



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB2746

Introduced 2/21/2013, by Rep. Ron Sandack

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Property Tax Code to impose a 3-year freeze on tax levies by school districts and community college districts. Amends the School Code and the Public Community College Act to make conforming changes. Amends the Illinois Pension Code. In the General Provisions Article, creates a cash balance plan for new hires of the State Universities and Teachers' Retirement Systems and for certain Tier II participants. In the General Assembly, State Employee, State Universities, and Downstate Teacher Articles, increases the retirement age for certain Tier I members and participants. Changes the conditions of eligibility for, and the amount of, automatic annual increases for Tier I retirees. Increases Tier I employee contributions. Limits pensionable salary for Tier I participants and provides that nothing prohibits an employer from providing additional retirement benefits outside the retirement system for participating employees whose compensation exceeds the new salary limitation. Changes the required State contribution to each of the affected retirement systems. Guarantees certain funding levels. In the State Universities and Downstate Teacher Articles, shifts costs to local employers. Makes other changes. Amends the State Finance Act. To the list of standardized items of appropriation, adds "State retirement contribution for annual normal cost" and "State retirement contribution for unfunded accrued liability". Defines those terms. Amends the Governor's Office of Management and Budget Act. Adds those terms to a list of classifications to be used in the preparation of a State budget. Amends the School Code to strengthen the requirements for reimbursement of State mandates on school districts. Includes an inseverability provision. Effective immediately.

LRB098 07367 EFG 37431 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

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

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

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

19 (1) Personal services

20 (2) State contribution for employee group insurance

21 (3) Contractual services

22 (4) Travel

23 (5) Commodities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 specified, such appropriation shall be construed in accordance

11 with the definitions and limitations specified in this Act,

12 unless the appropriation act otherwise provides.

13           An appropriation for a purpose other than one specified and

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

15 and distinct item, specifically stating the object and purpose

16 thereof.

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

18           (30 ILCS 105/24.12 new)

19           Sec. 24.12. "State retirement contribution for annual

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

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

22 State contribution to a retirement system for a fiscal year

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

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

25 by the board of trustees of the retirement system in

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

3 (30 ILCS 105/24.13 new)

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

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

12 (30 ILCS 122/20)

13 Sec. 20. Pension Stabilization Fund.

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

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

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

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

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

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

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

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

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

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

19 Section 18. The Property Tax Code is amended by adding  
20 Section 18-191 as follows:

21 (35 ILCS 200/18-191 new)

22 Sec. 18-191. Tax freeze on school districts and community  
23 college districts.

24 (a) Notwithstanding any other provision of law, for levy



1 years 2014, 2015, and 2016, a school district shall not levy  
2 any tax in an amount in excess of its levy of that tax for levy  
3 year 2013.

4 Notwithstanding any other provision of law, for levy years  
5 2014, 2015, and 2016, a school district shall not levy any new  
6 tax that it did not levy in levy year 2013.

7 (b) Notwithstanding any other provision of law, for levy  
8 years 2014, 2015, and 2016, a community college district shall  
9 not levy any tax in an amount in excess of its levy of that tax  
10 for levy year 2013.

11 Notwithstanding any other provision of law, for levy years  
12 2014, 2015, and 2016, a community college district shall not  
13 levy any new tax that it did not levy in levy year 2013.

14 (c) In the event of a conflict between this Section and any  
15 other law, the provisions of this Section shall control.

16 Section 20. The Illinois Pension Code is amended by  
17 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,  
18 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,  
19 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,  
20 14-152.1, 15-111, 15-113.6, 15-113.7, 15-135, 15-136, 15-155,  
21 15-156, 15-157, 15-165, 15-198, 16-121, 16-132, 16-133,  
22 16-133.1, 16-152, 16-158, 16-158.1, 16-203, 20-121, 20-123,  
23 20-124, and 20-125 and by adding Sections 1-161, 2-105.1,  
24 2-105.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2, 15-111.1,  
25 15-155.1, 16-106.4, 16-106.5, 16-121.1, and 16-158.2 as

1 follows:

2 (40 ILCS 5/1-103.3)

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

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

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

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

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

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

5 (40 ILCS 5/1-160)

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

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

20 A person subject to this Section with respect to service  
21 under the State Universities Retirement System may irrevocably  
22 elect to transfer to the cash balance plan under Section 1-161  
23 with respect to service under the State Universities Retirement  
24 System by filing with the State Universities Retirement System  
25 by December 31, 2013, in the manner required by that System,

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

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

1 payable as provided in the cash balance plan.

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

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

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

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

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

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

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

25 (b-5) Beginning on January 1, 2011, for all purposes under  
26 this Code (including without limitation the calculation of

1 benefits and employee contributions), the annual earnings,  
2 salary, or wages (based on the plan year) of a member or  
3 participant to whom this Section applies shall not exceed  
4 \$106,800; however, that amount shall annually thereafter be  
5 increased by the lesser of (i) 3% of that amount, including all  
6 previous adjustments, or (ii) one-half the annual unadjusted  
7 percentage increase (but not less than zero) in the consumer  
8 price index-u for the 12 months ending with the September  
9 preceding each November 1, including all previous adjustments.

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

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

23 A member or participant who has attained age 62 and has at  
24 least 10 years of service credit and is otherwise eligible  
25 under the requirements of the applicable Article may elect to  
26 receive the lower retirement annuity provided in subsection (d)

1 of this Section.

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

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

19 (f) The initial survivor's or widow's annuity of an  
20 otherwise eligible survivor or widow of a retired member or  
21 participant who first became a member or participant on or  
22 after January 1, 2011 shall be in the amount of 66 2/3% of the  
23 retired member's or participant's retirement annuity at the  
24 date of death. In the case of the death of a member or  
25 participant who has not retired and who first became a member  
26 or participant on or after January 1, 2011, eligibility for a

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

20 (g) The benefits in Section 14-110 apply only if the person  
21 is a State policeman, a fire fighter in the fire protection  
22 service of a department, or a security employee of the  
23 Department of Corrections or the Department of Juvenile  
24 Justice, as those terms are defined in subsection (c) ~~(b)~~ of  
25 Section 14-110. A person who meets the requirements of this  
26 Section is entitled to an annuity calculated under the



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

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

21 If a person who first becomes a member of a retirement  
22 system or pension fund subject to this Section on or after  
23 January 1, 2012 and is receiving a retirement annuity or  
24 retirement pension under that system or fund ~~and~~ accepts on a  
25 contractual basis a position to provide services to a  
26 governmental entity from which he or she has retired, then that

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

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

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

22 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;  
23 97-609, eff. 1-1-12.)

24 (40 ILCS 5/1-161 new)

25 Sec. 1-161. Cash Balance Plan.

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

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

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

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

13       "Eligible child" means:

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

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

25       "Eligible parent" means:

26           (1) with respect to a participant in the retirement

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

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

11 "Eligible surviving spouse" means:

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

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

25 "Eligible survivor" means:

26 (1) with respect to a participant in the retirement

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

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

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

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

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

23 (c) Cash Balance Account. A notional cash balance account  
24 shall be established by the applicable retirement system for  
25 each participant in the cash balance plan. The account is  
26 notional and does not contain any actual money segregated from

1 the commingled assets of the retirement system. The cash  
2 balance in the account is to be used in calculating benefits as  
3 provided in this Section, but is not to be used in the  
4 calculation of any refund, transfer, or other benefit under the  
5 applicable Article of this Code.

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

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

22 The amounts to be debited from the cash balance account  
23 shall include (i) amounts representing contributions for  
24 disability benefits, (ii) amounts representing contributions  
25 for survivor benefits not based on the cash balance account,  
26 and (iii) upon a return to service after retirement, amounts

1 representing each payment of retirement annuity following the  
2 latest retirement and preceding the return to service, all as  
3 provided in this Section.

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

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

22 By accepting the initial account balance, the participant  
23 relinquishes the right to any benefits (including survivor  
24 benefits) that would otherwise be payable under Section 1-160  
25 with respect to service in the applicable retirement system,  
26 but does not forfeit any service credit earned with respect to

1 such service.

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

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

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

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

26 The notional amount to be credited to the participant's



1 account is not the same amount as the actual optional employer  
2 contribution required under subsection (p) and the provisions  
3 of the applicable Article of this Code.

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

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

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

24 (i) the assumed treasury rate, plus

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

1 exceeds the assumed treasury rate.

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

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

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

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

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

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

22       (f-15) Refund. In lieu of receiving a distribution under  
23 subsection (f-10) or a retirement annuity under subsection (g),  
24 at any time after terminating active employment under the  
25 applicable retirement system, a participant in the cash balance  
26 plan may elect to receive a refund under this subsection. The

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

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

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

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

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

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

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

23 A retirement annuity or surviving spouse's annuity  
24 provided under this subsection shall be a life annuity and  
25 shall not expire for the reason that the total amount paid has  
26 reached or exceeded the account balance.

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

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

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

26       (h) Annual Increase in Retirement Annuity. The retirement

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

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

12 Retirement due to disability under Section 15-153.2 or  
13 16-149.2 shall be deemed a disability benefit for the purposes  
14 of this Section and shall apply to new cash balance plan  
15 participants and legacy Tier II participants.

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

22 (j) Return to Service. Upon a return to service under the  
23 same retirement system after beginning to receive a retirement  
24 annuity under the cash balance plan, the retirement annuity  
25 shall be suspended and active participation in the cash balance  
26 plan shall resume. Upon termination of the employment, the

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

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

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

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



1 having attained age 59 1/2 and without having elected to take a  
2 reduced annuity to provide a surviving spouse's annuity.

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

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

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

25 (l) Benefits for Eligible Children and Eligible Parents.  
26 Upon the death of a participant in the cash balance plan, an

1 eligible child or eligible parent may be entitled to receive  
2 death benefits and survivors insurance benefits under Article  
3 15 or survivors' benefits under Article 16 of this Code. These  
4 benefits shall be deemed to be "survivor benefits not based on  
5 the cash balance account" for the purposes of this Section.

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

12 The amount of these benefits shall be determined under this  
13 Section and the applicable Article of this Code, including  
14 without limitation any limitation on the minimum or maximum  
15 amount of such benefits, individually or in combination. In  
16 applying any limitation on the minimum or maximum amount of  
17 such benefits that depends on the existence or amount of a  
18 benefit payable to the surviving spouse, the retirement system  
19 shall use the amount of surviving spouse annuity payable by the  
20 retirement system under this Section rather than the amount  
21 otherwise provided under the applicable Article. Under no  
22 circumstance shall the sum of the benefits payable to all  
23 eligible survivors of a particular deceased participant by the  
24 applicable retirement system in accordance with this Section  
25 exceed the sum of the benefits that would be payable to all  
26 eligible survivors if the deceased participant had not been

1 subject to this Section.

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

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

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

17 (2) provisions limiting a retirement annuity to a  
18 specified percentage of salary;

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

23 (4) provisions authorizing any form of annuity not  
24 authorized under this Section;

25 (5) provisions authorizing a reversionary annuity  
26 (other than a surviving spouse's annuity under subsection

1       (g) ;

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

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

13          (8) a level income option.

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

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

23          (n) Rules. The Board of Trustees of the applicable  
24          retirement system may adopt rules and procedures for the  
25          implementation of this Section, including but not limited to  
26          determinations of how to integrate the administration of this

1 Section with the requirements of the applicable Article and any  
2 other applicable provisions of this Code.

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

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

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

26 (q) Prospective Modification. The provisions set forth in

1 this Section are subject to prospective changes made by law  
2 provided that any such changes shall not apply to any benefits  
3 accrued under this Section prior to the effective date of any  
4 amendatory Act of the General Assembly.

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

9 (40 ILCS 5/2-105.1 new)

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

13 (40 ILCS 5/2-105.2 new)

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

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

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

1 December 6, 1907, as now or hereafter amended.

2 (2) For the State executive officers specified in Section  
3 2-105, the total compensation paid to the member for one year  
4 of service.

