 of the  
5 Illinois Pension Code but is ineligible for the retirement  
6 annuity under Section 2-119 of the Illinois Pension Code.  
7 However, a person who satisfies the criteria of the foregoing  
8 definition of "employee" except that such person is made  
9 ineligible to participate in the State Universities Retirement  
10 System by clause (4) of subsection (a) of Section 15-107 of the  
11 Illinois Pension Code is also an "employee" for the purposes of  
12 this Act. "Employee" also includes any person receiving or  
13 eligible for benefits under a sick pay plan established in  
14 accordance with Section 36 of the State Finance Act. "Employee"  
15 also includes (i) each officer or employee in the service of a  
16 qualified local government, including persons appointed as  
17 trustees of sanitary districts regardless of hours devoted to  
18 the service of the sanitary district, (ii) each employee in the  
19 service of a qualified rehabilitation facility, (iii) each  
20 full-time employee in the service of a qualified domestic  
21 violence shelter or service, and (iv) each full-time employee  
22 in the service of a qualified child advocacy center, as  
23 determined according to rules promulgated by the Director.

24 (1) "Member" means an employee, annuitant, retired  
25 employee or survivor. In the case of an annuitant or retired  
26 employee who first becomes an annuitant or retired employee on



1 or after the effective date of this amendatory Act of the 97th  
2 General Assembly, the individual must meet the minimum vesting  
3 requirements of the applicable retirement system in order to be  
4 eligible for group insurance benefits under that system. In the  
5 case of a survivor who first becomes a survivor on or after the  
6 effective date of this amendatory Act of the 97th General  
7 Assembly, the deceased employee, annuitant, or retired  
8 employee upon whom the annuity is based must have been eligible  
9 to participate in the group insurance system under the  
10 applicable retirement system in order for the survivor to be  
11 eligible for group insurance benefits under that system.

12 (m) "Optional coverages or benefits" means those coverages  
13 or benefits available to the member on his or her voluntary  
14 election, and at his or her own expense.

15 (n) "Program" means the group life insurance, health  
16 benefits and other employee benefits designed and contracted  
17 for by the Director under this Act.

18 (o) "Health plan" means a health benefits program offered  
19 by the State of Illinois for persons eligible for the plan.

20 (p) "Retired employee" means any person who would be an  
21 annuitant as that term is defined herein but for the fact that  
22 such person retired prior to January 1, 1966. Such term also  
23 includes any person formerly employed by the University of  
24 Illinois in the Cooperative Extension Service who would be an  
25 annuitant but for the fact that such person was made ineligible  
26 to participate in the State Universities Retirement System by

1 clause (4) of subsection (a) of Section 15-107 of the Illinois  
2 Pension Code.

3 (q) "Survivor" means a person receiving an annuity as a  
4 survivor of an employee or of an annuitant. "Survivor" also  
5 includes: (1) the surviving dependent of a person who satisfies  
6 the definition of "employee" except that such person is made  
7 ineligible to participate in the State Universities Retirement  
8 System by clause (4) of subsection (a) of Section 15-107 of the  
9 Illinois Pension Code; (2) the surviving dependent of any  
10 person formerly employed by the University of Illinois in the  
11 Cooperative Extension Service who would be an annuitant except  
12 for the fact that such person was made ineligible to  
13 participate in the State Universities Retirement System by  
14 clause (4) of subsection (a) of Section 15-107 of the Illinois  
15 Pension Code; and (3) the surviving dependent of a person who  
16 was an annuitant under this Act by virtue of receiving an  
17 alternative retirement cancellation payment under Section  
18 14-108.5 of the Illinois Pension Code.

19 (q-2) "SERS" means the State Employees' Retirement System  
20 of Illinois, created under Article 14 of the Illinois Pension  
21 Code.

22 (q-3) "SURS" means the State Universities Retirement  
23 System, created under Article 15 of the Illinois Pension Code.

24 (q-4) "TRS" means the Teachers' Retirement System of the  
25 State of Illinois, created under Article 16 of the Illinois  
26 Pension Code.

1 (q-5) (Blank).

2 (q-6) (Blank).

3 (q-7) (Blank).

4 (r) "Medical services" means the services provided within  
5 the scope of their licenses by practitioners in all categories  
6 licensed under the Medical Practice Act of 1987.

7 (s) "Unit of local government" means any county,  
8 municipality, township, school district (including a  
9 combination of school districts under the Intergovernmental  
10 Cooperation Act), special district or other unit, designated as  
11 a unit of local government by law, which exercises limited  
12 governmental powers or powers in respect to limited  
13 governmental subjects, any not-for-profit association with a  
14 membership that primarily includes townships and township  
15 officials, that has duties that include provision of research  
16 service, dissemination of information, and other acts for the  
17 purpose of improving township government, and that is funded  
18 wholly or partly in accordance with Section 85-15 of the  
19 Township Code; any not-for-profit corporation or association,  
20 with a membership consisting primarily of municipalities, that  
21 operates its own utility system, and provides research,  
22 training, dissemination of information, or other acts to  
23 promote cooperation between and among municipalities that  
24 provide utility services and for the advancement of the goals  
25 and purposes of its membership; the Southern Illinois  
26 Collegiate Common Market, which is a consortium of higher

1 education institutions in Southern Illinois; the Illinois  
2 Association of Park Districts; and any hospital provider that  
3 is owned by a county that has 100 or fewer hospital beds and  
4 has not already joined the program. "Qualified local  
5 government" means a unit of local government approved by the  
6 Director and participating in a program created under  
7 subsection (i) of Section 10 of this Act.

8 (t) "Qualified rehabilitation facility" means any  
9 not-for-profit organization that is accredited by the  
10 Commission on Accreditation of Rehabilitation Facilities or  
11 certified by the Department of Human Services (as successor to  
12 the Department of Mental Health and Developmental  
13 Disabilities) to provide services to persons with disabilities  
14 and which receives funds from the State of Illinois for  
15 providing those services, approved by the Director and  
16 participating in a program created under subsection (j) of  
17 Section 10 of this Act.

18 (u) "Qualified domestic violence shelter or service" means  
19 any Illinois domestic violence shelter or service and its  
20 administrative offices funded by the Department of Human  
21 Services (as successor to the Illinois Department of Public  
22 Aid), approved by the Director and participating in a program  
23 created under subsection (k) of Section 10.

24 (v) "TRS benefit recipient" means a person who:

25 (1) is not a "member" as defined in this Section; and

26 (2) is receiving a monthly benefit or retirement

1 annuity (which may include an annuity or other benefit  
2 under the self-managed plan) under Article 16 of the  
3 Illinois Pension Code; and

4 (3) either (i) has at least 8 years of creditable  
5 service under Article 16 of the Illinois Pension Code, or  
6 (ii) was enrolled in the health insurance program offered  
7 under that Article on January 1, 1996, or (iii) is the  
8 survivor of a benefit recipient who had at least 8 years of  
9 creditable service under Article 16 of the Illinois Pension  
10 Code or was enrolled in the health insurance program  
11 offered under that Article on the effective date of this  
12 amendatory Act of 1995, or (iv) is a recipient or survivor  
13 of a recipient of a disability benefit under Article 16 of  
14 the Illinois Pension Code.

15 (w) "TRS dependent beneficiary" means a person who:

16 (1) is not a "member" or "dependent" as defined in this  
17 Section; and

18 (2) is a TRS benefit recipient's: (A) spouse, (B)  
19 dependent parent who is receiving at least half of his or  
20 her support from the TRS benefit recipient, or (C) natural,  
21 step, adjudicated, or adopted child who is (i) under age  
22 26, (ii) was, on January 1, 1996, participating as a  
23 dependent beneficiary in the health insurance program  
24 offered under Article 16 of the Illinois Pension Code, or  
25 (iii) age 19 or over who is mentally or physically disabled  
26 from a cause originating prior to the age of 19 (age 26 if

1 enrolled as an adult child).

2 "TRS dependent beneficiary" does not include, as indicated  
3 under paragraph (2) of this subsection (w), a dependent of the  
4 survivor of a TRS benefit recipient who first becomes a  
5 dependent of a survivor of a TRS benefit recipient on or after  
6 the effective date of this amendatory Act of the 97th General  
7 Assembly unless that dependent would have been eligible for  
8 coverage as a dependent of the deceased TRS benefit recipient  
9 upon whom the survivor benefit is based.

10 (x) "Military leave" refers to individuals in basic  
11 training for reserves, special/advanced training, annual  
12 training, emergency call up, activation by the President of the  
13 United States, or any other training or duty in service to the  
14 United States Armed Forces.

15 (y) (Blank).

16 (z) "Community college benefit recipient" means a person  
17 who:

18 (1) is not a "member" as defined in this Section; and

19 (2) is receiving a monthly survivor's annuity or  
20 retirement annuity (which may include an annuity or other  
21 benefit under the self-managed plan) under Article 15 of  
22 the Illinois Pension Code; and

23 (3) either (i) was a full-time employee of a community  
24 college district or an association of community college  
25 boards created under the Public Community College Act  
26 (other than an employee whose last employer under Article

1 15 of the Illinois Pension Code was a community college  
2 district subject to Article VII of the Public Community  
3 College Act) and was eligible to participate in a group  
4 health benefit plan as an employee during the time of  
5 employment with a community college district (other than a  
6 community college district subject to Article VII of the  
7 Public Community College Act) or an association of  
8 community college boards, or (ii) is the survivor of a  
9 person described in item (i).

10 (aa) "Community college dependent beneficiary" means a  
11 person who:

12 (1) is not a "member" or "dependent" as defined in this  
13 Section; and

14 (2) is a community college benefit recipient's: (A)  
15 spouse, (B) dependent parent who is receiving at least half  
16 of his or her support from the community college benefit  
17 recipient, or (C) natural, step, adjudicated, or adopted  
18 child who is (i) under age 26, or (ii) age 19 or over and  
19 mentally or physically disabled from a cause originating  
20 prior to the age of 19 (age 26 if enrolled as an adult  
21 child).

22 "Community college dependent beneficiary" does not  
23 include, as indicated under paragraph (2) of this subsection  
24 (aa), a dependent of the survivor of a community college  
25 benefit recipient who first becomes a dependent of a survivor  
26 of a community college benefit recipient on or after the

1 effective date of this amendatory Act of the 97th General  
2 Assembly unless that dependent would have been eligible for  
3 coverage as a dependent of the deceased community college  
4 benefit recipient upon whom the survivor annuity is based.

5 (bb) "Qualified child advocacy center" means any Illinois  
6 child advocacy center and its administrative offices funded by  
7 the Department of Children and Family Services, as defined by  
8 the Children's Advocacy Center Act (55 ILCS 80/), approved by  
9 the Director and participating in a program created under  
10 subsection (n) of Section 10.

11 (Source: P.A. 96-756, eff. 1-1-10; 96-1519, eff. 2-4-11;  
12 97-668, eff. 1-13-12; 97-695, eff. 7-1-12.)

13 Section 5. The Illinois Pension Code is amended by changing  
14 Sections 1-160, 2-126, 2-162, 14-133, 14-152.1, 16-152,  
15 16-203, 18-133, 18-169, 20-121, 20-123, and 20-124 and adding  
16 Sections 2-107.5, 2-107.6, 2-123.5, 2-123.6, 14-103.40,  
17 14-103.41, 14-130.5, 14-130.6, 16-115.1 16-115.2, 16-151.5,  
18 16-151.6, 18-110.1, 18-110.2, 18-130.1, and 18-130.2 as  
19 follows:

20 (40 ILCS 5/1-160)

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

22 (a) The provisions of this Section apply to a person who,  
23 on or after January 1, 2011, first becomes a member or a  
24 participant under any reciprocal retirement system or pension



1 fund established under this Code, other than a retirement  
2 system or pension fund established under Article 2, 3, 4, 5, 6,  
3 or 18 of this Code, notwithstanding any other provision of this  
4 Code to the contrary, but do not apply to any self-managed plan  
5 established under this Code, to any person with respect to  
6 service as a sheriff's law enforcement employee under Article  
7 7, or to any participant of the retirement plan established  
8 under Section 22-101.

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

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

23 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
24 annual salary for any 4 consecutive years within the last  
25 10 years of service immediately preceding the date of  
26 withdrawal".

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

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

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

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

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

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

26 (c) A member or participant is entitled to a retirement

1 annuity upon written application if he or she has attained age  
2 67 and has at least 10 years of service credit and is otherwise  
3 eligible under the requirements of the applicable Article.

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

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

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

26 (f) The initial survivor's or widow's annuity of an

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

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

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

1 applicable Article of this Code.

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

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

26 Notwithstanding any other provision of this Section, a

1 person who first becomes a participant of a retirement system  
2 established under Article 14 or 16 on or after January 1, 2011  
3 shall have the option to enroll in the self-managed plan  
4 created under the applicable Article.

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

8 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
9 97-609, eff. 1-1-12.)

10 (40 ILCS 5/2-107.5 new)

11 Sec. 2-107.5. Defined benefit package.

12 "Defined benefit package" means either the traditional  
13 benefit package or the reformed benefit package, whichever  
14 would apply to a participant if he or she does not participate  
15 in the self-managed plan.

16 "Traditional benefit package" means the benefits provided  
17 under this Article, other than the self-managed plan, for  
18 persons who first became participants of the System before  
19 January 1, 2011.

20 "Reformed benefit package" means the traditional benefit  
21 package as modified for persons who first become participants  
22 of the System on or after January 1, 2011.

23 (40 ILCS 5/2-107.6 new)

24 Sec. 2-107.6. Self-managed plan. "Self-managed plan" means

1 the defined contribution retirement program maintained by the  
2 System and established under Section 2-123.5. The self-managed  
3 plan does not include any annuity or refund payable directly by  
4 the System under the defined benefit package.

5 (40 ILCS 5/2-123.5 new)

6 Sec. 2-123.5. Self-managed plan.

7 (a) The General Assembly finds that the System should  
8 provide a defined contribution (self-managed) plan for  
9 eligible participants. Accordingly, the System is hereby  
10 directed to establish and administer a self-managed plan, which  
11 shall offer participants the opportunity to accumulate assets  
12 for retirement through a combination of participant and  
13 employer contributions that may be invested in mutual funds,  
14 collective investment funds, or other investment products and  
15 used to purchase annuity contracts that are fixed, variable, or  
16 a combination of fixed and variable. The plan must be qualified  
17 under the Internal Revenue Code of 1986.

18 (b) The Board shall make the self-managed plan established  
19 under this Section available to eligible participants under  
20 this Article within 6 months after the effective date of this  
21 amendatory Act of the 98th General Assembly. The adoption of  
22 the self-managed plan makes available to the eligible  
23 participants under this Article the election described in  
24 Section 2-123.6.

25 The System shall be the plan sponsor for the self-managed



1 plan and shall prepare a plan document and adopt any rules and  
2 procedures that are considered necessary or desirable for the  
3 administration of the self-managed plan. Consistent with its  
4 fiduciary duty to the participants and beneficiaries of the  
5 self-managed plan, the Board of Trustees of the System may  
6 delegate aspects of plan administration as it sees fit to  
7 companies authorized to do business in this State.

8 (c) The System shall solicit proposals to provide  
9 administrative services and funding vehicles for the  
10 self-managed plan from insurance and annuity companies, mutual  
11 fund companies, banks, trust companies, or other financial  
12 institutions authorized to do business in this State. In  
13 reviewing the proposals received and approving and contracting  
14 with no fewer than 2 and no more than 7 companies, the Board of  
15 Trustees of the System shall consider, among other things, the  
16 following criteria:

17 (1) the nature and extent of the benefits that would be  
18 provided to the participants;

19 (2) the reasonableness of the benefits in relation to  
20 the premium charged;

21 (3) the suitability of the benefits to the needs and  
22 interests of the participants and the employers; and

23 (4) the ability of the company to provide benefits  
24 under the contract and the financial stability of the  
25 company.

26 The System shall periodically review each approved

1 company. A company may continue to provide administrative  
2 services and funding vehicles for the self-managed plan only so  
3 long as it continues to be an approved company under contract  
4 with the Board.

5 In addition to the companies approved by the System under  
6 this subsection (c), the System may offer its participants an  
7 investment fund managed by the Illinois State Board of  
8 Investment.

9 (d) Participants in the program must be allowed to direct  
10 the transfer of their account balances among the various  
11 investment options offered, subject to applicable contractual  
12 provisions. The participant shall not be deemed a fiduciary by  
13 reason of providing such investment direction. A person who is  
14 a fiduciary shall not be liable for any loss resulting from  
15 that investment direction and shall not be deemed to have  
16 breached any fiduciary duty by acting in accordance with that  
17 direction. Neither the System nor the State shall guarantee any  
18 of the investments in the participant's account balances.

19 (e) In order to participate in the self-managed plan, an  
20 eligible participant, as defined in Section 2-123.6, must make  
21 a written election in accordance with the provisions of that  
22 Section and the procedures established by the System.  
23 Participation in the self-managed plan shall begin on the first  
24 day of the month immediately following the month in which the  
25 participant's election is filed with the System, but not sooner  
26 than the effective date of the self-managed plan. A person's

1 participation in the defined benefit package under this Article  
2 shall terminate on the date that participation in the  
3 self-managed plan begins.

4 A person who has elected to participate in the self-managed  
5 plan under this Section must continue participation while he or  
6 she remains a participant under this Article, and may not  
7 participate in the defined benefit package.

8 Participation in the self-managed plan under this Section  
9 shall constitute participation in the System.

10 Notwithstanding any other provision of this Article, a  
11 participant in the self-managed plan may not purchase or  
12 receive service credit applicable to the defined benefit  
13 package under this Article for any period during which the  
14 participant was a participant in the self-managed plan  
15 established under this Section.

16 A participant under this Section shall be entitled to the  
17 benefits of Article 20 of this Code.

18 (f) If, at the time a participant begins to participate in  
19 the self-managed plan, the participant has rights and credits  
20 in the System due to previous participation in the defined  
21 benefit package, the System shall establish for the participant  
22 an opening account balance in the self-managed plan, equal to  
23 (1) the amount of the refund that the participant would be  
24 eligible to receive if the participant terminated employment on  
25 that date and elected a refund and (2) an amount, representing  
26 employer contributions, equal to the amount of participant

1 contributions, plus interest. The interest used in this  
2 subsection (f) shall be calculated using the actual annual  
3 rates of return that the System has earned during the time  
4 period corresponding to the actual investment of the  
5 contributions being transferred. The System shall transfer  
6 assets to the self-managed plan as a tax-free transfer in  
7 accordance with Internal Revenue Service guidelines, for  
8 purposes of funding the participant's opening account balance.

9 (g) In lieu of a disability benefit, in the event that a  
10 participant in the self-managed plan has completed 8 years of  
11 service and has become permanently disabled and, as a  
12 consequence, is unable to perform the duties of his or her  
13 office, the participant may elect to receive benefits from the  
14 self-managed plan at any age.

15 (h) The self-managed plan shall be funded by contributions  
16 from participants in the self-managed plan and employer  
17 contributions as provided in this Section.