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

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

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

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

25 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

1           Sec. 2-119. Retirement annuity - conditions for  
2 eligibility.

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

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

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

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

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

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

23           (C) He or she has completed 8 years of service and  
24 has become permanently disabled and as a consequence,  
25 is unable to perform the duties of his or her office.

26           For a participant who first becomes a participant of



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

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

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

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

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

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

25           Notwithstanding Section 1-103.1, this subsection (a-5)  
26           applies without regard to whether or not the Tier I member is

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

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

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

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

17 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

19 (a) Except as provided in subsections (a-1) and (a-2), a A  
20 participant who retires after June 30, 1967, and who has not  
21 received an initial increase under this Section before the  
22 effective date of this amendatory Act of 1991, shall, in  
23 January or July next following the first anniversary of  
24 retirement, whichever occurs first, and in the same month of  
25 each year thereafter, but in no event prior to age 60, have the

1 amount of the originally granted retirement annuity increased  
2 as follows: for each year through 1971, 1 1/2%; for each year  
3 from 1972 through 1979, 2%; and for 1980 and each year  
4 thereafter, 3%. Annuitants who have received an initial  
5 increase under this subsection prior to the effective date of  
6 this amendatory Act of 1991 shall continue to receive their  
7 annual increases in the same month as the initial increase.

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

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

1 requirements.

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

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

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

25 (b-5) Notwithstanding any other provision of this Article,  
26 a participant who first becomes a participant on or after

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

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

24 (d) A participant who terminated service prior to July 1,  
25 1967, with at least 14 years of service is entitled to an  
26 increase in retirement annuity beginning January, 1976, and to

1 additional increases in January of each year thereafter.

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

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

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

16 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

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

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

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

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

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

20 (b) Upon the death of a participant after the termination  
21 of service or upon death of an annuitant, the maximum total  
22 payment to a surviving spouse and eligible children, or to  
23 eligible children alone if there is no surviving spouse, shall  
24 be 75% of the retirement annuity to which the participant or  
25 annuitant was entitled, unless there is a dependent disabled  
26 child among the survivors.

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

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

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

23 (d-5) Notwithstanding any other provision of this Article,  
24 the initial survivor's annuity of a survivor of a participant  
25 who first becomes a participant on or after January 1, 2011  
26 (the effective date of Public Act 96-889) shall be in the



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

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

23 (f) In the case of a proportional survivor's annuity  
24 arising under the Retirement Systems Reciprocal Act where the  
25 amount payable by the System on January 1, 1993 is less than  
26 \$300 per month, the amount payable by the System shall be

1 increased beginning on that date by a monthly amount equal to  
2 \$2 for each full year that has expired since the annuity began.  
3 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

4 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

5 Sec. 2-124. Contributions by State.

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

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

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

1 contribution shall be calculated each year as a level  
2 percentage of payroll over the years remaining to and including  
3 fiscal year 2043 and shall be determined under the projected  
4 unit credit actuarial cost method.

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

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

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

23 Notwithstanding any other provision of this Article, the  
24 total required State contribution for State fiscal year 2007 is  
25 \$5,220,300.

26 For each of State fiscal years 2008 through 2009, the State

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

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

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

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

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

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

21       Notwithstanding any other provision of this Section, the  
22       required State contribution for State fiscal year 2005 and for  
23       fiscal year 2008 and each fiscal year thereafter through State  
24       fiscal year 2013, as calculated under this Section and  
25       certified under Section 2-134, shall not exceed an amount equal  
26       to (i) the amount of the required State contribution that would

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

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

24 As of June 30, 2008, the actuarial value of the System's  
25 assets shall be equal to the market value of the assets as of  
26 that date. In determining the actuarial value of the System's

1 assets for fiscal years after June 30, 2008, any actuarial  
2 gains or losses from investment return incurred in a fiscal  
3 year shall be recognized in equal annual amounts over the  
4 5-year period following that fiscal year.

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

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

12 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

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

22 (c) Beginning July 1, 2013, the State shall be  
23 contractually obligated to contribute to the System under  
24 Section 2-124 in each State fiscal year an amount not less than  
25 the sum of (i) the State's normal cost for that year and (ii)

1 the portion of the unfunded accrued liability assigned to that  
2 year by law in accordance with a schedule that distributes  
3 payments equitably over a reasonable period of time and in  
4 accordance with accepted actuarial practices. The obligations  
5 created under this subsection (c) are contractual obligations  
6 protected and enforceable under Article I, Section 16 and  
7 Article XIII, Section 5 of the Illinois Constitution.

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

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



1 prefunding mechanisms or formulas set forth, now or hereafter,  
2 in State law or bond indentures, into debt service funds or  
3 accounts of the State related to such bonded obligations,  
4 consistent with the payment schedules associated with such  
5 obligations.

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

7 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

8 Sec. 2-126. Contributions by participants.

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

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

22 (1) beginning July 1, 2013 and through June 30, 2014,  
23 1% of salary; and

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

25 (b) Beginning August 2, 1949, each male participant, and

1 from July 1, 1971, each female participant shall contribute  
2 towards the cost of the survivor's annuity 2% of salary.

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

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

18 (d) In addition, each participant serving as an officer of  
19 the General Assembly shall contribute, for the same purposes  
20 and at the same rates as are required of a regular participant,  
21 on each additional payment received as an officer. If the  
22 participant serves as an officer for at least 2 but less than 4  
23 years, he or she shall contribute an amount equal to the amount  
24 that would have been contributed had the participant served as  
25 an officer for 4 years. Persons who serve as officers in the  
26 87th General Assembly but cannot receive the additional payment

1 to officers because of the ban on increases in salary during  
2 their terms may nonetheless make contributions based on those  
3 additional payments for the purpose of having the additional  
4 payments included in their highest salary for annuity purposes;  
5 however, persons electing to make these additional  
6 contributions must also pay an amount representing the  
7 corresponding employer contributions, as calculated by the  
8 System.

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

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

17 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

18 Sec. 2-134. To certify required State contributions and  
19 submit vouchers.

20 (a) The Board shall certify to the Governor on or before  
21 December 15 of each year through ~~until~~ December 15, 2011 the  
22 amount of the required State contribution to the System for the  
23 next fiscal year ~~and shall specifically identify the System's~~  
24 ~~projected State normal cost for that fiscal year.~~ The  
25 certification shall include a copy of the actuarial

1 recommendations upon which it is based ~~and shall specifically~~  
2 ~~identify the System's projected State normal cost for that~~  
3 ~~fiscal year.~~

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

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

1 required State contribution.

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

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

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

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

25 (b) Beginning in State fiscal year 1996, on or as soon as  
26 possible after the 15th day of each month the Board shall

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

22 (c) The full amount of any annual appropriation for the  
23 System for State fiscal year 1995 shall be transferred and made  
24 available to the System at the beginning of that fiscal year at  
25 the request of the Board. Any excess funds remaining at the end  
26 of any fiscal year from appropriations shall be retained by the

1 System as a general reserve to meet the System's accrued  
2 liabilities.

3 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
4 97-694, eff. 6-18-12.)

5 (40 ILCS 5/2-162)

6 Sec. 2-162. Application and expiration of new benefit  
7 increases.

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

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

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

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

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

23           (e) Except as otherwise provided in the language creating  
24 the new benefit increase, a new benefit increase that expires  
25 under this Section continues to apply to persons who applied  
26 and qualified for the affected benefit while the new benefit



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

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

8 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

9 Sec. 14-103.10. Compensation.

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

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

21 (b) For periods of service on and after January 1, 1978,  
22 all remuneration for personal services performed defined as  
23 "wages" under the Social Security Enabling Act, including that  
24 part of such remuneration which is in excess of any maximum  
25 limitation provided in such Act, and including any benefits

1 received by an employee under a sick pay plan in effect before  
2 January 1, 1981, but excluding lump sum salary payments:

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

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

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

18 (e) For members for which Section 1-160 applies for periods  
19 of service on and after January 1, 2011, all remuneration for  
20 personal services performed defined as "wages" under the Social  
21 Security Enabling Act, excluding remuneration that is in excess  
22 of the annual earnings, salary, or wages of a member or  
23 participant, as provided in subsection (b-5) of Section 1-160,  
24 but including any benefits received by an employee under a sick  
25 pay plan in effect before January 1, 1981. Compensation shall  
26 exclude lump sum salary payments:

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

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

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

18 (40 ILCS 5/14-103.40 new)

19 Sec. 14-103.40. Tier I member. "Tier I member": A member of  
20 this System who first became a member or participant before  
21 January 1, 2011 under any reciprocal retirement system or  
22 pension fund established under this Code other than a  
23 retirement system or pension fund established under Article 2,  
24 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/14-103.41 new)

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

4 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

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

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

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

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

25 (1) If the Tier I member is at least 45 years old on

1 the effective date of this amendatory Act of the 98th  
2 General Assembly, then the references to age 55 and 60 in  
3 subsection (b) of this Section remain unchanged and the  
4 references to 85 in subsection (b) of this Section remain  
5 unchanged.

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

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

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

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

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

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

8        (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

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

19        The total period of service to be considered in  
20 establishing the measure of prior service annuity shall include  
21 service credited in the Teachers' Retirement System of the  
22 State of Illinois and the State Universities Retirement System  
23 for which contributions have been made by the member to such  
24 systems; provided that at least 1 year of the total period of 3  
25 years prescribed for the allowance of a full measure of prior

1 service annuity shall consist of membership service in this  
2 system for which credit has been granted.

3 (a) In the case of a member who retires on or after January  
4 1, 1998 and is a noncovered employee, the retirement annuity  
5 for membership service and prior service shall be 2.2% of final  
6 average compensation for each year of service. Any service  
7 credit established as a covered employee shall be computed as  
8 stated in paragraph (b).

9 (b) In the case of a member who retires on or after January  
10 1, 1998 and is a covered employee, the retirement annuity for  
11 membership service and prior service shall be computed as  
12 stated in paragraph (a) for all service credit established as a  
13 noncovered employee; for service credit established as a  
14 covered employee it shall be 1.67% of final average  
15 compensation for each year of service.

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

26 (d) A retirement annuity shall not exceed 75% of final

1 average compensation, subject to such extension as may result  
2 from the application of Section 14-114 or Section 14-115.

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

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



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

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

25           (i) For the purposes of this Section and Section 14-133 of  
26 this Act, the term "security employee of the Department of

1       "Corrections" and the term "security employee of the Department  
2       of Human Services" shall have the meanings ascribed to them in  
3       subsection (c) of Section 14-110.

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

17           (k) (Blank).

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

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

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

2 Sec. 14-110. Alternative retirement annuity.

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

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

20 (ii) for periods of eligible creditable service as a  
21 covered employee: if retirement occurs on or after January  
22 1, 2001, 2.5% of final average compensation for each year  
23 of creditable service; if retirement occurs before January  
24 1, 2001, 1.67% of final average compensation for each of  
25 the first 10 years of such service, 1.90% for each of the

1 next 10 years of such service, 2.10% for each year of such  
2 service in excess of 20 but not exceeding 30, and 2.30% for  
3 each year in excess of 30.

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

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

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

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

20 (2) If the Tier I member is at least 40 but less than  
21 45 years old on the effective date of this amendatory Act  
22 of the 98th General Assembly, then the references to age 50  
23 and 55 in subsection (a) of this Section are increased by  
24 one year.

25 (3) If the Tier I member is at least 35 but less than  
26 40 years old on the effective date of this amendatory Act

1 of the 98th General Assembly, then the references to age 50  
2 and 55 in subsection (a) of this Section are increased by 3  
3 years.