18 The contribution rate for participants in the self-managed  
19 plan under this Section shall be equal to the member  
20 contribution rate for other participants in the System, as  
21 provided in Section 2-126. This required contribution shall be  
22 made as an employer pick-up under Section 414(h) of the  
23 Internal Revenue Code of 1986 or any successor Section thereof.  
24 Any participant in the System's defined benefit package before  
25 his or her election to participate in the self-managed plan  
26 shall continue to have the employer pick up the contributions

1 required under Section 2-126. However, the amounts picked up  
2 after beginning participation in the self-managed plan shall be  
3 remitted to and treated as assets of the self-managed plan. In  
4 no event shall a participant have the option of receiving these  
5 amounts in cash. Participants may make additional  
6 contributions to the self-managed plan in accordance with  
7 procedures prescribed by the System, to the extent permitted  
8 under rules adopted by the System.

9 The plan shall provide for employer contributions to be  
10 credited to each self-managed plan participant in an amount  
11 equal to the participant contributions. The amounts so credited  
12 shall be paid into the participant's self-managed plan accounts  
13 in a manner to be prescribed by the System.

14 Employer contributions for participants in the  
15 self-managed plan shall be paid to the System by the State and  
16 shall be included in the calculation of required State  
17 contributions under Section 2-124. The System shall not be  
18 obligated to remit the required employer contributions to any  
19 of the insurance and annuity companies, mutual fund companies,  
20 banks, trust companies, financial institutions, or other  
21 sponsors of any of the funding vehicles offered under the  
22 self-managed plan until it has received the required employer  
23 contributions from the State.

24 (i) A participant in the self-managed plan becomes vested  
25 in the employer contributions credited to his or her accounts  
26 in the self-managed plan on the earliest to occur of the

1 following: (1) attainment of 4 years of service credit; (2) the  
2 death of the participant while employed under this Article, if  
3 the participant has completed at least 1.5 years of service; or  
4 (3) the participant's election to retire and apply the  
5 reciprocal provisions of Article 20 of this Code.

6 A participant in the self-managed plan who receives a  
7 distribution of his or her vested amounts from the self-managed  
8 plan while not yet eligible for retirement under this Article  
9 (including subsection (g) of this Section and Article 20, if  
10 applicable) shall forfeit all service credit and accrued rights  
11 in the System; if he or she subsequently becomes a participant  
12 under this Article again, he or she shall be considered a new  
13 participant. If a former participant again becomes a  
14 participant (or becomes employed by a participating system  
15 under Article 20 of this Code) and continues as such for at  
16 least 2 years, all rights, service credits, and previous status  
17 as a participant shall be restored upon repayment of the amount  
18 of the distribution, with interest at the actuarially assumed  
19 rate from the date of distribution to the date of payment.

20 (j) If a participant in the self-managed plan who is vested  
21 in employer contributions terminates employment, the  
22 participant shall be entitled to a benefit that is based on the  
23 account values attributable to both employer and participant  
24 contributions and any investment return thereon.

25 If a participant in the self-managed plan who is not vested  
26 in employer contributions terminates employment, the

1 participant shall be entitled to a benefit based solely on the  
2 account values attributable to the participant's contributions  
3 and any investment return thereon, and the employer  
4 contributions and any investment return thereon shall be  
5 forfeited. Any employer contributions that are forfeited shall  
6 be held in escrow by the company investing those contributions  
7 and shall be used, as directed by the System, for future  
8 allocations of employer contributions or for the restoration of  
9 amounts previously forfeited.

10 (40 ILCS 5/2-123.6 new)

11 Sec. 2-123.6. Election to participate in the self-managed  
12 plan.

13 (a) For the purposes of this Section and Section 2-123.5:

14 "Eligible participant" means either a currently eligible  
15 participant or a newly eligible participant of the System.

16 "Currently eligible participant" means a person who is a  
17 participant under this Article before the day on which the  
18 System first offers the self-managed plan as an alternative to  
19 the defined benefit package.

20 "Newly eligible participant" means a person who first  
21 becomes a participant under this Article on or after the date  
22 on which the System first offers the self-managed plan as an  
23 alternative to the defined benefit package.

24 (b) Each eligible participant shall be given an opportunity  
25 to elect to participate in the self-managed plan rather than

1 the defined benefit package. An election to participate in the  
2 self-managed plan applies to all periods of employment under  
3 this System, including employment occurring on, before, and  
4 after the effective date of the participant's election. An  
5 eligible participant who does not make an election under this  
6 Section shall, by default, participate in the defined benefit  
7 package.

8 An election to participate in the self-managed plan is  
9 irrevocable. If an eligible participant who participates in the  
10 defined benefit package terminates employment under this  
11 Article, then the participant, upon his or her subsequent  
12 re-employment under this Article, may make an election under  
13 this Section.

14 (c) The election must be made in writing, in the manner  
15 prescribed by the System, and within the required time period.  
16 A currently eligible participant may make the election within  
17 one year after the day on which the System first offers the  
18 self-managed plan. A newly eligible participant may make the  
19 election within 60 days after first becoming a participant  
20 under this Article. An eligible participant who terminates  
21 employment under this Article without having made an election  
22 to participate in the self-managed plan and later returns to  
23 employment under this Article may make the election within 60  
24 days after returning to employment under this Article.

25 (d) If an eligible participant elects to participate in the  
26 self-managed plan, the System shall fund his or her account as



1 stated in subsection (f) of Section 2-123.5.

2 (e) An eligible participant shall be provided with written  
3 information prepared or prescribed by the System that describes  
4 the participant's retirement program choices. The eligible  
5 participant shall be offered an opportunity to receive  
6 counseling from the System before making his or her election.  
7 This counseling may consist of videotaped materials, group  
8 presentations, individual consultation with an employee or  
9 authorized representative of the System in person or by  
10 telephone or other electronic means, or any combination of  
11 these methods.

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  
16 salary received by him or her for service as a member as  
17 follows: for service between October 31, 1947 and January 1,  
18 1959, 5%; for service between January 1, 1959 and June 30,  
19 1969, 6%; for service between July 1, 1969 and January 10,  
20 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
21 service after December 31, 1981, 8 1/2%.

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

25 A participant who has no eligible survivor's annuity

1 beneficiary may elect to cease making contributions for  
2 survivor's annuity under this subsection. A survivor's annuity  
3 shall not be payable upon the death of a person who has made  
4 this election, unless prior to that death the election has been  
5 revoked and the amount of the contributions that would have  
6 been paid under this subsection in the absence of the election  
7 is paid to the System, together with interest at the rate of 4%  
8 per year from the date the contributions would have been made  
9 to the date of payment.

10 (c) Beginning July 1, 1967, each participant shall  
11 contribute 1% of salary towards the cost of automatic increase  
12 in annuity provided in Section 2-119.1. These contributions  
13 shall be made concurrently with contributions for retirement  
14 annuity purposes.

15 (d) In addition, each participant serving as an officer of  
16 the General Assembly shall contribute, for the same purposes  
17 and at the same rates as are required of a regular participant,  
18 on each additional payment received as an officer. If the  
19 participant serves as an officer for at least 2 but less than 4  
20 years, he or she shall contribute an amount equal to the amount  
21 that would have been contributed had the participant served as  
22 an officer for 4 years. Persons who serve as officers in the  
23 87th General Assembly but cannot receive the additional payment  
24 to officers because of the ban on increases in salary during  
25 their terms may nonetheless make contributions based on those  
26 additional payments for the purpose of having the additional

1 payments included in their highest salary for annuity purposes;  
2 however, persons electing to make these additional  
3 contributions must also pay an amount representing the  
4 corresponding employer contributions, as calculated by the  
5 System.

6 (e) Notwithstanding any other provision of this Article,  
7 the required contribution of a participant who first becomes a  
8 participant on or after January 1, 2011 shall not exceed the  
9 contribution that would be due under this Article if that  
10 participant's highest salary for annuity purposes were  
11 \$106,800, plus any increases in that amount under Section  
12 2-108.1. This subsection (e) does not apply to participants in  
13 the self-managed plan.

14 (f) In the case of a participant who participates in the  
15 self-managed plan under Section 2-123.5, the contributions  
16 required under this Section shall instead be used to finance  
17 the benefits available under the self-managed plan.

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

19 (40 ILCS 5/2-162)

20 Sec. 2-162. Application and expiration of new benefit  
21 increases.

22 (a) As used in this Section, "new benefit increase" means  
23 an increase in the amount of any benefit provided under this  
24 Article, or an expansion of the conditions of eligibility for  
25 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after the effective date of this  
2 amendatory Act of the 94th General Assembly. "New benefit  
3 increase", however, does not include any benefit increase  
4 resulting from the changes made to this Article by this  
5 amendatory Act of the 98th General Assembly.

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

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

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

1 to the Governor and the State Comptroller and, in the absence  
2 of corrective action by the General Assembly, the new benefit  
3 increase shall expire at the end of the fiscal year in which  
4 the certification is made.

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

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

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

22 (40 ILCS 5/14-103.40 new)

23 Sec. 14-103.40. Defined benefit package.

24 "Defined benefit package" means either the traditional  
25 benefit package or the reformed benefit package, whichever

1 would apply to an employee if he or she does not participate in  
2 the self-managed plan.

3 "Traditional benefit package" means the benefits provided  
4 under this Article, other than the self-managed plan, without  
5 modification by Section 1-160 of this Code.

6 "Reformed benefit package" means the traditional benefit  
7 package as modified by Section 1-160 of this Code for certain  
8 persons who first become participants of the System on or after  
9 January 1, 2011.

10 (40 ILCS 5/14-103.41 new)

11 Sec. 14-103.41. Self-managed plan. "Self-managed plan"  
12 means the defined contribution retirement program maintained  
13 by the System and established under Section 14-130.5. The  
14 self-managed plan includes disability benefits, but does not  
15 include any other annuity or refund payable directly by the  
16 System under the defined benefit package.