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

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

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

15 (1) State policeman;

16 (2) fire fighter in the fire protection service of a  
17 department;

18 (3) air pilot;

19 (4) special agent;

20 (5) investigator for the Secretary of State;

21 (6) conservation police officer;

22 (7) investigator for the Department of Revenue or the  
23 Illinois Gaming Board;

24 (8) security employee of the Department of Human  
25 Services;

26 (9) Central Management Services security police

1 officer;

2 (10) security employee of the Department of  
3 Corrections or the Department of Juvenile Justice;

4 (11) dangerous drugs investigator;

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

6 (13) investigator for the Office of the Attorney  
7 General;

8 (14) controlled substance inspector;

9 (15) investigator for the Office of the State's  
10 Attorneys Appellate Prosecutor;

11 (16) Commerce Commission police officer;

12 (17) arson investigator;

13 (18) State highway maintenance worker.

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

24 (c) For the purposes of this Section:

25 (1) The term "state policeman" includes any title or  
26 position in the Department of State Police that is held by

1 an individual employed under the State Police Act.

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

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

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

1 held by an individual employed under the State Police Act.

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

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

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

26 (7) The term "investigator for the Department of



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

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

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

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

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

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

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

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

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

19 (12) The term "investigator for the Department of State  
20 Police" means a person employed by the Department of State  
21 Police who is vested under Section 4 of the Narcotic  
22 Control Division Abolition Act with such law enforcement  
23 powers as render him ineligible for coverage under the  
24 Social Security Act by reason of Sections 218(d)(5)(A),  
25 218(d)(8)(D) and 218(1)(1) of that Act.

26 (13) "Investigator for the Office of the Attorney

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

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

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

24           (16) "Commerce Commission police officer" means any  
25           person employed by the Illinois Commerce Commission who is  
26           vested with such law enforcement duties as render him

1 ineligible for coverage under the Social Security Act by  
2 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
3 218(1)(1) of that Act.

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

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

22 (i) A person employed on a full-time basis by the  
23 Illinois Department of Transportation in the position  
24 of highway maintainer, highway maintenance lead  
25 worker, highway maintenance lead/lead worker, heavy  
26 construction equipment operator, power shovel

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

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

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

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

1 or

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

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

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

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

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

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

20 Persons who have service credit under Article 16 of this  
21 Code for service as a security employee of the Department of  
22 Corrections or the Department of Juvenile Justice, or the  
23 Department of Human Services in a position requiring  
24 certification as a teacher may count such service toward  
25 establishing their eligibility under the service requirements  
26 of this Section; but such service may be used only for

1 establishing such eligibility, and not for the purpose of  
2 increasing or calculating any benefit.

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

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

24 For purposes of calculating retirement annuities under  
25 this Section, periods of service rendered after December 31,  
26 1968 and before January 1, 1982 as a covered employee in the



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

10 (g) A State policeman may elect, not later than January 1,  
11 1990, to establish eligible creditable service for up to 10  
12 years of his service as a policeman under Article 3, by filing  
13 a written election with the Board, accompanied by payment of an  
14 amount to be determined by the Board, equal to (i) the  
15 difference between the amount of employee and employer  
16 contributions transferred to the System under Section 3-110.5,  
17 and the amounts that would have been contributed had such  
18 contributions been made at the rates applicable to State  
19 policemen, plus (ii) interest thereon at the effective rate for  
20 each year, compounded annually, from the date of service to the  
21 date of payment.

22 Subject to the limitation in subsection (i), a State  
23 policeman may elect, not later than July 1, 1993, to establish  
24 eligible creditable service for up to 10 years of his service  
25 as a member of the County Police Department under Article 9, by  
26 filing a written election with the Board, accompanied by

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

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

22 Subject to the limitation in subsection (i), a State  
23 policeman, conservation police officer, or investigator for  
24 the Secretary of State may elect to establish eligible  
25 creditable service for up to 10 years of service as a sheriff's  
26 law enforcement employee under Article 7, by filing a written

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

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

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

19           Subject to the limitation in subsection (i), a State  
20 policeman, conservation police officer, investigator for the  
21 Office of the Attorney General, an investigator for the  
22 Department of Revenue, or investigator for the Secretary of  
23 State may elect to establish eligible creditable service for up  
24 to 5 years of service as a person employed by a participating  
25 municipality to perform police duties, or law enforcement  
26 officer employed on a full-time basis by a forest preserve

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

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

16 (j) Subject to the limitation in subsection (i), an  
17 investigator for the Office of the State's Attorneys Appellate  
18 Prosecutor or a controlled substance inspector may elect to  
19 establish eligible creditable service for up to 10 years of his  
20 service as a policeman under Article 3 or a sheriff's law  
21 enforcement employee under Article 7, by filing a written  
22 election with the Board, accompanied by payment of an amount to  
23 be determined by the Board, equal to (1) the difference between  
24 the amount of employee and employer contributions transferred  
25 to the System under Section 3-110.6 or 7-139.8, and the amounts  
26 that would have been contributed had such contributions been

1 made at the rates applicable to State policemen, plus (2)  
2 interest thereon at the effective rate for each year,  
3 compounded annually, from the date of service to the date of  
4 payment.

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

26 (l) Subject to the limitation in subsection (i), a security

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

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

1 social work, or a closely related social science or, in the  
2 case of persons who provide vocational training, who are  
3 required to have adequate knowledge in the skill for which they  
4 are providing the vocational training.

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

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

19 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)  
20 Sec. 14-114. Automatic increase in retirement annuity.

21 (a) Except as provided in subsections (a-1) and (a-2), any  
22 ~~Any~~ person receiving a retirement annuity under this Article  
23 who retires having attained age 60, or who retires before age  
24 60 having at least 35 years of creditable service, or who  
25 retires on or after January 1, 2001 at an age which, when added



1 to the number of years of his or her creditable service, equals  
2 at least 85, shall, on January 1 next following the first full  
3 year of retirement, have the amount of the then fixed and  
4 payable monthly retirement annuity increased 3%. Any person  
5 receiving a retirement annuity under this Article who retires  
6 before attainment of age 60 and with less than (i) 35 years of  
7 creditable service if retirement is before January 1, 2001, or  
8 (ii) the number of years of creditable service which, when  
9 added to the member's age, would equal 85, if retirement is on  
10 or after January 1, 2001, shall have the amount of the fixed  
11 and payable retirement annuity increased by 3% on the January 1  
12 occurring on or next following (1) attainment of age 60, or (2)  
13 the first anniversary of retirement, whichever occurs later.  
14 However, for persons who receive the alternative retirement  
15 annuity under Section 14-110, references in this subsection (a)  
16 to attainment of age 60 shall be deemed to refer to attainment  
17 of age 55. For a person receiving early retirement incentives  
18 under Section 14-108.3 whose retirement annuity began after  
19 January 1, 1992 pursuant to an extension granted under  
20 subsection (e) of that Section, the first anniversary of  
21 retirement shall be deemed to be January 1, 1993. For a person  
22 who retires on or after June 28, 2001 and on or before October  
23 1, 2001, and whose retirement annuity is calculated, in whole  
24 or in part, under Section 14-110 or subsection (g) or (h) of  
25 Section 14-108, the first anniversary of retirement shall be  
26 deemed to be January 1, 2002.

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

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

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

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

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

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

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

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

24 (d) In addition to other increases which may be provided by  
25 this Section, on January 1, 1981 any annuitant who was  
26 receiving a retirement annuity on or before January 1, 1971

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

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

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

22 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
23 92-651, eff. 7-11-02.)

24 (40 ILCS 5/14-131)

25 Sec. 14-131. Contributions by State.

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

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

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

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

1 employees, and the recommendations of the actuary.

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

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

23 (c-1) Notwithstanding subsection (c) of this Section, for  
24 fiscal years 2010, 2012, and 2013 only, contributions by the  
25 several departments are not required to be made for General  
26 Revenue Funds payrolls processed by the Comptroller. Payrolls

1 paid by the several departments from all other State funds must  
2 continue to be processed pursuant to subsection (c) of this  
3 Section.

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

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

25 (e) For State fiscal years 2014 through 2043, the minimum  
26 contribution to the System to be made by the State for each

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

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

21 For State fiscal years 1996 through 2005, the State  
22 contribution to the System, as a percentage of the applicable  
23 employee payroll, shall be increased in equal annual increments  
24 so that by State fiscal year 2011, the State is contributing at  
25 the rate required under this Section; except that (i) for State  
26 fiscal year 1998, for all purposes of this Code and any other



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

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

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

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

26 Notwithstanding any other provision of this Article, the

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

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

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

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

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

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

15       Notwithstanding any other provision of this Section, the  
16 required State contribution for State fiscal year 2005 and for  
17 fiscal year 2008 and each fiscal year thereafter through State  
18 fiscal year 2013, as calculated under this Section and  
19 certified under Section 14-135.08, shall not exceed an amount  
20 equal to (i) the amount of the required State contribution that  
21 would have been calculated under this Section for that fiscal  
22 year if the System had not received any payments under  
23 subsection (d) of Section 7.2 of the General Obligation Bond  
24 Act, minus (ii) the portion of the State's total debt service  
25 payments for that fiscal year on the bonds issued in fiscal  
26 year 2003 for the purposes of that Section 7.2, as determined

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

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

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

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

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

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

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

24           (j) After the submission of all payments for eligible  
25 employees from personal services line items paid from the  
26 General Revenue Fund in fiscal year 2011 have been made, the

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

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

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

16 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
17 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
18 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
19 eff. 6-30-12.)

20 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

22 (a) The payment of the required department contributions,  
23 all allowances, annuities, benefits granted under this  
24 Article, and all expenses of administration of the system are  
25 obligations of the State of Illinois to the extent specified in



1 this Article.

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

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

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

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

15       (Source: P.A. 80-841.)

16               (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

24                     (2) Noncovered employees, except as indicated below,  
25 7% for retirement annuity and 1% for a widow or survivors

1 annuity;

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

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

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

20 (6) Each security employee of the Department of  
21 Corrections or of the Department of Human Services who is  
22 not a covered employee, 1% for a widow or survivors annuity  
23 plus the following amount for retirement annuity: 8.5%  
24 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
25 11.5% in 2004 and thereafter.

26 (a-5) In addition to the contributions otherwise required

1 under this Article, each Tier I member shall also make the  
2 following contributions for retirement annuity from each  
3 payment of compensation:

4 (1) beginning July 1, 2013 and through June 30, 2014,  
5 1% of compensation; and

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

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

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

15 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
16 Sec. 14-135.08. To certify required State contributions.

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

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

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

25 (b) The certifications under subsections (a) and (a-5)  
26 shall include an additional amount necessary to pay all

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

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

24 On or before July 1, 2005, the Board shall recalculate and  
25 recertify to the Governor and to each department the amount of  
26 the required State contribution to the System and the required

1 rates for State contributions to the System for State fiscal  
2 year 2006, taking into account the changes in required State  
3 contributions made by this amendatory Act of the 94th General  
4 Assembly.

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

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

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

19 (40 ILCS 5/14-152.1)

20 Sec. 14-152.1. 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 June 1, 2005 (the  
2 effective date of Public Act 94-4). "New benefit increase",  
3 however, does not include any benefit increase resulting from  
4 the changes made to this Article by Public Act 96-37 or by this  
5 amendatory Act of the 98th ~~96th~~ 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. 96-37, eff. 7-13-09.)