17 (40 ILCS 5/14-130.5 new)

18 Sec. 14-130.5. Self-managed plan.

19 (a) The General Assembly finds that the System should  
20 provide a defined contribution (self-managed) plan for  
21 eligible participants. Accordingly, the System is hereby  
22 directed to establish and administer a self-managed plan, which  
23 shall offer participants the opportunity to accumulate assets  
24 for retirement through a combination of participant and

1 employer contributions that may be invested in mutual funds,  
2 collective investment funds, or other investment products and  
3 used to purchase annuity contracts that are fixed, variable, or  
4 a combination of fixed and variable. The plan must be qualified  
5 under the Internal Revenue Code of 1986.

6 (b) The Board shall make the self-managed plan established  
7 under this Section available to eligible participants under  
8 this Article within 6 months after the effective date of this  
9 amendatory Act of the 98th General Assembly. The adoption of  
10 the self-managed plan makes available to eligible participants  
11 under this Article the election described in Section 14-130.6.

12 The System shall be the plan sponsor for the self-managed  
13 plan and shall prepare a plan document and adopt any rules and  
14 procedures that are considered necessary or desirable for the  
15 administration of the self-managed plan. Consistent with its  
16 fiduciary duty to the participants and beneficiaries of the  
17 self-managed plan, the Board of Trustees of the System may  
18 delegate aspects of plan administration as it sees fit to  
19 companies authorized to do business in this State.

20 (c) The System shall solicit proposals to provide  
21 administrative services and funding vehicles for the  
22 self-managed plan from insurance and annuity companies, mutual  
23 fund companies, banks, trust companies, or other financial  
24 institutions authorized to do business in this State. In  
25 reviewing the proposals received and approving and contracting  
26 with no fewer than 2 and no more than 7 companies, the Board of

1 Trustees of the System shall consider, among other things, the  
2 following criteria:

3 (1) the nature and extent of the benefits that would be  
4 provided to the participants;

5 (2) the reasonableness of the benefits in relation to  
6 the premium charged;

7 (3) the suitability of the benefits to the needs and  
8 interests of the participants and the employers; and

9 (4) the ability of the company to provide benefits  
10 under the contract and the financial stability of the  
11 company.

12 The System shall periodically review each approved  
13 company. A company may continue to provide administrative  
14 services and funding vehicles for the self-managed plan only so  
15 long as it continues to be an approved company under contract  
16 with the Board.

17 In addition to the companies approved by the System under  
18 this subsection (c), the System may offer its participants an  
19 investment fund managed by the Illinois State Board of  
20 Investment.

21 (d) Participants in the program must be allowed to direct  
22 the transfer of their account balances among the various  
23 investment options offered, subject to applicable contractual  
24 provisions. The participant shall not be deemed a fiduciary by  
25 reason of providing such investment direction. A person who is  
26 a fiduciary shall not be liable for any loss resulting from



1 that investment direction and shall not be deemed to have  
2 breached any fiduciary duty by acting in accordance with that  
3 direction. Neither the System nor the State shall guarantee any  
4 of the investments in the participant's account balances.

5 (e) In order to participate in the self-managed plan, an  
6 eligible participant, as defined in Section 7-140.5, must make  
7 a written election in accordance with the provisions of that  
8 Section and the procedures established by the System.  
9 Participation in the self-managed plan shall begin on the first  
10 day of the month immediately following the month in which the  
11 participant's election is filed with the System, but not sooner  
12 than the effective date of the self-managed plan. A person's  
13 participation in the defined benefit package under this Article  
14 shall terminate on the date that participation in the  
15 self-managed plan begins.

16 A person who has elected to participate in the self-managed  
17 plan under this Section must continue participation while he or  
18 she remains a participant under this Article, and may not  
19 participate in the defined benefit package.

20 Participation in the self-managed plan under this Section  
21 shall constitute participation in the System.

22 Notwithstanding any other provision of this Article, a  
23 participant in the self-managed plan may not purchase or  
24 receive service credit applicable to the defined benefit  
25 package under this Article for any period during which the  
26 employee was a participant in the self-managed plan established

1 under this Section.

2 A participant under this Section shall be entitled to the  
3 benefits of Article 20 of this Code.

4 (f) If, at the time a participant begins to participate in  
5 the self-managed plan, the participant has rights and credits  
6 in the System due to previous participation in the defined  
7 benefit package, the System shall establish for the participant  
8 an opening account balance in the self-managed plan, equal to  
9 (1) the amount of the refund that the participant would be  
10 eligible to receive if the participant terminated employment on  
11 that date and elected a refund and (2) an amount, representing  
12 employer contributions, equal to the amount of employee  
13 contributions, plus interest. The interest used in this  
14 subsection (f) shall be calculated using the actual annual  
15 rates of return that the System has earned during the time  
16 period corresponding to the actual investment of the  
17 contributions being transferred. The System shall transfer  
18 assets to the self-managed plan as a tax-free transfer in  
19 accordance with Internal Revenue Service guidelines, for  
20 purposes of funding the participant's opening account balance.

21 (g) A participant in the self-managed plan is covered by  
22 the disability benefits of the System. An amount of employer  
23 contribution, not exceeding 1% of the participating employee's  
24 salary, shall be used for the purpose of providing the  
25 disability benefits of the System to the participant. Prior to  
26 the beginning of each plan year under the self-managed plan,

1 the Board of Trustees shall determine, as a percentage of  
2 salary, the amount of employer contributions to be allocated  
3 during that plan year for providing disability benefits for  
4 employees in the self-managed plan.

5 (h) The self-managed plan shall be funded by contributions  
6 from participants in the self-managed plan and employer  
7 contributions as provided in this Section.

8 The contribution rate for participants in the self-managed  
9 plan under this Section shall be equal to the member  
10 contribution rate for other participants in the System, as  
11 provided in Section 14-133. This required contribution shall be  
12 made as an employer pick-up under Section 414(h) of the  
13 Internal Revenue Code of 1986 or any successor Section thereof.  
14 Any participant in the System's defined benefit package before  
15 his or her election to participate in the self-managed plan  
16 shall continue to have the employer pick up the contributions  
17 required under Section 14-133. However, the amounts picked up  
18 after beginning participation in the self-managed plan shall be  
19 remitted to and treated as assets of the self-managed plan. In  
20 no event shall a participant have the option of receiving these  
21 amounts in cash. Participants may make additional  
22 contributions to the self-managed plan in accordance with  
23 procedures prescribed by the System, to the extent permitted  
24 under rules adopted by the System.

25 The plan shall provide for employer contributions to be  
26 credited to each self-managed plan participant in an amount

1 equal to the employee contributions, less the amount used by  
2 the System to provide disability benefits for the employee. The  
3 amounts so credited shall be paid into the participant's  
4 self-managed plan accounts in a manner to be prescribed by the  
5 System.

6 Employer contributions for participants in the  
7 self-managed plan shall be paid to the System by the State and  
8 shall be included in the calculation of required State  
9 contributions under Section 14-131. The System shall not be  
10 obligated to remit the required employer contributions to any  
11 of the insurance and annuity companies, mutual fund companies,  
12 banks, trust companies, financial institutions, or other  
13 sponsors of any of the funding vehicles offered under the  
14 self-managed plan until it has received the required employer  
15 contributions from the State.

16 (i) A participant in the self-managed plan becomes vested  
17 in the employer contributions credited to his or her accounts  
18 in the self-managed plan on the earliest to occur of the  
19 following: (1) attainment of 5 years of service credit; (2) the  
20 death of the participating member while employed under this  
21 Article, if the member has completed at least 1.5 years of  
22 service; or (3) the member's election to retire and apply the  
23 reciprocal provisions of Article 20 of this Code.

24 A participant in the self-managed plan who receives a  
25 distribution of his or her vested amounts from the self-managed  
26 plan while not yet eligible for retirement under this Article

1 (and Article 20, if applicable) shall forfeit all service  
2 credit and accrued rights in the System; if he or she  
3 subsequently becomes a participant under this Article again, he  
4 or she shall be considered a new participant. If a former  
5 participant again becomes a participant (or becomes employed by  
6 a participating system under Article 20 of this Code) and  
7 continues as such for at least 2 years, all rights, service  
8 credits, and previous status as a participant shall be restored  
9 upon repayment of the amount of the distribution, with interest  
10 at the actuarially assumed rate from the date of distribution  
11 to the date of payment.

12 (j) If a participant in the self-managed plan who is vested  
13 in employer contributions terminates employment, the  
14 participant shall be entitled to a benefit that is based on the  
15 account values attributable to both employer and employee  
16 contributions and any investment return thereon.

17 If a participant in the self-managed plan who is not vested  
18 in employer contributions terminates employment, the  
19 participant shall be entitled to a benefit based solely on the  
20 account values attributable to the participant's contributions  
21 and any investment return thereon, and the employer  
22 contributions and any investment return thereon shall be  
23 forfeited. Any employer contributions that are forfeited shall  
24 be held in escrow by the company investing those contributions  
25 and shall be used, as directed by the System, for future  
26 allocations of employer contributions or for the restoration of

1 amounts previously forfeited.

2 (40 ILCS 5/14-130.6 new)

3 Sec. 14-130.6. Election to participate in the self-managed  
4 plan.

5 (a) For the purposes of this Section and Section 14-130.5:

6 "Eligible participant" means either a currently eligible  
7 participant or a newly eligible participant of the System.

8 "Currently eligible participant" means a person who is a  
9 participant under this Article before the day on which the  
10 System first offers the self-managed plan as an alternative to  
11 the defined benefit package.

12 "Newly eligible participant" means a person who first  
13 becomes a participant under this Article on or after the date  
14 on which the System first offers the self-managed plan as an  
15 alternative to the defined benefit package.

16 (b) Each eligible participant shall be given an opportunity  
17 to elect to participate in the self-managed plan rather than  
18 the defined benefit package. An election to participate in the  
19 self-managed plan applies to all periods of employment under  
20 this System, including employment occurring on, before, and  
21 after the effective date of the participant's election. An  
22 eligible participant who does not make an election under this  
23 Section shall, by default, participate in the defined benefit  
24 package.

25 An election to participate in the self-managed plan is

1 irrevocable. If an eligible participant who participates in the  
2 defined benefit package terminates employment under this  
3 Article, then the participant, upon his or her subsequent  
4 re-employment under this Article, may make an election under  
5 this Section.

6 (c) The election must be made in writing, in the manner  
7 prescribed by the System, and within the required time period.  
8 A currently eligible participant may make the election within  
9 one year after the day on which the System first offers the  
10 self-managed plan. A newly eligible participant may make the  
11 election within 60 days after first becoming a participant  
12 under this Article. An eligible participant who terminates  
13 employment under this Article without having made an election  
14 to participate in the self-managed plan and later returns to  
15 employment under this Article may make the election within 60  
16 days after returning to employment under this Article.

17 (d) If an eligible participant elects to participate in the  
18 self-managed plan, the System shall fund his or her account as  
19 stated in subsection (f) of Section 14-130.5.

20 (e) An eligible participant shall be provided with written  
21 information prepared or prescribed by the System that describes  
22 the participant's retirement program choices. The eligible  
23 participant shall be offered an opportunity to receive  
24 counseling from the System before making his or her election.  
25 This counseling may consist of videotaped materials, group  
26 presentations, individual consultation with an employee or

1 authorized representative of the System in person or by  
2 telephone or other electronic means, or any combination of  
3 these methods.

4 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

6 (a) Each participating employee shall make contributions  
7 to the System, based on the employee's compensation, as  
8 follows:

9 (1) Covered employees, except as indicated below, 3.5%  
10 for retirement annuity, and 0.5% for a widow or survivors  
11 annuity;

12 (2) Noncovered employees, except as indicated below,  
13 7% for retirement annuity and 1% for a widow or survivors  
14 annuity;

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

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



1 and thereafter;

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

8 (6) Each security employee of the Department of  
9 Corrections or of the Department of Human Services who is  
10 not a covered employee, 1% for a widow or survivors annuity  
11 plus the following amount for retirement annuity: 8.5%  
12 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
13 11.5% in 2004 and thereafter.

14 (a-5) In the case of an employee who participates in the  
15 self-managed plan under Section 14-130.5, the contributions  
16 required under this Section shall instead be used to finance  
17 the benefits available under the self-managed plan.

18 (b) Contributions shall be in the form of a deduction from  
19 compensation and shall be made notwithstanding that the  
20 compensation paid in cash to the employee shall be reduced  
21 thereby below the minimum prescribed by law or regulation. Each  
22 member is deemed to consent and agree to the deductions from  
23 compensation provided for in this Article, and shall receipt in  
24 full for salary or compensation.

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

1 (40 ILCS 5/14-152.1)

2 Sec. 14-152.1. Application and expiration of new benefit  
3 increases.

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article, that results from an amendment  
8 to this Code that takes effect after June 1, 2005 (the  
9 effective date of Public Act 94-4). "New benefit increase",  
10 however, does not include any benefit increase resulting from  
11 the changes made to this Article by Public Act 96-37 or by this  
12 amendatory Act of the 98th ~~96th~~ General Assembly.

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

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

22 Every new benefit increase is contingent upon the General  
23 Assembly providing the additional funding required under this  
24 subsection. The Commission on Government Forecasting and  
25 Accountability shall analyze whether adequate additional  
26 funding has been provided for the new benefit increase and

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/16-115.1 new)

4 Sec. 16-115.1. Defined benefit package.

5 "Defined benefit package" means either the traditional  
6 benefit package or the reformed benefit package, whichever  
7 would apply to an employee if he or she does not participate in  
8 the self-managed plan.

9 "Traditional benefit package" means the benefits provided  
10 under this Article, other than the self-managed plan, without  
11 modification by Section 1-160 of this Code.

12 "Reformed benefit package" means the traditional benefit  
13 package as modified by Section 1-160 of this Code for certain  
14 persons who first become participants of the System on or after  
15 January 1, 2011.

16 (40 ILCS 5/16-115.2 new)

17 Sec. 16-115.2. Self-managed plan. "Self-managed plan"  
18 means the defined contribution retirement program maintained  
19 by the System and established under Section 16-151.5. The  
20 self-managed plan includes disability benefits, but does not  
21 include any other annuity or refund payable directly by the  
22 System under the defined benefit package.

23 (40 ILCS 5/16-151.5 new)

1       Sec. 16-151.5. Self-managed plan.

2       (a) The General Assembly finds that the System should  
3 provide a defined contribution (self-managed) plan for  
4 eligible participants. Accordingly, the System is hereby  
5 directed to establish and administer a self-managed plan, which  
6 shall offer participants the opportunity to accumulate assets  
7 for retirement through a combination of participant and  
8 employer contributions that may be invested in mutual funds,  
9 collective investment funds, or other investment products and  
10 used to purchase annuity contracts that are fixed, variable, or  
11 a combination of fixed and variable. The plan must be qualified  
12 under the Internal Revenue Code of 1986.

13       (b) The Board shall make the self-managed plan established  
14 under this Section available to eligible participants under  
15 this Article within 6 months after the effective date of this  
16 amendatory Act of the 98th General Assembly. The adoption of  
17 the self-managed plan makes available to eligible participants  
18 under this Article the election described in Section 16-151.6.

19       The System shall be the plan sponsor for the self-managed  
20 plan and shall prepare a plan document and adopt any rules and  
21 procedures that are considered necessary or desirable for the  
22 administration of the self-managed plan. Consistent with its  
23 fiduciary duty to the participants and beneficiaries of the  
24 self-managed plan, the Board of Trustees of the System may  
25 delegate aspects of plan administration as it sees fit to  
26 companies authorized to do business in this State.

1       (c) The System shall solicit proposals to provide  
2 administrative services and funding vehicles for the  
3 self-managed plan from insurance and annuity companies, mutual  
4 fund companies, banks, trust companies, or other financial  
5 institutions authorized to do business in this State. In  
6 reviewing the proposals received and approving and contracting  
7 with no fewer than 2 and no more than 7 companies, the Board of  
8 Trustees of the System shall consider, among other things, the  
9 following criteria:

10           (1) the nature and extent of the benefits that would be  
11 provided to the participants;

12           (2) the reasonableness of the benefits in relation to  
13 the premium charged;

14           (3) the suitability of the benefits to the needs and  
15 interests of the participants and the employers; and

16           (4) the ability of the company to provide benefits  
17 under the contract and the financial stability of the  
18 company.

19       The System shall periodically review each approved  
20 company. A company may continue to provide administrative  
21 services and funding vehicles for the self-managed plan only so  
22 long as it continues to be an approved company under contract  
23 with the Board.

24       In addition to the companies approved by the System under  
25 this subsection (c), the System may offer its participants an  
26 investment fund managed by the Illinois State Board of

1 Investment.

2 (d) Participants in the program must be allowed to direct  
3 the transfer of their account balances among the various  
4 investment options offered, subject to applicable contractual  
5 provisions. The participant shall not be deemed a fiduciary by  
6 reason of providing such investment direction. A person who is  
7 a fiduciary shall not be liable for any loss resulting from  
8 that investment direction and shall not be deemed to have  
9 breached any fiduciary duty by acting in accordance with that  
10 direction. Neither the System nor the State shall guarantee any  
11 of the investments in the participant's account balances.

12 (e) In order to participate in the self-managed plan, an  
13 eligible participant, as defined in Section 7-140.5, must make  
14 a written election in accordance with the provisions of that  
15 Section and the procedures established by the System.  
16 Participation in the self-managed plan shall begin on the first  
17 day of the month immediately following the month in which the  
18 participant's election is filed with the System, but not sooner  
19 than the effective date of the self-managed plan. A person's  
20 participation in the defined benefit package under this Article  
21 shall terminate on the date that participation in the  
22 self-managed plan begins.

23 A person who has elected to participate in the self-managed  
24 plan under this Section must continue participation while he or  
25 she remains a participant under this Article, and may not  
26 participate in the defined benefit package.

1       Participation in the self-managed plan under this Section  
2 shall constitute participation in the System.

3       Notwithstanding any other provision of this Article, a  
4 participant in the self-managed plan may not purchase or  
5 receive service credit applicable to the defined benefit  
6 package under this Article for any period during which the  
7 employee was a participant in the self-managed plan established  
8 under this Section.

9       A participant under this Section shall be entitled to the  
10 benefits of Article 20 of this Code.

11       (f) If, at the time a participant begins to participate in  
12 the self-managed plan, the participant has rights and credits  
13 in the System due to previous participation in the defined  
14 benefit package, the System shall establish for the participant  
15 an opening account balance in the self-managed plan, equal to  
16 (1) the amount of the refund that the participant would be  
17 eligible to receive if the participant terminated employment on  
18 that date and elected a refund and (2) an amount, representing  
19 employer contributions, equal to the amount of employee  
20 contributions, plus interest. The interest used in this  
21 subsection (f) shall be calculated using the actual annual  
22 rates of return that the System has earned during the time  
23 period corresponding to the actual investment of the  
24 contributions being transferred. The System shall transfer  
25 assets to the self-managed plan as a tax-free transfer in  
26 accordance with Internal Revenue Service guidelines, for



1 purposes of funding the participant's opening account balance.

2 (g) A participant in the self-managed plan is covered by  
3 the disability benefits of the System. An amount of employer  
4 contribution, not exceeding 1% of the participating employee's  
5 salary, shall be used for the purpose of providing the  
6 disability benefits of the System to the participant. Prior to  
7 the beginning of each plan year under the self-managed plan,  
8 the Board of Trustees shall determine, as a percentage of  
9 salary, the amount of employer contributions to be allocated  
10 during that plan year for providing disability benefits for  
11 employees in the self-managed plan.