22 (40 ILCS 5/15-107.1 new)

23 Sec. 15-107.1. Tier I participant. "Tier I participant": A  
24 participant under this Article, other than a participant in the  
25 self-managed plan under Section 15-158.2, who first became a

1 member or participant before January 1, 2011 under any  
2 reciprocal retirement system or pension fund established under  
3 this Code other than a retirement system or pension fund  
4 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

5 (40 ILCS 5/15-107.2 new)

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

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

11 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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

23 With respect to transition pay paid by the University of  
24 Illinois to a person who was a participating employee employed

1 in the fire department of the University of Illinois's  
2 Champaign-Urbana campus immediately prior to the elimination  
3 of that fire department:

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

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

20 Notwithstanding any other provision of this Code, the  
21 earnings of a Tier I participant for the purposes of this Code  
22 shall not exceed, for periods of service on or after the  
23 effective date of this amendatory Act of the 98th General  
24 Assembly, the annual contribution and benefit base established  
25 for the applicable year by the Commissioner of Social Security  
26 under the federal Social Security Act; except that this

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

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

7 (40 ILCS 5/15-111.1 new)

8 Sec. 15-111.1. Additional benefits for highly compensated  
9 employees. Nothing in this Article prohibits an employer from  
10 providing additional retirement benefits outside this System  
11 for participating employees whose compensation exceeds the  
12 earnings limitation in Section 15-111 added by this amendatory  
13 Act of the 98th General Assembly.

14 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

15 Sec. 15-113.6. Service for employment in public schools.  
16 "Service for employment in public schools": Includes those  
17 periods not exceeding the lesser of 10 years or 2/3 of the  
18 service granted under other Sections of this Article dealing  
19 with service credit, during which a person who entered the  
20 system after September 1, 1974 was employed full time by a  
21 public common school, public college and public university, or  
22 by an agency or instrumentality of any of the foregoing, of any  
23 state, territory, dependency or possession of the United States  
24 of America, including the Philippine Islands, or a school

1 operated by or under the auspices of any agency or department  
2 of any other state, if the person (1) cannot qualify for a  
3 retirement pension or other benefit based upon employer  
4 contributions from another retirement system, exclusive of  
5 federal social security, based in whole or in part upon this  
6 employment, and (2) pays the lesser of (A) an amount equal to  
7 8% of his or her annual basic compensation on the date of  
8 becoming a participating employee subsequent to this service  
9 multiplied by the number of years of such service, together  
10 with compound interest from the date participation begins to  
11 the date payment is received by the board at the rate of 6% per  
12 annum through August 31, 1982, and at the effective rates after  
13 that date, and (B) 50% of the actuarial value of the increase  
14 in the retirement annuity provided by this service, and (3)  
15 contributes for at least 5 years subsequent to this employment  
16 to one or more of the following systems: the State Universities  
17 Retirement System, the Teachers' Retirement System of the State  
18 of Illinois, and the Public School Teachers' Pension and  
19 Retirement Fund of Chicago.

20 The service granted under this Section shall not be  
21 considered in determining whether the person has the minimum  
22 number of ~~8~~ years of service required to qualify for a  
23 retirement annuity ~~at age 55 or the 5 years of service required~~  
24 ~~to qualify for a retirement annuity at age 62, as provided in~~  
25 ~~Section 15-135, or the 10 years required by subsection (c) of~~  
26 ~~Section 1-160 for a person who first becomes a participant on~~

1 ~~or after January 1, 2011.~~ The maximum allowable service of 10  
2 years for this governmental employment shall be reduced by the  
3 service credit which is validated under paragraph (2) of  
4 subsection (b) of Section 16-127 and paragraph 1 of Section  
5 17-133.

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

7 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

8 Sec. 15-113.7. Service for other public employment.  
9 "Service for other public employment": Includes those periods  
10 not exceeding the lesser of 10 years or 2/3 of the service  
11 granted under other Sections of this Article dealing with  
12 service credit, during which a person was employed full time by  
13 the United States government, or by the government of a state,  
14 or by a political subdivision of a state, or by an agency or  
15 instrumentality of any of the foregoing, if the person (1)  
16 cannot qualify for a retirement pension or other benefit based  
17 upon employer contributions from another retirement system,  
18 exclusive of federal social security, based in whole or in part  
19 upon this employment, and (2) pays the lesser of (A) an amount  
20 equal to 8% of his or her annual basic compensation on the date  
21 of becoming a participating employee subsequent to this service  
22 multiplied by the number of years of such service, together  
23 with compound interest from the date participation begins to  
24 the date payment is received by the board at the rate of 6% per  
25 annum through August 31, 1982, and at the effective rates after

1 that date, and (B) 50% of the actuarial value of the increase  
2 in the retirement annuity provided by this service, and (3)  
3 contributes for at least 5 years subsequent to this employment  
4 to one or more of the following systems: the State Universities  
5 Retirement System, the Teachers' Retirement System of the State  
6 of Illinois, and the Public School Teachers' Pension and  
7 Retirement Fund of Chicago. If a function of a governmental  
8 unit as defined by Section 20-107 is transferred by law, in  
9 whole or in part to an employer, and an employee transfers  
10 employment from this governmental unit to such employer within  
11 6 months of the transfer of the function, the payment for  
12 service authorized under this Section shall not exceed the  
13 amount which would have been payable for this service to the  
14 retirement system covering the governmental unit from which the  
15 function was transferred.

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

25 Except as hereinafter provided, this Section shall not  
26 apply to persons who become participants in the system after

1 September 1, 1974.

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

3 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

5 (a) A participant who retires in one of the following  
6 specified years with the specified amount of service is  
7 entitled to a retirement annuity at any age under the  
8 retirement program applicable to the participant:

9 35 years if retirement is in 1997 or before;

10 34 years if retirement is in 1998;

11 33 years if retirement is in 1999;

12 32 years if retirement is in 2000;

13 31 years if retirement is in 2001;

14 30 years if retirement is in 2002 or later.

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

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

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

25 (a-5) Notwithstanding subsection (a) of this Section, for a



1 Tier I participant who begins receiving a retirement annuity  
2 under this Article after July 1, 2013:

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

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

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

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

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

26 (b) The annuity payment period shall begin on the date

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

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

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

14 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

24 Rule 1: The retirement annuity shall be 1.67% of final rate  
25 of earnings for each of the first 10 years of service, 1.90%

1 for each of the next 10 years of service, 2.10% for each year  
2 of service in excess of 20 but not exceeding 30, and 2.30% for  
3 each year in excess of 30; or for persons who retire on or  
4 after January 1, 1998, 2.2% of the final rate of earnings for  
5 each year of service.

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

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

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

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

24 For the purpose of calculating an annuity under this Rule  
25 2, the contribution required under subsection (c-5) of Section  
26 15-157 shall not be considered when determining the

1 participant's accumulated normal contributions under clause  
2 (i) or the employer contribution under clause (ii).

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

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

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

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

23 Rule 3: The retirement annuity of a participant who is  
24 employed at least one-half time during the period on which his  
25 or her final rate of earnings is based, shall be equal to the  
26 participant's years of service not to exceed 30, multiplied by

1 (1) \$96 if the participant's final rate of earnings is less  
2 than \$3,500, (2) \$108 if the final rate of earnings is at least  
3 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
4 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
5 the final rate of earnings is at least \$5,500 but less than  
6 \$6,500, (5) \$144 if the final rate of earnings is at least  
7 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
8 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if  
9 the final rate of earnings is at least \$8,500 but less than  
10 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
11 more, except that the annuity for those persons having made an  
12 election under Section 15-154(a-1) shall be calculated and  
13 payable under the portable retirement benefit program pursuant  
14 to the provisions of Section 15-136.4.

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

26 For purposes of this Rule 4, a participant's service as a

1 firefighter shall also include the following:

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

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

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

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

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

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

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

24           With respect to a participant who is qualified for a  
25 retirement annuity under this Rule 5 whose retirement annuity  
26 began before the effective date of this amendatory Act of the

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

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

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

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



1 date.

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

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

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

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

19 (c) The maximum retirement annuity provided under Rules 1,  
20 2, 4, and 5 shall be the lesser of (1) the annual limit of  
21 benefits as specified in Section 415 of the Internal Revenue  
22 Code of 1986, as such Section may be amended from time to time  
23 and as such benefit limits shall be adjusted by the  
24 Commissioner of Internal Revenue, and (2) 80% of final rate of  
25 earnings.

26 (d) Subject to the provisions of subsections (d-1) and

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

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

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

26 Beginning January 1, 1990 and except as provided in

1 subsections (d-1) and (d-2), all automatic annual increases  
2 payable under this Section shall be calculated as a percentage  
3 of the total annuity payable at the time of the increase,  
4 including all increases previously granted under this Article.

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

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

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

1 requirements.

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

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

24 (f) A participant is entitled to such additional annuity as  
25 may be provided on an actuarially equivalent basis, by any  
26 accumulated additional contributions to his or her credit.

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

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

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

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

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

9 (j) For participants to whom subsection (a-5) of Section  
10 15-135 applies, the references to age 50, 55, and 62 in this  
11 Section are increased as provided in subsection (a-5) of  
12 Section 15-135.

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

14 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

15 Sec. 15-155. Employer contributions.

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

24 Beginning with State fiscal year 2014, the State's required  
25 contributions to the System under subsection (a-1) shall be

1 limited to the amounts required to amortize the total cost of  
2 the benefits of the System arising before July 1, 2013. The  
3 State shall also pay any employer contributions required from  
4 the State as the actual employer of participants under this  
5 Article and any contribution required under subsection (a-20).

6 The Board shall determine the amount of State and employer  
7 contributions required for each fiscal year on the basis of the  
8 actuarial tables and other assumptions adopted by the Board and  
9 the recommendations of the actuary, using the formulas provided  
10 in this Section ~~formula in subsection (a-1)~~.

11 (a-1) For State fiscal years 2014 through 2043, the minimum  
12 contribution to the System to be made by the State under this  
13 subsection (a-1) for each fiscal year shall be an amount  
14 determined by the Board to be sufficient to amortize the  
15 unfunded accrued liability that is attributable to benefits  
16 that accrued before July 1, 2013 as a level percentage of  
17 payroll over the years remaining to and including fiscal year  
18 2043, determined under the projected unit credit actuarial cost  
19 method.

20 For State fiscal year 2044 and thereafter, the minimum  
21 contribution to the System to be made by the State under this  
22 subsection (a-1) for each fiscal year shall be an amount  
23 determined by the Board to be sufficient to amortize, over a  
24 30-year rolling amortization period, any unfunded liability  
25 arising on or after July 1, 2043 that is attributable to  
26 benefits that accrued before July 1, 2013.

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

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

16 Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2006 is  
18 \$166,641,900.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2007 is  
21 \$252,064,100.

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



1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the  
3 total required State contribution for State fiscal year 2010 is  
4 \$702,514,000 and shall be made from the State Pensions Fund and  
5 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
6 7.2 of the General Obligation Bond Act, less (i) the pro rata  
7 share of bond sale expenses determined by the System's share of  
8 total bond proceeds, (ii) any amounts received from the General  
9 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
10 proceeds due to the issuance of discounted bonds, if  
11 applicable.

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

23 ~~Beginning in State fiscal year 2046, the minimum State~~  
24 ~~contribution for each fiscal year shall be the amount needed to~~  
25 ~~maintain the total assets of the System at 90% of the total~~  
26 ~~actuarial liabilities of the System.~~

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

13           Notwithstanding any other provision of this Section, the  
14 required State contribution for State fiscal year 2005 and for  
15 fiscal year 2008 and each fiscal year thereafter through State  
16 fiscal year 2013, as calculated under this Section and  
17 certified under Section 15-165, shall not exceed an amount  
18 equal to (i) the amount of the required State contribution that  
19 would have been calculated under this Section for that fiscal  
20 year if the System had not received any payments under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act, minus (ii) the portion of the State's total debt service  
23 payments for that fiscal year on the bonds issued in fiscal  
24 year 2003 for the purposes of that Section 7.2, as determined  
25 and certified by the Comptroller, that is the same as the  
26 System's portion of the total moneys distributed under

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

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

16 (i) the employer's normal cost for that fiscal year,  
17 exclusive of the employer's normal cost that arises from  
18 optional employer contributions agreed to by that employer  
19 for that fiscal year under Section 1-161; plus

20 (ii) the employer's normal cost for that fiscal year  
21 that arises from optional employer contributions agreed to  
22 by that employer for that fiscal year under Section 1-161;  
23 plus

24 (iii) the amount required for that fiscal year to  
25 amortize that employer's portion of the unfunded accrued  
26 liability associated with the cost of benefits accrued on

1 or after July 1, 2013 as a level percentage of payroll over  
2 a 30-year rolling amortization period, as determined for  
3 each employer by the Board.

4 Each employer under this Article shall make these  
5 contributions in the amounts determined and the manner  
6 prescribed from time to time by the Board.

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

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

21 The System shall determine the employer's portion of the  
22 unfunded accrued liability under item (iii) of subsection  
23 (a-10) separately for each employer, as a percentage of that  
24 employer's projected payroll, based on the liabilities  
25 attributable to that employer arising on or after July 1, 2013  
26 and the actuarial assumptions applicable to the System as a

1 whole.

2 For use in determining the employer's contribution for  
3 unfunded accrued liability under item (iii), the System shall  
4 maintain a separate account for each employer. The separate  
5 account shall be maintained in such form and detail as the  
6 System determines to be appropriate. The separate account shall  
7 reflect the following items to the extent that they are  
8 attributable to that employer and arise on or after July 1,  
9 2013: employer contributions, State contributions under  
10 subsection (a-20), employee contributions, investment returns,  
11 payments of benefits, and that employer's proportionate share  
12 of the System's administrative expenses.

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

19 (a-20) Beginning in State fiscal year 2014, for any fiscal  
20 year in which (1) the System's normal cost for all employers  
21 for that fiscal year, exclusive of the normal cost that arises  
22 from optional employer contributions agreed to by employers for  
23 that fiscal year under Section 1-161, exceeds (2) the total  
24 contribution calculated under item (i) of subsection (a-10) for  
25 all employers for that fiscal year, the State shall make an  
26 additional contribution to the System for that fiscal year

1 equal to the difference.

2 The State contribution under this subsection (a-20) is in  
3 addition to the State contributions required under subsection  
4 (a-1) and any contributions required to be paid by the State as  
5 an employer under subsection (a-10) of this Section.

6 (b) If an employee is paid from trust or federal funds, the  
7 employer shall pay to the Board contributions from those funds  
8 which are sufficient to cover the accruing normal costs on  
9 behalf of the employee. However, universities having employees  
10 who are compensated out of local auxiliary funds, income funds,  
11 or service enterprise funds are not required to pay such  
12 contributions on behalf of those employees. The local auxiliary  
13 funds, income funds, and service enterprise funds of  
14 universities shall not be considered trust funds for the  
15 purpose of this Article, but funds of alumni associations,  
16 foundations, and athletic associations which are affiliated  
17 with the universities included as employers under this Article  
18 and other employers which do not receive State appropriations  
19 are considered to be trust funds for the purpose of this  
20 Article.

21 (b-1) The City of Urbana and the City of Champaign shall  
22 each make employer contributions to this System for their  
23 respective firefighter employees who participate in this  
24 System pursuant to subsection (h) of Section 15-107. The rate  
25 of contributions to be made by those municipalities shall be  
26 determined annually by the Board on the basis of the actuarial

1 assumptions adopted by the Board and the recommendations of the  
2 actuary, and shall be expressed as a percentage of salary for  
3 each such employee. The Board shall certify the rate to the  
4 affected municipalities as soon as may be practical. The  
5 employer contributions required under this subsection shall be  
6 remitted by the municipality to the System at the same time and  
7 in the same manner as employee contributions.

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

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

24 (e) The State Comptroller shall draw warrants payable to  
25 the System upon proper certification by the System or by the  
26 employer in accordance with the appropriation laws and this

1 Code.

2 (f) Normal costs under this Section means liability for  
3 pensions and other benefits which accrues to the System because  
4 of the credits earned for service rendered by the participants  
5 during the fiscal year and expenses of administering the  
6 System, but shall not include the principal of or any  
7 redemption premium or interest on any bonds issued by the Board  
8 or any expenses incurred or deposits required in connection  
9 therewith.

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

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



1           Whenever it determines that a payment is or may be required  
2 under this subsection (g), the System shall calculate the  
3 amount of the payment and bill the employer for that amount.  
4 The bill shall specify the calculations used to determine the  
5 amount due. If the employer disputes the amount of the bill, it  
6 may, within 30 days after receipt of the bill, apply to the  
7 System in writing for a recalculation. The application must  
8 specify in detail the grounds of the dispute and, if the  
9 employer asserts that the calculation is subject to subsection  
10 (h) or (i) of this Section, must include an affidavit setting  
11 forth and attesting to all facts within the employer's  
12 knowledge that are pertinent to the applicability of subsection  
13 (h) or (i). Upon receiving a timely application for  
14 recalculation, the System shall review the application and, if  
15 appropriate, recalculate the amount due.

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

25           (h) This subsection (h) applies only to payments made or  
26 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by Public Act 94-1057 shall not  
2 require the System to refund any payments received before July  
3 31, 2006 (the effective date of Public Act 94-1057).

4 When assessing payment for any amount due under subsection  
5 (g), the System shall exclude earnings increases paid to  
6 participants under contracts or collective bargaining  
7 agreements entered into, amended, or renewed before June 1,  
8 2005.

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

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

1           When assessing payment for any amount due under subsection  
2 (g), the System shall exclude any earnings increase resulting  
3 from (i) a promotion for which the employee moves from one  
4 classification to a higher classification under the State  
5 Universities Civil Service System, (ii) a promotion in academic  
6 rank for a tenured or tenure-track faculty position, or (iii) a  
7 promotion that the Illinois Community College Board has  
8 recommended in accordance with subsection (k) of this Section.  
9 These earnings increases shall be excluded only if the  
10 promotion is to a position that has existed and been filled by  
11 a member for no less than one complete academic year and the  
12 earnings increase as a result of the promotion is an increase  
13 that results in an amount no greater than the average salary  
14 paid for other similar positions.

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

25           (j) The System shall prepare a report and file copies of  
26 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

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

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

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

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

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

1 this subsection (k) shall require any community college to  
2 submit any information to the Community College Board.

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

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

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

18 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
19 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
20 7-13-12; revised 10-17-12.)

21 (40 ILCS 5/15-155.1 new)

22 Sec. 15-155.1. Actions to enforce payments by employers  
23 other than the State. Any employer, other than the State, that  
24 fails to transmit to the System contributions required of it  
25 under this Article or contributions required of employees, for

1 more than 90 days after such contributions are due, is subject  
2 to the following: after giving notice to the employer, the  
3 System may certify to the State Comptroller or the Illinois  
4 Community College Board, whichever is applicable, the amounts  
5 of such delinquent payments and the State Comptroller or the  
6 Illinois Community College Board, whichever is applicable,  
7 shall deduct the amounts so certified or any part thereof from  
8 any State funds to be remitted to the employer and shall pay  
9 the amount so deducted to the System. If State funds from which  
10 such deductions may be made are not available, the System may  
11 proceed against the employer to recover the amounts of such  
12 delinquent payments in the appropriate circuit court.

13 The System may provide for an audit of the records of an  
14 employer, other than the State, as may be required to establish  
15 the amounts of required contributions. The employer shall make  
16 its records available to the System for the purpose of such  
17 audit. The cost of such audit shall be added to the amount of  
18 the delinquent payments and may be recovered by the System from  
19 the employer at the same time and in the same manner as the  
20 delinquent payments are recovered.

21 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

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

23 (a) The payment of (1) the required State contributions,  
24 (2) all benefits granted under this system and (3) all expenses  
25 in connection with the administration and operation thereof are

1 obligations of the State of Illinois to the extent specified in  
2 this Article. The accumulated employee normal, additional and  
3 survivors insurance contributions credited to the accounts of  
4 active and inactive participants shall not be used to pay the  
5 State's share of the obligations.

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

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

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

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

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

18 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

19 Sec. 15-157. Employee Contributions.

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



1 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
2 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
3 are to be considered as normal contributions for purposes of  
4 this Article.

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

1 Section.

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

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

25 (c-5) In addition to the contributions otherwise required  
26 under this Article, each Tier I participant shall also make the

1 following contributions toward the retirement benefits payable  
2 under the retirement program applicable to the employee from  
3 each payment of earnings applicable to employment under this  
4 system:

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

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

8 Except as otherwise specified, these contributions are to  
9 be considered as normal contributions for purposes of this  
10 Article.

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

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

26 (f) Notwithstanding the foregoing, a participating

1 employee shall not be required to make contributions under this  
2 Section after the date upon which continuance of such  
3 contributions would otherwise cause his or her retirement  
4 annuity to exceed the maximum retirement annuity as specified  
5 in clause (1) of subsection (c) of Section 15-136.

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

8 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
9 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
10 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

11 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

22 On or before May 1, 2004, the Board shall recalculate and  
23 recertify to the Governor the amount of the required State  
24 contribution to the System for State fiscal year 2005, taking  
25 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General  
2 Obligation Bond Act.

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

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

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

20 (a-5) On or before November 1 of each year, beginning  
21 November 1, 2012, the Board shall submit to the State Actuary,  
22 the Governor, and the General Assembly a proposed certification  
23 of the amount of the required State contribution to the System  
24 for the next fiscal year, along with all of the actuarial  
25 assumptions, calculations, and data upon which that proposed  
26 certification is based. On or before January 1 of each year,

1 beginning January 1, 2013, the State Actuary shall issue a  
2 preliminary report concerning the proposed certification and  
3 identifying, if necessary, recommended changes in actuarial  
4 assumptions that the Board must consider before finalizing its  
5 certification of the required State contributions.

6 On or before January 15, 2013 and each January 15  
7 thereafter, the Board shall certify to the Governor and the  
8 General Assembly the amount of the required State contribution  
9 for the next fiscal year. The certification shall include a  
10 copy of the actuarial recommendations upon which it is based  
11 and shall specifically identify the System's projected State  
12 normal cost for that fiscal year and the projected State cost  
13 for the self-managed plan for that fiscal year. The Board's  
14 certification must note, in a written response to the State  
15 Actuary, any deviations from the State Actuary's recommended  
16 changes, the reason or reasons for not following the State  
17 Actuary's recommended changes, and the fiscal impact of not  
18 following the State Actuary's recommended changes on the  
19 required State contribution.

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

24 (c) Beginning in State fiscal year 1996, on or as soon as  
25 possible after the 15th day of each month the Board shall  
26 submit vouchers for payment of State contributions to the

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

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

21 (d) So long as the payments received are the full amount  
22 lawfully vouchered under this Section, payments received by the  
23 System under this Section shall be applied first toward the  
24 employer contribution to the self-managed plan established  
25 under Section 15-158.2. Payments shall be applied second toward  
26 the employer's portion of the normal costs of the System, as

1 defined in subsection (f) of Section 15-155. The balance shall  
2 be applied toward the unfunded actuarial liabilities of the  
3 System.

4 (e) In the event that the System does not receive, as a  
5 result of legislative enactment or otherwise, payments  
6 sufficient to fully fund the employer contribution to the  
7 self-managed plan established under Section 15-158.2 and to  
8 fully fund that portion of the employer's portion of the normal  
9 costs of the System, as calculated in accordance with Section  
10 15-155(a-1), then any payments received shall be applied  
11 proportionately to the optional retirement program established  
12 under Section 15-158.2 and to the employer's portion of the  
13 normal costs of the System, as calculated in accordance with  
14 Section 15-155(a-1).

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
16 97-694, eff. 6-18-12.)

17 (40 ILCS 5/15-198)

18 Sec. 15-198. Application and expiration of new benefit  
19 increases.

20 (a) As used in this Section, "new benefit increase" means  
21 an increase in the amount of any benefit provided under this  
22 Article, or an expansion of the conditions of eligibility for  
23 any benefit under this Article or Article 1, that results from  
24 an amendment to this Code that takes effect after the effective  
25 date of this amendatory Act of the 94th General Assembly. "New



1 benefit increase", however, does not include any benefit  
2 increase resulting from the changes made to this Article or  
3 Article 1 by this amendatory Act of the 98th General Assembly.