12 (h) The self-managed plan shall be funded by contributions  
13 from participants in the self-managed plan and employer  
14 contributions as provided in this Section.

15 The contribution rate for participants in the self-managed  
16 plan under this Section shall be equal to the member  
17 contribution rate for other participants in the System, as  
18 provided in Section 16-152. This required contribution shall be  
19 made as an employer pick-up under Section 414(h) of the  
20 Internal Revenue Code of 1986 or any successor Section thereof.  
21 Any participant in the System's defined benefit package before  
22 his or her election to participate in the self-managed plan  
23 shall continue to have the employer pick up the contributions  
24 required under Section 16-158. However, the amounts picked up  
25 after beginning participation in the self-managed plan shall be  
26 remitted to and treated as assets of the self-managed plan. In

1 no event shall a participant have the option of receiving these  
2 amounts in cash. Participants may make additional  
3 contributions to the self-managed plan in accordance with  
4 procedures prescribed by the System, to the extent permitted  
5 under rules adopted by the System.

6 The plan shall provide for employer contributions to be  
7 credited to each self-managed plan participant in an amount  
8 equal to the employee contributions, less the amount used by  
9 the System to provide disability benefits for the employee. The  
10 amounts so credited shall be paid into the participant's  
11 self-managed plan accounts in a manner to be prescribed by the  
12 System.

13 Employer contributions for participants in the  
14 self-managed plan shall be paid to the System by the State and  
15 shall be included in the calculation of required State  
16 contributions under Section 16-158. The System shall not be  
17 obligated to remit the required employer contributions to any  
18 of the insurance and annuity companies, mutual fund companies,  
19 banks, trust companies, financial institutions, or other  
20 sponsors of any of the funding vehicles offered under the  
21 self-managed plan until it has received the required employer  
22 contributions from the State.

23 (i) A participant in the self-managed plan becomes vested  
24 in the employer contributions credited to his or her accounts  
25 in the self-managed plan on the earliest to occur of the  
26 following: (1) attainment of 5 years of service credit; (2) the

1 death of the participating member while employed under this  
2 Article, if the member has completed at least 1.5 years of  
3 service; or (3) the member's election to retire and apply the  
4 reciprocal provisions of Article 20 of this Code.

5 A participant in the self-managed plan who receives a  
6 distribution of his or her vested amounts from the self-managed  
7 plan while not yet eligible for retirement under this Article  
8 (and Article 20, if applicable) shall forfeit all service  
9 credit and accrued rights in the System; if he or she  
10 subsequently becomes a participant under this Article again, he  
11 or she shall be considered a new participant. If a former  
12 participant again becomes a participant (or becomes employed by  
13 a participating system under Article 20 of this Code) and  
14 continues as such for at least 2 years, all rights, service  
15 credits, and previous status as a participant shall be restored  
16 upon repayment of the amount of the distribution, with interest  
17 at the actuarially assumed rate from the date of distribution  
18 to the date of payment.

19 (j) If a participant in the self-managed plan who is vested  
20 in employer contributions terminates employment, the  
21 participant shall be entitled to a benefit that is based on the  
22 account values attributable to both employer and employee  
23 contributions and any investment return thereon.

24 If a participant in the self-managed plan who is not vested  
25 in employer contributions terminates employment, the  
26 participant shall be entitled to a benefit based solely on the

1 account values attributable to the participant's contributions  
2 and any investment return thereon, and the employer  
3 contributions and any investment return thereon shall be  
4 forfeited. Any employer contributions that are forfeited shall  
5 be held in escrow by the company investing those contributions  
6 and shall be used, as directed by the System, for future  
7 allocations of employer contributions or for the restoration of  
8 amounts previously forfeited.

9 (40 ILCS 5/16-151.6 new)

10 Sec. 16-151.6. Election to participate in the self-managed  
11 plan.

12 (a) For the purposes of this Section and Section 16-151.5:

13 "Eligible participant" means either a currently eligible  
14 participant or a newly eligible participant of the System.

15 "Currently eligible participant" means a person who is a  
16 participant under this Article before the day on which the  
17 System first offers the self-managed plan as an alternative to  
18 the defined benefit package.

19 "Newly eligible participant" means a person who first  
20 becomes a participant under this Article on or after the date  
21 on which the System first offers the self-managed plan as an  
22 alternative to the defined benefit package.

23 (b) Each eligible participant shall be given an opportunity  
24 to elect to participate in the self-managed plan rather than  
25 the defined benefit package. An election to participate in the

1 self-managed plan applies to all periods of employment under  
2 this System, including employment occurring on, before, and  
3 after the effective date of the participant's election. An  
4 eligible participant who does not make an election under this  
5 Section shall, by default, participate in the defined benefit  
6 package.

7 An election to participate in the self-managed plan is  
8 irrevocable. If an eligible participant who participates in the  
9 defined benefit package terminates employment under this  
10 Article, then the participant, upon his or her subsequent  
11 re-employment under this Article, may make an election under  
12 this Section.

13 (c) The election must be made in writing, in the manner  
14 prescribed by the System, and within the required time period.  
15 A currently eligible participant may make the election within  
16 one year after the day on which the System first offers the  
17 self-managed plan. A newly eligible participant may make the  
18 election within 60 days after first becoming a participant  
19 under this Article. An eligible participant who terminates  
20 employment under this Article without having made an election  
21 to participate in the self-managed plan and later returns to  
22 employment under this Article may make the election within 60  
23 days after returning to employment under this Article.

24 (d) If an eligible participant elects to participate in the  
25 self-managed plan, the System shall fund his or her account as  
26 stated in subsection (f) of Section 16-151.5.

1       (e) An eligible participant shall be provided with written  
2 information prepared or prescribed by the System that describes  
3 the participant's retirement program choices. The eligible  
4 participant shall be offered an opportunity to receive  
5 counseling from the System before making his or her election.  
6 This counseling may consist of videotaped materials, group  
7 presentations, individual consultation with an employee or  
8 authorized representative of the System in person or by  
9 telephone or other electronic means, or any combination of  
10 these methods.

11       (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)  
12       Sec. 16-152. Contributions by members.

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

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

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

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

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

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

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

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

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

1 member's contributions toward the cost of early retirement  
2 without discount made under item (a)(4) of this Section shall  
3 be refunded according to whichever one of the following  
4 circumstances occurs first:

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

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

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

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

21 (f) In the case of a member who participates in the  
22 self-managed plan under Section 16-151.5, the contributions  
23 required under this Section shall instead be used to finance  
24 the benefits available under the self-managed plan.

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



1 (40 ILCS 5/16-203)

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

4 (a) As used in this Section, "new benefit increase" means  
5 an increase in the amount of any benefit provided under this  
6 Article, or an expansion of the conditions of eligibility for  
7 any benefit under this Article, that results from an amendment  
8 to this Code that takes effect after June 1, 2005 (the  
9 effective date of Public Act 94-4). "New benefit increase",  
10 however, does not include any benefit increase resulting from  
11 the changes made to this Article by public Act 95-910 or by  
12 this amendatory Act of the 98th ~~95th~~ General Assembly.

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

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

22 Every new benefit increase is contingent upon the General  
23 Assembly providing the additional funding required under this  
24 subsection. The Commission on Government Forecasting and  
25 Accountability shall analyze whether adequate additional  
26 funding has been provided for the new benefit increase and

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/18-110.1 new)

4 Sec. 18-110.1. Defined benefit package.

5 "Defined benefit package" means either the traditional  
6 benefit package or the reformed benefit package, whichever  
7 would apply to a participant if he or she does not participate  
8 in the self-managed plan.

9 "Traditional benefit package" means the benefits provided  
10 under this Article, other than the self-managed plan, for  
11 persons who first became participants of the System before  
12 January 1, 2011.

13 "Reformed benefit package" means the traditional benefit  
14 package as modified for persons who first become participants  
15 of the System on or after January 1, 2011.

16 (40 ILCS 5/18-110.2 new)

17 Sec. 18-110.2. Self-managed plan. "Self-managed plan"  
18 means the defined contribution retirement program maintained  
19 by the System and established under Section 18-130.1. The  
20 self-managed plan includes disability benefits, but does not  
21 include any other annuity or refund payable directly by the  
22 System under the defined benefit package.

23 (40 ILCS 5/18-130.1 new)

1       Sec. 18-130.1. Self-managed plan.

2       (a) The General Assembly finds that the System should  
3 provide a defined contribution (self-managed) plan for  
4 eligible participants. Accordingly, the System is hereby  
5 directed to establish and administer a self-managed plan, which  
6 shall offer participants the opportunity to accumulate assets  
7 for retirement through a combination of participant and  
8 employer contributions that may be invested in mutual funds,  
9 collective investment funds, or other investment products and  
10 used to purchase annuity contracts that are fixed, variable, or  
11 a combination of fixed and variable. The plan must be qualified  
12 under the Internal Revenue Code of 1986.

13       (b) The Board shall make the self-managed plan established  
14 under this Section available to eligible participants under  
15 this Article within 6 months after the effective date of this  
16 amendatory Act of the 98th General Assembly. The adoption of  
17 the self-managed plan makes available to eligible participants  
18 under this Article the election described in Section 18-130.2.

19       The System shall be the plan sponsor for the self-managed  
20 plan and shall prepare a plan document and adopt any rules and  
21 procedures that are considered necessary or desirable for the  
22 administration of the self-managed plan. Consistent with its  
23 fiduciary duty to the participants and beneficiaries of the  
24 self-managed plan, the Board of Trustees of the System may  
25 delegate aspects of plan administration as it sees fit to  
26 companies authorized to do business in this State.