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

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

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

1 increase shall expire at the end of the fiscal year in which  
2 the certification is made.

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

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

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

20 (40 ILCS 5/16-106.4 new)

21 Sec. 16-106.4. Tier I member. "Tier I member": A member  
22 under this Article who first became a member or participant  
23 before January 1, 2011 under any reciprocal retirement system  
24 or pension fund established under this Code other than a  
25 retirement system or pension fund established under Article 2,

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

2 (40 ILCS 5/16-106.5 new)

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

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

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

12 Notwithstanding any other provision of this Code, the  
13 salary of a Tier I member for the purposes of this Code shall  
14 not exceed, for periods of service on or after the effective  
15 date of this amendatory Act of the 98th General Assembly, the  
16 annual contribution and benefit base established for the  
17 applicable year by the Commissioner of Social Security under  
18 the federal Social Security Act; except that this limitation  
19 does not apply to a member's salary that is determined under an  
20 employment contract or collective bargaining agreement that is  
21 in effect on the effective date of this amendatory Act of the  
22 98th General Assembly and has not been amended or renewed after  
23 that date.

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

1 (40 ILCS 5/16-121.1 new)

2 Sec. 16-121.1. Additional benefits for highly compensated  
3 teachers. Nothing in this Article prohibits an employer of  
4 teachers from providing additional retirement benefits outside  
5 this System for teachers whose compensation exceeds the salary  
6 limitation in Section 16-121 added by this amendatory Act of  
7 the 98th General Assembly.

8 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

9 Sec. 16-132. Retirement annuity eligibility.

10 (a) A member who has at least 20 years of creditable  
11 service is entitled to a retirement annuity upon or after  
12 attainment of age 55. A member who has at least 10 but less  
13 than 20 years of creditable service is entitled to a retirement  
14 annuity upon or after attainment of age 60. A member who has at  
15 least 5 but less than 10 years of creditable service is  
16 entitled to a retirement annuity upon or after attainment of  
17 age 62. A member who (i) has earned during the period  
18 immediately preceding the last day of service at least one year  
19 of contributing creditable service as an employee of a  
20 department as defined in Section 14-103.04, (ii) has earned at  
21 least 5 years of contributing creditable service as an employee  
22 of a department as defined in Section 14-103.04, and (iii)  
23 retires on or after January 1, 2001 is entitled to a retirement  
24 annuity upon or after attainment of an age which, when added to

1 the number of years of his or her total creditable service,  
2 equals at least 85. Portions of years shall be counted as  
3 decimal equivalents.

4 A member who is eligible to receive a retirement annuity of  
5 at least 74.6% of final average salary and will attain age 55  
6 on or before December 31 during the year which commences on  
7 July 1 shall be deemed to attain age 55 on the preceding June  
8 1.

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

12 (1) If the Tier I member is at least 45 years old on  
13 the effective date of this amendatory Act of the 98th  
14 General Assembly, then the references to age 55, 60, and 62  
15 in subsection (a) of this Section remain unchanged and the  
16 reference to 85 in subsection (a) of this Section remains  
17 unchanged.

18 (2) If the Tier I member is at least 40 but less than  
19 45 years old on the effective date of this amendatory Act  
20 of the 98th General Assembly, then the references to age  
21 55, 60, and 62 in subsection (a) of this Section are  
22 increased by one year and the reference to 85 in subsection  
23 (a) is increased to 87.

24 (3) If the Tier I member is at least 35 but less than  
25 40 years old on the effective date of this amendatory Act  
26 of the 98th General Assembly, then the references to age

1       55, 60, and 62 in subsection (a) of this Section are  
2       increased by 3 years and the reference to 85 in subsection  
3       (a) is increased to 91.

4       (4) If the Tier I member is less than 35 years old on  
5       the effective date of this amendatory Act of the 98th  
6       General Assembly, then the references to age 55, 60, and 62  
7       in subsection (a) of this Section are increased by 5 years  
8       and the reference to 85 in subsection (a) is increased to  
9       95.

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

14       (c) A member meeting the above eligibility conditions is  
15 entitled to a retirement annuity upon written application to  
16 the board setting forth the date the member wishes the  
17 retirement annuity to commence. However, the effective date of  
18 the retirement annuity shall be no earlier than the day  
19 following the last day of creditable service, regardless of the  
20 date of official termination of employment.

21       (d) To be eligible for a retirement annuity, a member shall  
22 not be employed as a teacher in the schools included under this  
23 System or under Article 17, except (i) as provided in Section  
24 16-118 or 16-150.1, (ii) if the member is disabled (in which  
25 event, eligibility for salary must cease), or (iii) if the  
26 System is required by federal law to commence payment due to

1 the member's age; the changes to this sentence made by Public  
2 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
3 apply without regard to whether the member terminated  
4 employment before or after its effective date.

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

6 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

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

20 (2) The sum of (i) the amount that can be provided  
21 on an actuarially equivalent basis by the member's  
22 accumulated contributions representing service prior  
23 to July 1, 1947, and (ii) the amount that can be  
24 provided on an actuarially equivalent basis by the  
25 amount obtained by multiplying 1.4 times the member's

1 accumulated contributions covering service subsequent  
2 to June 30, 1947; and

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

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

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

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

20 (1) For creditable service earned before July 1,  
21 1998 that has not been augmented under Section  
22 16-129.1: 1.67% of final average salary for each of the  
23 first 10 years of creditable service, 1.90% of final  
24 average salary for each year in excess of 10 but not  
25 exceeding 20, 2.10% of final average salary for each  
26 year in excess of 20 but not exceeding 30, and 2.30% of



1 final average salary for each year in excess of 30; and

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

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

15 (2) 1.5% of final average salary for each year of  
16 creditable service plus the sum \$7.50 for each of the  
17 first 20 years of creditable service.

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

1 immediately preceding the last day of service at least one  
2 year of contributing creditable service as an employee of a  
3 department as defined in Section 14-103.04, (2) has earned  
4 at least 5 years of contributing creditable service as an  
5 employee of a department as defined in Section 14-103.04,  
6 (3) retires on or after January 1, 2001, and (4) retires  
7 having attained an age which, when added to the number of  
8 years of his or her total creditable service, equals at  
9 least 85. Portions of years shall be counted as decimal  
10 equivalents. For participants to whom subsection (b) of  
11 Section 16-132 applies, the reference to age 60 in this  
12 paragraph and the reference to 85 in this paragraph are  
13 increased as provided in subsection (b) of Section 16-132.

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

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

1 preceding year's mean salary for downstate teachers as  
2 determined by the survey of school district salaries provided  
3 in Section 2-3.103 of the School Code.

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

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

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

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

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

22 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

24 (a) Each member with creditable service and retiring on or  
25 after August 26, 1969 is entitled to the automatic annual

1 increases in annuity provided under this Section while  
2 receiving a retirement annuity or disability retirement  
3 annuity from the system.

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

10 (1) 1.5% of the originally granted retirement annuity  
11 or disability retirement annuity multiplied by the number  
12 of years elapsed, if any, from the date of retirement until  
13 January 1, 1972, plus

14 (2) 2% of the originally granted annuity multiplied by  
15 the number of years elapsed, if any, from the date of  
16 retirement or January 1, 1972, whichever is later, until  
17 January 1, 1978, plus

18 (3) 3% of the originally granted annuity multiplied by  
19 the number of years elapsed from the date of retirement or  
20 January 1, 1978, whichever is later, until the effective  
21 date of the initial increase.

22 However, the initial annual increase calculated under this  
23 Section for the recipient of a disability retirement annuity  
24 granted under Section 16-149.2 shall be reduced by an amount  
25 equal to the total of all increases in that annuity received  
26 under Section 16-149.5 (but not exceeding 100% of the amount of

1 the initial increase otherwise provided under this Section).

2 Following the initial increase, automatic annual increases  
3 in annuity shall be payable on each January 1 thereafter during  
4 the lifetime of the annuitant, determined as a percentage of  
5 the originally granted retirement annuity or disability  
6 retirement annuity for increases granted prior to January 1,  
7 1990, and calculated as a percentage of the total amount of  
8 annuity, including previous increases under this Section, for  
9 increases granted on or after January 1, 1990, as follows: 1.5%  
10 for periods prior to January 1, 1972, 2% for periods after  
11 December 31, 1971 and prior to January 1, 1978, and 3% for  
12 periods after December 31, 1977, or as provided in subsections  
13 (a-1) and (a-2).

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

21 (a-2) Notwithstanding any other provision of this Article,  
22 for a Tier I retiree, the monthly retirement annuity shall  
23 first be subject to annual increases on the January 1 occurring  
24 on or next after the attainment of age 67 or the January 1  
25 occurring on or next after the fifth anniversary of the annuity  
26 start date, whichever occurs earlier. If on the effective date

1 of this amendatory Act of the 98th General Assembly a Tier I  
2 retiree has already received an annual increase under this  
3 Section but does not yet meet the new eligibility requirements  
4 of this subsection, the annual increases already received shall  
5 continue in force, but no additional annual increase shall be  
6 granted until the Tier I retiree meets the new eligibility  
7 requirements.

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

13 (b) The automatic annual increases in annuity provided  
14 under this Section shall not be applicable unless a member has  
15 made contributions toward such increases for a period  
16 equivalent to one full year of creditable service. If a member  
17 contributes for service performed after August 26, 1969 but the  
18 member becomes an annuitant before such contributions amount to  
19 one full year's contributions based on the salary at the date  
20 of retirement, he or she may pay the necessary balance of the  
21 contributions to the system and be eligible for the automatic  
22 annual increases in annuity provided under this Section.

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

26 (d) An annuitant receiving a retirement annuity or

1 disability retirement annuity on July 1, 1969, who subsequently  
2 re-enters service as a teacher is eligible for the automatic  
3 annual increases in annuity provided under this Section if he  
4 or she renders at least one year of creditable service  
5 following the latest re-entry.

6 (e) In addition to the automatic annual increases in  
7 annuity provided under this Section, an annuitant who meets the  
8 service requirements of this Section and whose retirement  
9 annuity or disability retirement annuity began on or before  
10 January 1, 1971 shall receive, on January 1, 1981, an increase  
11 in the annuity then being paid of one dollar per month for each  
12 year of creditable service. On January 1, 1982, an annuitant  
13 whose retirement annuity or disability retirement annuity  
14 began on or before January 1, 1977 shall receive an increase in  
15 the annuity then being paid of one dollar per month for each  
16 year of creditable service.

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

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

23 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

24 Sec. 16-152. Contributions by members.

25 (a) Each member shall make contributions for membership

1 service to this System as follows:

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

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

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

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

19 (a-5) In addition to the contributions otherwise required  
20 under this Article, each Tier I member shall also make the  
21 following contributions toward the cost of the retirement  
22 annuity from each payment of salary:

23 (1) beginning July 1, 2013 and through June 30, 2014,  
24 1% of salary; and

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

26 Except as otherwise specified, these contributions are to



1 be considered as normal contributions for purposes of this  
2 Article.

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

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

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

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

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

5           (2) The contributions shall be included, without  
6           interest, in any refund claimed by the member under Section  
7           16-151.

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

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

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

18          (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)  
19          Sec. 16-158. Contributions by State and other employing  
20          units; funding guarantee.

21          (a) The State shall make contributions to the System by  
22          means of appropriations from the Common School Fund and other  
23          State funds of amounts which, together with ~~other~~ employer  
24          contributions, employee contributions, investment income, and  
25          other income, will be sufficient to meet the cost of

1 maintaining and administering the System on a 100% ~~90%~~ funded  
2 basis in accordance with actuarial recommendations by the end  
3 of State fiscal year 2043.

4 Beginning with State fiscal year 2014, the State's required  
5 contributions to the System under subsection (b-3) shall be  
6 limited to the amounts required to amortize the total cost of  
7 the benefits of the System arising before July 1, 2013. The  
8 State shall also pay any employer contributions required from  
9 the State as the actual employer of participants under this  
10 Article and any contribution required under subsection (b-20).

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

16 (a-1) Annually, on or before November 15 through ~~until~~  
17 November 15, 2011, the Board shall certify to the Governor the  
18 amount of the required State contribution for the coming fiscal  
19 year. The certification under this subsection (a-1) shall  
20 include a copy of the actuarial recommendations upon which it  
21 is based ~~and shall specifically identify the System's projected~~  
22 ~~State normal cost for that fiscal year.~~

23 On or before May 1, 2004, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State  
25 contribution to the System for State fiscal year 2005, taking  
26 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General  
2 Obligation Bond Act.

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

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

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

20 (a-5) On or before November 1 of each year, beginning  
21 November 1, 2012, the Board shall submit to the State Actuary,  
22 the Governor, and the General Assembly a proposed certification  
23 of the amount of the required State contribution to the System  
24 for the next fiscal year, along with all of the actuarial  
25 assumptions, calculations, and data upon which that proposed  
26 certification is based. On or before January 1 of each year,

1 beginning January 1, 2013, the State Actuary shall issue a  
2 preliminary report concerning the proposed certification and  
3 identifying, if necessary, recommended changes in actuarial  
4 assumptions that the Board must consider before finalizing its  
5 certification of the required State contributions.

6 On or before January 15, 2013 and each January 15  
7 thereafter, the Board shall certify to the Governor and the  
8 General Assembly the amount of the required State contribution  
9 for the next fiscal year. The certification shall include a  
10 copy of the actuarial recommendations upon which it is based  
11 and shall specifically identify the System's projected State  
12 normal cost for that fiscal year. The Board's certification  
13 must note any deviations from the State Actuary's recommended  
14 changes, the reason or reasons for not following the State  
15 Actuary's recommended changes, and the fiscal impact of not  
16 following the State Actuary's recommended changes on the  
17 required State contribution.

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

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

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

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

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

21 (b-3) For State fiscal years 2014 through 2043, the minimum  
22 contribution to the System to be made by the State under this  
23 subsection (b-3) for each fiscal year shall be an amount  
24 determined by the Board to be sufficient to amortize the  
25 unfunded accrued liability that is attributable to benefits  
26 that accrued before July 1, 2013 as a level percentage of

1 payroll over the years remaining to and including fiscal year  
2 2043, determined under the projected unit credit actuarial cost  
3 method.

4 For State fiscal year 2044 and thereafter, the minimum  
5 contribution to the System to be made by the State under this  
6 subsection (b-3) for each fiscal year shall be an amount  
7 determined by the Board to be sufficient to amortize, over a  
8 30-year rolling amortization period, any unfunded liability  
9 arising on or after July 1, 2043 that is attributable to  
10 benefits that accrued before July 1, 2013.

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

21 For State fiscal years 1996 through 2005, the State  
22 contribution to the System, as a percentage of the applicable  
23 employee payroll, shall be increased in equal annual increments  
24 so that by State fiscal year 2011, the State is contributing at  
25 the rate required under this Section; except that in the  
26 following specified State fiscal years, the State contribution

1 to the System shall not be less than the following indicated  
2 percentages of the applicable employee payroll, even if the  
3 indicated percentage will produce a State contribution in  
4 excess of the amount otherwise required under this subsection  
5 and subsection (a), and notwithstanding any contrary  
6 certification made under subsection (a-1) before the effective  
7 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
8 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
9 2003; and 13.56% in FY 2004.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2006 is  
12 \$534,627,700.

13 Notwithstanding any other provision of this Article, the  
14 total required State contribution for State fiscal year 2007 is  
15 \$738,014,500.

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

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2010 is  
24 \$2,089,268,000 and shall be made from the proceeds of bonds  
25 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
26 Obligation Bond Act, less (i) the pro rata share of bond sale



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

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

21 ~~Beginning in State fiscal year 2046, the minimum State~~  
22 ~~contribution for each fiscal year shall be the amount needed to~~  
23 ~~maintain the total assets of the System at 90% of the total~~  
24 ~~actuarial liabilities of the System.~~

25 Amounts received by the System pursuant to Section 25 of  
26 the Budget Stabilization Act or Section 8.12 of the State

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

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

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

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

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

18 (ii) the employer's normal cost for that fiscal year  
19 that arises from optional employer contributions agreed to  
20 by that employer for that fiscal year under Section 1-161;  
21 plus

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

1 each employer by the Board.

2 Each employer under this Article shall make these  
3 contributions in the amounts determined and the manner  
4 prescribed from time to time by the Board.

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

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

19 The System shall determine the employer's portion of the  
20 unfunded accrued liability under item (iii) of subsection  
21 (b-10) separately for each employer, as a percentage of that  
22 employer's projected payroll, based on the liabilities  
23 attributable to that employer and the actuarial assumptions  
24 applicable to the System as a whole.

25 For use in determining the employer's contribution for  
26 unfunded accrued liability under item (iii), the System shall

1 maintain a separate account for each employer. The separate  
2 account shall be maintained in such form and detail as the  
3 System determines to be appropriate. The separate account shall  
4 reflect the following items to the extent that they are  
5 attributable to that employer and arise on or after July 1,  
6 2013: employer contributions, State contributions under  
7 subsection (b-20), employee contributions, investment returns,  
8 payments of benefits, and that employer's proportionate share  
9 of the System's administrative expenses.

10 In the event that the Board determines that there is a  
11 deficiency or surplus in the account of an employer with  
12 respect to the projected liabilities attributable to that  
13 employer arising on or after July 1, 2013, the Board shall  
14 determine the employer's contribution rate under item (iii) of  
15 subsection (b-10) so as to address that deficiency or surplus  
16 over a reasonable period of time as determined by the Board.

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

26 The State contribution under this subsection (b-20) is in

1 addition to the State contributions required under subsection  
2 (b-1) and any contributions required to be paid by the State as  
3 an employer under subsection (b-10) of this Section.

4 ~~(c) Payment of the required State contributions and of all~~  
5 ~~pensions, retirement annuities, death benefits, refunds, and~~  
6 ~~other benefits granted under or assumed by this System, and all~~  
7 ~~expenses in connection with the administration and operation~~  
8 ~~thereof, are obligations of the State.~~

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

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

26 However, with respect to benefits granted under Section

1 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
2 of Section 16-106, the employer's contribution shall be 12%  
3 (rather than 20%) of the member's highest annual salary rate  
4 for each year of creditable service granted, and the employer  
5 shall also pay the required employee contribution on behalf of  
6 the teacher. For the purposes of Sections 16-133.4 and  
7 16-133.5, a teacher as defined in paragraph (8) of Section  
8 16-106 who is serving in that capacity while on leave of  
9 absence from another employer under this Article shall not be  
10 considered an employee of the employer from which the teacher  
11 is on leave.

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

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

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

21 The school district or other employing unit may pay these  
22 employer contributions out of any source of funding available  
23 for that purpose and shall forward the contributions to the  
24 System on the schedule established for the payment of member  
25 contributions.

26 These employer contributions are intended to offset a

1 portion of the cost to the System of the increases in  
2 retirement benefits resulting from this amendatory Act of 1998.

3 Each employer of teachers is entitled to a credit against  
4 the contributions required under this subsection (e) with  
5 respect to salaries paid to teachers for the period January 1,  
6 2002 through June 30, 2003, equal to the amount paid by that  
7 employer under subsection (a-5) of Section 6.6 of the State  
8 Employees Group Insurance Act of 1971 with respect to salaries  
9 paid to teachers for that period.

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

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



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

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

1           Whenever it determines that a payment is or may be required  
2 under this subsection, the System shall calculate the amount of  
3 the payment and bill the employer for that amount. The bill  
4 shall specify the calculations used to determine the amount  
5 due. If the employer disputes the amount of the bill, it may,  
6 within 30 days after receipt of the bill, apply to the System  
7 in writing for a recalculation. The application must specify in  
8 detail the grounds of the dispute and, if the employer asserts  
9 that the calculation is subject to subsection (g) or (h) of  
10 this Section, must include an affidavit setting forth and  
11 attesting to all facts within the employer's knowledge that are  
12 pertinent to the applicability of that subsection. Upon  
13 receiving a timely application for recalculation, the System  
14 shall review the application and, if appropriate, recalculate  
15 the amount due.

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

25           (g) This subsection (g) applies only to payments made or  
26 salary increases given on or after June 1, 2005 but before July

1 1, 2011. The changes made by Public Act 94-1057 shall not  
2 require the System to refund any payments received before July  
3 31, 2006 (the effective date of Public Act 94-1057).

4 When assessing payment for any amount due under subsection  
5 (f), the System shall exclude salary increases paid to teachers  
6 under contracts or collective bargaining agreements entered  
7 into, amended, or renewed before June 1, 2005.

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

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

22 When assessing payment for any amount due under subsection  
23 (f), the System shall exclude a salary increase resulting from  
24 a promotion (i) for which the employee is required to hold a  
25 certificate or supervisory endorsement issued by the State  
26 Teacher Certification Board that is a different certification

1 or supervisory endorsement than is required for the teacher's  
2 previous position and (ii) to a position that has existed and  
3 been filled by a member for no less than one complete academic  
4 year and the salary increase from the promotion is an increase  
5 that results in an amount no greater than the lesser of the  
6 average salary paid for other similar positions in the district  
7 requiring the same certification or the amount stipulated in  
8 the collective bargaining agreement for a similar position  
9 requiring the same certification.

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

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

26 (i) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by  
2 January 1, 2007 that contains all of the following information:

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

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

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

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

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

19 As of June 30, 2008, the actuarial value of the System's  
20 assets shall be equal to the market value of the assets as of  
21 that date. In determining the actuarial value of the System's  
22 assets for fiscal years after June 30, 2008, any actuarial  
23 gains or losses from investment return incurred in a fiscal  
24 year shall be recognized in equal annual amounts over the  
25 5-year period following that fiscal year.

26 (k) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial  
2 value of assets shall be assumed to earn a rate of return equal  
3 to the system's actuarially assumed rate of return.

4 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
5 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
6 6-18-12; 97-813, eff. 7-13-12.)

7 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

8 Sec. 16-158.1. Actions to enforce payments by school  
9 districts and other employing units other than the State. Any  
10 school district or other employing unit, other than the State,  
11 that fails ~~fails~~ to transmit to the System contributions  
12 required of it under this Article or contributions required of  
13 teachers, for more than 90 days after such contributions are  
14 due is subject to the following: after giving notice to the  
15 district or other unit, the System may certify to the State  
16 Comptroller or the Regional Superintendent of Schools the  
17 amounts of such delinquent payments and the State Comptroller  
18 or the Regional Superintendent of Schools shall deduct the  
19 amounts so certified or any part thereof from any State funds  
20 to be remitted to the school district or other employing unit  
21 involved and shall pay the amount so deducted to the System. If  
22 State funds from which such deductions may be made are not  
23 available, the System may proceed against the school district  
24 or other employing unit to recover the amounts of such  
25 delinquent payments in the appropriate circuit court.

1           The System may provide for an audit of the records of a  
2 school district or other employing unit, other than the State,  
3 as may be required to establish the amounts of required  
4 contributions. The school district or other employing unit  
5 shall make its records available to the System for the purpose  
6 of such audit. The cost of such audit shall be added to the  
7 amount of the delinquent payments and shall be recovered by the  
8 System from the school district or other employing unit at the  
9 same time and in the same manner as the delinquent payments are  
10 recovered.