1       (c) The System shall solicit proposals to provide  
2 administrative services and funding vehicles for the  
3 self-managed plan from insurance and annuity companies, mutual  
4 fund companies, banks, trust companies, or other financial  
5 institutions authorized to do business in this State. In  
6 reviewing the proposals received and approving and contracting  
7 with no fewer than 2 and no more than 7 companies, the Board of  
8 Trustees of the System shall consider, among other things, the  
9 following criteria:

10           (1) the nature and extent of the benefits that would be  
11 provided to the participants;

12           (2) the reasonableness of the benefits in relation to  
13 the premium charged;

14           (3) the suitability of the benefits to the needs and  
15 interests of the participants and the employers; and

16           (4) the ability of the company to provide benefits  
17 under the contract and the financial stability of the  
18 company.

19       The System shall periodically review each approved  
20 company. A company may continue to provide administrative  
21 services and funding vehicles for the self-managed plan only so  
22 long as it continues to be an approved company under contract  
23 with the Board.

24       In addition to the companies approved by the System under  
25 this subsection (c), the System may offer its participants an  
26 investment fund managed by the Illinois State Board of

1 Investment.

2 (d) Participants in the program must be allowed to direct  
3 the transfer of their account balances among the various  
4 investment options offered, subject to applicable contractual  
5 provisions. The participant shall not be deemed a fiduciary by  
6 reason of providing such investment direction. A person who is  
7 a fiduciary shall not be liable for any loss resulting from  
8 that investment direction and shall not be deemed to have  
9 breached any fiduciary duty by acting in accordance with that  
10 direction. Neither the System nor the State shall guarantee any  
11 of the investments in the participant's account balances.

12 (e) In order to participate in the self-managed plan, an  
13 eligible participant, as defined in Section 7-140.5, must make  
14 a written election in accordance with the provisions of that  
15 Section and the procedures established by the System.  
16 Participation in the self-managed plan shall begin on the first  
17 day of the month immediately following the month in which the  
18 participant's election is filed with the System, but not sooner  
19 than the effective date of the self-managed plan. A person's  
20 participation in the defined benefit package under this Article  
21 shall terminate on the date that participation in the  
22 self-managed plan begins.

23 A person who has elected to participate in the self-managed  
24 plan under this Section must continue participation while he or  
25 she remains a participant under this Article, and may not  
26 participate in the defined benefit package.

1       Participation in the self-managed plan under this Section  
2 shall constitute participation in the System.

3       Notwithstanding any other provision of this Article, a  
4 participant in the self-managed plan may not purchase or  
5 receive service credit applicable to the defined benefit  
6 package under this Article for any period during which the  
7 employee was a participant in the self-managed plan established  
8 under this Section.

9       A participant under this Section shall be entitled to the  
10 benefits of Article 20 of this Code.

11       (f) If, at the time a participant begins to participate in  
12 the self-managed plan, the participant has rights and credits  
13 in the System due to previous participation in the defined  
14 benefit package, the System shall establish for the participant  
15 an opening account balance in the self-managed plan, equal to  
16 (1) the amount of the refund that the participant would be  
17 eligible to receive if the participant terminated employment on  
18 that date and elected a refund and (2) an amount, representing  
19 employer contributions, equal to the amount of employee  
20 contributions, plus interest. The interest used in this  
21 subsection (f) shall be calculated using the actual annual  
22 rates of return that the System has earned during the time  
23 period corresponding to the actual investment of the  
24 contributions being transferred. The System shall transfer  
25 assets to the self-managed plan as a tax-free transfer in  
26 accordance with Internal Revenue Service guidelines, for

1 purposes of funding the participant's opening account balance.

2 (g) A participant in the self-managed plan is covered by  
3 the disability benefits of the System. An amount of employer  
4 contribution, not exceeding 1% of the participating employee's  
5 salary, shall be used for the purpose of providing the  
6 disability benefits of the System to the participant. Prior to  
7 the beginning of each plan year under the self-managed plan,  
8 the Board of Trustees shall determine, as a percentage of  
9 salary, the amount of employer contributions to be allocated  
10 during that plan year for providing disability benefits for  
11 employees in the self-managed plan.

12 (h) The self-managed plan shall be funded by contributions  
13 from participants in the self-managed plan and employer  
14 contributions as provided in this Section.

15 The contribution rate for participants in the self-managed  
16 plan under this Section shall be equal to the member  
17 contribution rate for other participants in the System, as  
18 provided in Section 18-133. This required contribution shall be  
19 made as an employer pick-up under Section 414(h) of the  
20 Internal Revenue Code of 1986 or any successor Section thereof.  
21 Any participant in the System's defined benefit package before  
22 his or her election to participate in the self-managed plan  
23 shall continue to have the employer pick up the contributions  
24 required under Section 18-133. However, the amounts picked up  
25 after beginning participation in the self-managed plan shall be  
26 remitted to and treated as assets of the self-managed plan. In



1 no event shall a participant have the option of receiving these  
2 amounts in cash. Participants may make additional  
3 contributions to the self-managed plan in accordance with  
4 procedures prescribed by the System, to the extent permitted  
5 under rules adopted by the System.

6 The plan shall provide for employer contributions to be  
7 credited to each self-managed plan participant in an amount  
8 equal to the employee contributions, less the amount used by  
9 the System to provide disability benefits for the employee. The  
10 amounts so credited shall be paid into the participant's  
11 self-managed plan accounts in a manner to be prescribed by the  
12 System.

13 Employer contributions for participants in the  
14 self-managed plan shall be paid to the System by the State and  
15 shall be included in the calculation of required State  
16 contributions under Section 18-131. The System shall not be  
17 obligated to remit the required employer contributions to any  
18 of the insurance and annuity companies, mutual fund companies,  
19 banks, trust companies, financial institutions, or other  
20 sponsors of any of the funding vehicles offered under the  
21 self-managed plan until it has received the required employer  
22 contributions from the State.

23 (i) A participant in the self-managed plan becomes vested  
24 in the employer contributions credited to his or her accounts  
25 in the self-managed plan on the earliest to occur of the  
26 following: (1) attainment of 5 years of service credit; (2) the

1 death of the participating member while employed under this  
2 Article, if the member has completed at least 1.5 years of  
3 service; or (3) the member's election to retire and apply the  
4 reciprocal provisions of Article 20 of this Code.

5 A participant in the self-managed plan who receives a  
6 distribution of his or her vested amounts from the self-managed  
7 plan while not yet eligible for retirement under this Article  
8 (and Article 20, if applicable) shall forfeit all service  
9 credit and accrued rights in the System; if he or she  
10 subsequently becomes a participant under this Article again, he  
11 or she shall be considered a new participant. If a former  
12 participant again becomes a participant (or becomes employed by  
13 a participating system under Article 20 of this Code) and  
14 continues as such for at least 2 years, all rights, service  
15 credits, and previous status as a participant shall be restored  
16 upon repayment of the amount of the distribution, with interest  
17 at the actuarially assumed rate from the date of distribution  
18 to the date of payment.

19 (j) If a participant in the self-managed plan who is vested  
20 in employer contributions terminates employment, the  
21 participant shall be entitled to a benefit that is based on the  
22 account values attributable to both employer and employee  
23 contributions and any investment return thereon.

24 If a participant in the self-managed plan who is not vested  
25 in employer contributions terminates employment, the  
26 participant shall be entitled to a benefit based solely on the

1 account values attributable to the participant's contributions  
2 and any investment return thereon, and the employer  
3 contributions and any investment return thereon shall be  
4 forfeited. Any employer contributions that are forfeited shall  
5 be held in escrow by the company investing those contributions  
6 and shall be used, as directed by the System, for future  
7 allocations of employer contributions or for the restoration of  
8 amounts previously forfeited.

9 (40 ILCS 5/18-130.2 new)

10 Sec. 18-130.2. Election to participate in the self-managed  
11 plan.

12 (a) For the purposes of this Section and Section 18-130.1:

13 "Eligible participant" means either a currently eligible  
14 participant or a newly eligible participant of the System.

15 "Currently eligible participant" means a person who is a  
16 participant under this Article before the day on which the  
17 System first offers the self-managed plan as an alternative to  
18 the defined benefit package.

19 "Newly eligible participant" means a person who first  
20 becomes a participant under this Article on or after the date  
21 on which the System first offers the self-managed plan as an  
22 alternative to the defined benefit package.

23 (b) Each eligible participant shall be given an opportunity  
24 to elect to participate in the self-managed plan rather than  
25 the defined benefit package. An election to participate in the

1 self-managed plan applies to all periods of employment under  
2 this System, including employment occurring on, before, and  
3 after the effective date of the participant's election. An  
4 eligible participant who does not make an election under this  
5 Section shall, by default, participate in the defined benefit  
6 package.

7 An election to participate in the self-managed plan is  
8 irrevocable. If an eligible participant who participates in the  
9 defined benefit package terminates employment under this  
10 Article, then the participant, upon his or her subsequent  
11 re-employment under this Article, may make an election under  
12 this Section.

13 (c) The election must be made in writing, in the manner  
14 prescribed by the System, and within the required time period.  
15 A currently eligible participant may make the election within  
16 one year after the day on which the System first offers the  
17 self-managed plan. A newly eligible participant may make the  
18 election within 60 days after first becoming a participant  
19 under this Article. An eligible participant who terminates  
20 employment under this Article without having made an election  
21 to participate in the self-managed plan and later returns to  
22 employment under this Article may make the election within 60  
23 days after returning to employment under this Article.

24 (d) If an eligible participant elects to participate in the  
25 self-managed plan, the System shall fund his or her account as  
26 stated in subsection (f) of Section 18-130.1.