11       (Source: P.A. 90-448, eff. 8-16-97.)

12           (40 ILCS 5/16-158.2 new)

13           Sec. 16-158.2. Obligations of State; funding guarantee.  
14 Beginning July 1, 2013, the State shall be contractually  
15 obligated to contribute to the System under Section 16-158 in  
16 each State fiscal year an amount not less than the sum of (i)  
17 the State's required contribution under subsections (b-10) and  
18 (b-20) of Section 16-158 and (ii) the portion of the total cost  
19 of the benefits of the System arising before July 1, 2013  
20 assigned to that State fiscal year by law in accordance with a  
21 schedule that distributes payments equitably over a reasonable  
22 period of time and in accordance with accepted actuarial  
23 practices. The obligations created under this subsection (b)  
24 are contractual obligations protected and enforceable under  
25 Article I, Section 16 and Article XIII, Section 5 of the

1 Illinois Constitution.

2 Notwithstanding any other provision of law, if the State  
3 fails to pay in a State fiscal year the amount guaranteed under  
4 this subsection, the System may bring a mandamus action in the  
5 circuit court of Sangamon County to compel the State to make  
6 that payment, irrespective of other remedies that may be  
7 available to the System. In ordering the State to make the  
8 required payment, the court may order a reasonable payment  
9 schedule to enable the State to make the required payment  
10 without significantly imperiling the public health, safety, or  
11 welfare.

12 Any payments required to be made by the State pursuant to  
13 this Section are expressly subordinated to the payment of the  
14 principal, interest, and premium, if any, on any bonded debt  
15 obligation of the State or any other State-created entity,  
16 either currently outstanding or to be issued, for which the  
17 source of repayment or security thereon is derived directly or  
18 indirectly from tax revenues collected by the State or any  
19 other State-created entity. Payments on such bonded  
20 obligations include any statutory fund transfers or other  
21 prefunding mechanisms or formulas set forth, now or hereafter,  
22 in State law or bond indentures, into debt service funds or  
23 accounts of the State related to such bonded obligations,  
24 consistent with the payment schedules associated with such  
25 obligations.



1 (40 ILCS 5/16-203)

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

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

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

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

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

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

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

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

1 apply and qualify for the affected benefit while the new  
2 benefit increase was in effect.

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

4 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

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

24 Combined pension credit under all retirement systems  
25 subject to this Article shall be considered in determining

1 whether the minimum qualification has been met and the formula  
2 or method of computation which shall be applied. If a system  
3 has a step-rate formula for calculation of the retirement  
4 annuity, pension credits covering previous service which have  
5 been established under another system shall be considered in  
6 determining which range or ranges of the step-rate formula are  
7 to be applicable to the employee.

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

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

16 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

17 Sec. 20-123. Survivor's annuity. The provisions governing  
18 a retirement annuity shall be applicable to a survivor's  
19 annuity. Appropriate credits shall be established for  
20 survivor's annuity purposes in those participating systems  
21 which provide survivor's annuities, according to the same  
22 conditions and subject to the same limitations and restrictions  
23 herein prescribed for a retirement annuity. If a participating  
24 system has no survivor's annuity benefit, or if the survivor's  
25 annuity benefit under that system is waived, pension credit

1 established in that system shall not be considered in  
2 determining eligibility for or the amount of the survivor's  
3 annuity which may be payable by any other participating system.

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

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

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

23 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

24 Sec. 20-124. Maximum benefits.

25 (a) In no event shall the combined retirement or survivors

1 annuities exceed the highest annuity which would have been  
2 payable by any participating system in which the employee has  
3 pension credits, if all of his pension credits had been  
4 validated in that system.

5 If the combined annuities should exceed the highest maximum  
6 as determined in accordance with this Section, the respective  
7 annuities shall be reduced proportionately according to the  
8 ratio which the amount of each proportional annuity bears to  
9 the aggregate of all such annuities; except that benefits  
10 payable under the cash balance plan established under Section  
11 1-161 are not subject to proportionate reduction under this  
12 Section.

13 (b) 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 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

12 Sec. 20-125. Return to employment - suspension of benefits.  
13 If a retired employee returns to employment which is covered by  
14 a system from which he is receiving a proportional annuity  
15 under this Article, his proportional annuity from all  
16 participating systems shall be suspended during the period of  
17 re-employment, except that this suspension does not apply to  
18 any distributions payable under the self-managed plan  
19 established under Section 15-158.2 of this Code.

20 The provisions of the Article under which such employment  
21 would be covered (including Section 1-161 in the case of a  
22 participant in the cash balance plan) shall govern the  
23 determination of whether the employee has returned to  
24 employment, and if applicable the exemption of temporary  
25 employment or employment not exceeding a specified duration or

1 frequency, for all participating systems from which the retired  
2 employee is receiving a proportional annuity under this  
3 Article, notwithstanding any contrary provisions in the other  
4 Articles governing such systems.

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

6 Section 25. The School Code is amended by adding Section  
7 17-2.12 and changing Section 22-60 as follows:

8 (105 ILCS 5/17-2.12 new)

9 Sec. 17-2.12. Tax freeze on school districts.  
10 Notwithstanding any other provision of this Code or any other  
11 law, the levy of taxes by school districts, including a school  
12 district subject to Article 34 of this Code, is subject to the  
13 restrictions of Section 18-191 of the Property Tax Code.

14 (105 ILCS 5/22-60)

15 Sec. 22-60. Unfunded mandates strictly prohibited.

16 (a) No public school district or private school is  
17 obligated to comply with the following types of mandates unless  
18 a separate appropriation has been enacted into law explicitly  
19 identifying the mandate and specifically providing full  
20 funding for the mandate for the school year during which the  
21 mandate is required:

22 (1) Any mandate in this Code enacted after August 20,  
23 2010 (the effective date of Public Act 96-1441) ~~this~~



1 ~~amendatory Act of the 96th General Assembly.~~

2 (2) Any regulatory mandate promulgated by the State  
3 Board of Education and adopted by rule after August 20,  
4 2010, ~~the effective date of this amendatory Act of the 96th~~  
5 ~~General Assembly~~ other than those promulgated with respect  
6 to this Section or statutes already enacted on or before  
7 August 20, 2010 ~~the effective date of this amendatory Act~~  
8 ~~of the 96th General Assembly.~~

9 (b) If the amount appropriated to fund a mandate described  
10 in subsection (a) of this Section does not explicitly identify  
11 and fully fund the mandated activity, then the school district  
12 or private school may immediately or at any future time choose  
13 to discontinue or modify the mandated activity to ensure that  
14 the costs of compliance do not exceed the funding received.

15 ~~Before discontinuing or modifying the mandate, the school~~  
16 ~~district shall petition its regional superintendent of schools~~  
17 ~~on or before February 15 of each year to request to be exempt~~  
18 ~~from implementing the mandate in a school or schools in the~~  
19 ~~next school year. The petition shall include all legitimate~~  
20 ~~costs associated with implementing and operating the mandate,~~  
21 ~~the estimated reimbursement from State and federal sources, and~~  
22 ~~any unique circumstances the school district can verify that~~  
23 ~~exist that would cause the implementation and operation of such~~  
24 ~~a mandate to be cost prohibitive.~~

25 ~~The regional superintendent of schools shall review the~~  
26 ~~petition. In accordance with the Open Meetings Act, he or she~~

1 ~~shall convene a public hearing to hear testimony from the~~  
2 ~~school district and interested community members. The regional~~  
3 ~~superintendent shall, on or before March 15 of each year,~~  
4 ~~inform the school district of his or her decision, along with~~  
5 ~~the reasons why the exemption was granted or denied, in~~  
6 ~~writing. The regional superintendent must also send~~  
7 ~~notification to the State Board of Education detailing which~~  
8 ~~school districts requested an exemption and the results.~~

9 ~~If the regional superintendent grants an exemption to the~~  
10 ~~school district, then the school district is relieved from the~~  
11 ~~requirement to establish and implement the mandate in the~~  
12 ~~school or schools granted an exemption for the next school~~  
13 ~~year. If the regional superintendent of schools does not grant~~  
14 ~~an exemption, then the school district shall implement the~~  
15 ~~mandate in accordance with the applicable law or rule by the~~  
16 ~~first student attendance day of the next school year. However,~~  
17 ~~the school district or a resident of the school district may on~~  
18 ~~or before April 15 appeal the decision of the regional~~  
19 ~~superintendent to the State Superintendent of Education. The~~  
20 ~~State Superintendent shall hear appeals on the decisions of~~  
21 ~~regional superintendents of schools no later than May 15 of~~  
22 ~~each year. The State Superintendent shall make a final decision~~  
23 ~~at the conclusion of the hearing on the school district's~~  
24 ~~request for an exemption from the mandate. If the State~~  
25 ~~Superintendent grants an exemption, then the school district is~~  
26 ~~relieved from the requirement to implement a mandate in the~~

1 ~~school or schools granted an exemption for the next school~~  
2 ~~year. If the State Superintendent does not grant an exemption,~~  
3 ~~then the school district shall implement the mandate in~~  
4 ~~accordance with the applicable law or rule by the first student~~  
5 ~~attendance day of the next school year.~~

6 ~~If a school district or private school discontinues or~~  
7 ~~modifies a mandated activity due to lack of full funding from~~  
8 ~~the State, then the school district or private school shall~~  
9 ~~annually maintain and update a list of discontinued or modified~~  
10 ~~mandated activities. The list shall be provided to the State~~  
11 ~~Board of Education upon request.~~

12 (c) If any disagreement arises over whether a required  
13 activity constitutes a State mandate, or whether a separate  
14 appropriation has been enacted into law explicitly identifying  
15 the mandate and specifically providing full funding for the  
16 mandate for the school year during which the mandate is  
17 required, the determination of an affected school board  
18 choosing to discontinue or modify the mandated activity shall  
19 be rebuttably presumed to be correct with respect to that  
20 school board and its school district. This Section does not  
21 apply to (i) any new statutory or regulatory mandates related  
22 to revised learning standards developed through the Common Core  
23 State Standards Initiative and assessments developed to align  
24 with those standards or actions specified in this State's Phase  
25 2 Race to the Top Grant application if the application is  
26 approved by the United States Department of Education or (ii)

1 ~~new statutory or regulatory mandates from the Race to the Top~~  
2 ~~Grant through the federal American Recovery and Reinvestment~~  
3 ~~Act of 2009 imposed on school districts designated as being in~~  
4 ~~the lowest performing 5% of schools within the Race to the Top~~  
5 ~~Grant application.~~

6 (d) In any instances in which this Section conflicts with  
7 the State Mandates Act or any other law, this Section ~~the State~~  
8 ~~Mandates Act~~ shall prevail.

9 (Source: P.A. 96-1441, eff. 8-20-10.)

10 Section 30. The Public Community College Act is amended by  
11 adding Section 3-14.4 as follows:

12 (110 ILCS 805/3-14.4 new)

13 Sec. 3-14.4. Tax freeze on community college districts.  
14 Notwithstanding any other provision of this Code or any other  
15 law, the levy of taxes by community college districts is  
16 subject to the restrictions of Section 18-191 of the Property  
17 Tax Code.

18 Section 97. Inseverability. The provisions of this Act are  
19 inseverable.

20 Section 99. Effective date. This Act takes effect upon  
21 becoming law.

1

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6	30 ILCS 105/24.12 new	
7	30 ILCS 105/24.13 new	
8	30 ILCS 122/20	
9	35 ILCS 200/18-191 new	
10	40 ILCS 5/1-103.3	
11	40 ILCS 5/1-160	
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15	40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
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18	40 ILCS 5/2-121.1	from Ch. 108 1/2, par. 2-121.1
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22	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
23	40 ILCS 5/2-162	
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7	40 ILCS 5/14-132	from Ch. 108 1/2, par. 14-132
8	40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
9	40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
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