1       (e) An eligible participant shall be provided with written  
2 information prepared or prescribed by the System that describes  
3 the participant's retirement program choices. The eligible  
4 participant shall be offered an opportunity to receive  
5 counseling from the System before making his or her election.  
6 This counseling may consist of videotaped materials, group  
7 presentations, individual consultation with an employee or  
8 authorized representative of the System in person or by  
9 telephone or other electronic means, or any combination of  
10 these methods.

11       (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)  
12       Sec. 18-133. Financing; employee contributions.

13       (a) Effective July 1, 1967, each participant is required to  
14 contribute 7 1/2% of each payment of salary toward the  
15 retirement annuity. Such contributions shall continue during  
16 the entire time the participant is in service, with the  
17 following exceptions:

18           (1) Contributions for the retirement annuity are not  
19 required on salary received after 18 years of service by  
20 persons who were participants before January 2, 1954.

21           (2) A participant who continues to serve as a judge  
22 after becoming eligible to receive the maximum rate of  
23 annuity may elect, through a written direction filed with  
24 the Board, to discontinue contributing to the System. Any  
25 such option elected by a judge shall be irrevocable unless

1 prior to January 1, 2000, and while continuing to serve as  
2 judge, the judge (A) files with the Board a letter  
3 cancelling the direction to discontinue contributing to  
4 the System and requesting that such contributing resume,  
5 and (B) pays into the System an amount equal to the total  
6 of the discontinued contributions plus interest thereon at  
7 5% per annum. Service credits earned in any other  
8 "participating system" as defined in Article 20 of this  
9 Code shall be considered for purposes of determining a  
10 judge's eligibility to discontinue contributions under  
11 this subdivision (a) (2).

12 (3) A participant who (i) has attained age 60, (ii)  
13 continues to serve as a judge after becoming eligible to  
14 receive the maximum rate of annuity, and (iii) has not  
15 elected to discontinue contributing to the System under  
16 subdivision (a) (2) of this Section (or has revoked any such  
17 election) may elect, through a written direction filed with  
18 the Board, to make contributions to the System based only  
19 on the amount of the increases in salary received by the  
20 judge on or after the date of the election, rather than the  
21 total salary received. If a judge who is making  
22 contributions to the System on the effective date of this  
23 amendatory Act of the 91st General Assembly makes an  
24 election to limit contributions under this subdivision  
25 (a) (3) within 90 days after that effective date, the  
26 election shall be deemed to become effective on that

1 effective date and the judge shall be entitled to receive a  
2 refund of any excess contributions paid to the System  
3 during that 90-day period; any other election under this  
4 subdivision (a) (3) becomes effective on the first of the  
5 month following the date of the election. An election to  
6 limit contributions under this subdivision (a) (3) is  
7 irrevocable. Service credits earned in any other  
8 participating system as defined in Article 20 of this Code  
9 shall be considered for purposes of determining a judge's  
10 eligibility to make an election under this subdivision  
11 (a) (3).

12 (b) Beginning July 1, 1969, each participant is required to  
13 contribute 1% of each payment of salary towards the automatic  
14 increase in annuity provided in Section 18-125.1. However, such  
15 contributions need not be made by any participant who has  
16 elected prior to September 15, 1969, not to be subject to the  
17 automatic increase in annuity provisions.

18 (c) Effective July 13, 1953, each married participant  
19 subject to the survivor's annuity provisions is required to  
20 contribute 2 1/2% of each payment of salary, whether or not he  
21 or she is required to make any other contributions under this  
22 Section. Such contributions shall be made concurrently with the  
23 contributions made for annuity purposes.

24 (d) Notwithstanding any other provision of this Article,  
25 the required contributions for a participant who first becomes  
26 a participant on or after January 1, 2011 shall not exceed the

1 contributions that would be due under this Article if that  
2 participant's highest salary for annuity purposes were  
3 \$106,800, plus any increase in that amount under Section  
4 18-125. This subsection (d) does not apply to participants in  
5 the self-managed plan.

6 (e) In the case of a participant who participates in the  
7 self-managed plan under Section 18-130.1, the contributions  
8 required under this Section shall instead be used to finance  
9 the benefits available under the self-managed plan.

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

11 (40 ILCS 5/18-169)

12 Sec. 18-169. 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, that results from an amendment  
18 to this Code that takes effect after the effective date of this  
19 amendatory Act of the 94th General Assembly. "New benefit  
20 increase", however, does not include any benefit increase  
21 resulting from the changes made to this Article by this  
22 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 5/20-121) (from Ch. 108 1/2, par. 20-121)

15 Sec. 20-121. Calculation of proportional retirement  
16 annuities. Upon retirement of the employee, a proportional  
17 retirement annuity shall be computed by each participating  
18 system in which pension credit has been established on the  
19 basis of pension credits under each system. The computation  
20 shall be in accordance with the formula or method prescribed by  
21 each participating system which is in effect at the date of the  
22 employee's latest withdrawal from service covered by any of the  
23 systems in which he has pension credits which he elects to have  
24 considered under this Article. However, the amount of any  
25 retirement annuity payable under the self-managed plan

1 established under Section 2-135.5, 14-130.5, 15-158.2,  
2 16-151.5, or 18-130.1 of this Code depends solely on the value  
3 of the participant's vested account balances and is not subject  
4 to any proportional adjustment under this Section.

5 Combined pension credit under all retirement systems  
6 subject to this Article shall be considered in determining  
7 whether the minimum qualification has been met and the formula  
8 or method of computation which shall be applied. If a system  
9 has a step-rate formula for calculation of the retirement  
10 annuity, pension credits covering previous service which have  
11 been established under another system shall be considered in  
12 determining which range or ranges of the step-rate formula are  
13 to be applicable to the employee.

14 Interest on pension credit shall continue to accumulate in  
15 accordance with the provisions of the law governing the  
16 retirement system in which the same has been established during  
17 the time an employee is in the service of another employer, on  
18 the assumption such employee, for interest purposes for pension  
19 credit, is continuing in the service covered by such retirement  
20 system.

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

22 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

23 Sec. 20-123. Survivor's annuity. The provisions governing  
24 a retirement annuity shall be applicable to a survivor's  
25 annuity. Appropriate credits shall be established for

1 survivor's annuity purposes in those participating systems  
2 which provide survivor's annuities, according to the same  
3 conditions and subject to the same limitations and restrictions  
4 herein prescribed for a retirement annuity. If a participating  
5 system has no survivor's annuity benefit, or if the survivor's  
6 annuity benefit under that system is waived, pension credit  
7 established in that system shall not be considered in  
8 determining eligibility for or the amount of the survivor's  
9 annuity which may be payable by any other participating system.

10 For persons who participate in a self-managed plan  
11 established under Section 2-135.5, 14-130.5, 16-151.5, or  
12 18-130.1, pension credit established under the Article  
13 governing that self-managed plan may be considered in  
14 determining eligibility for or the amount of the survivor's  
15 annuity that is payable by any other participating system, but  
16 pension credit established in any other system shall not result  
17 in any right to a survivor's annuity under the Article  
18 governing that self-managed.

19 For persons who participate in the self-managed plan  
20 established under Section 15-158.2 or the portable benefit  
21 package established under Section 15-136.4, pension credit  
22 established under Article 15 may be considered in determining  
23 eligibility for or the amount of the survivor's annuity that is  
24 payable by any other participating system, but pension credit  
25 established in any other system shall not result in any right  
26 to a survivor's annuity under the Article 15 system.

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

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

3 Sec. 20-124. Maximum benefits.

4 (a) In no event shall the combined retirement or survivors  
5 annuities exceed the highest annuity which would have been  
6 payable by any participating system in which the employee has  
7 pension credits, if all of his pension credits had been  
8 validated in that system.

9 If the combined annuities should exceed the highest maximum  
10 as determined in accordance with this Section, the respective  
11 annuities shall be reduced proportionately according to the  
12 ratio which the amount of each proportional annuity bears to  
13 the aggregate of all such annuities.

14 (b) In the case of a participant in the self-managed plan  
15 established under Section 2-135.5, 14-130.5, 16-151.5, or  
16 18-130.1 of this Code to whom the provisions of this Article  
17 apply:

18 (i) For purposes of calculating the combined  
19 retirement annuity and the proportionate reduction, if  
20 any, in a retirement annuity other than one payable under a  
21 self-managed plan, the amount of the retirement annuity  
22 under the Article governing the self-managed plan shall be  
23 deemed to be the highest annuity to which the annuitant  
24 would have been entitled if he or she had participated in  
25 the defined benefit package instead of in the self-managed

1 plan.

2 (ii) For purposes of calculating the combined  
3 survivor's annuity and the proportionate reduction, if  
4 any, in a survivor's annuity other than one payable under a  
5 self-managed plan, the amount of the survivor's annuity  
6 under the Article governing the self-managed plan shall be  
7 deemed to be the highest survivor's annuity to which the  
8 survivor would have been entitled if the deceased person  
9 had participated in the defined benefit package instead of  
10 in the self-managed plan.

11 (iii) Benefits payable under the self-managed plan are  
12 not subject to proportionate reduction under this Section.

13 (c) In the case of a participant in the self-managed plan  
14 established under Section 15-158.2 of this Code to whom the  
15 provisions of this Article apply:

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

25 (ii) For purposes of calculating the combined  
26 survivor's annuity and the proportionate reduction, if

1           any, in a survivor's annuity other than one payable under  
2           the self-managed plan, the amount of the Article 15  
3           survivor's annuity shall be deemed to be the highest  
4           survivor's annuity to which the survivor would have been  
5           entitled if the deceased employee had participated in the  
6           traditional benefit package as defined in Section 15-103.1  
7           rather than the self-managed plan.

8           (iii) Benefits payable under the self-managed plan are  
9           not subject to proportionate reduction under this Section.

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

11           Section 99. Effective date. This Act takes effect upon  
12          becoming law.".