

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 Illinois Pension Code is amended by changing
5 Sections 1-160, 15-102, 15-111, 15-112, 15-113.6, 15-134,
6 15-135, 15-136, 15-136.3, 15-139, 15-145, 15-146, 15-146.1,
7 15-155, 15-157, 15-158.2, 15-159, 15-162, 15-165, 15-168,
8 15-169, 15-171, 15-172, 15-177, and 16-152 and by adding
9 Sections 15-108.1, 15-108.2, 15-139.1, 15-145.1, and 16-106.6
10 as follows:

11 (40 ILCS 5/1-160)

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

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

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

13 (1) In Article ~~Articles~~ 7 (except for service as
14 sheriff's law enforcement employees) ~~and 15~~, "final rate of
15 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 (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) (Blank). ~~Notwithstanding any other provision of this~~
15 ~~Section, a person who first becomes a participant of the~~
16 ~~retirement system established under Article 15 on or after~~
17 ~~January 1, 2011 shall have the option to enroll in the~~
18 ~~self managed plan created 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 5/15-102) (from Ch. 108 1/2, par. 15-102)

25 Sec. 15-102. Terms defined. The terms used in this Article

1 shall have the meanings ascribed to them in Sections 15-103
2 through 15-198 ~~15-132.1~~, except when the context otherwise
3 requires.

4 (Source: P.A. 91-357, eff. 7-29-99.)

5 (40 ILCS 5/15-108.1 new)

6 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A
7 participant or an annuitant of a retirement annuity under this
8 Article, other than a participant in the self-managed plan
9 under Section 15-158.2, who first became a participant or
10 member before January 1, 2011 under any reciprocal retirement
11 system or pension fund established under this Code, other than
12 a retirement system or pension fund established under Articles
13 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a
14 person who first became a participant under this System before
15 January 1, 2011 and who accepts a refund and is subsequently
16 reemployed by an employer on or after January 1, 2011.

17 (40 ILCS 5/15-108.2 new)

18 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A
19 participant under this Article, other than a participant in the
20 self-managed plan under Section 15-158.2, who on or after
21 January 1, 2011, first becomes a participant or member under
22 any reciprocal retirement system or pension fund established
23 under this Code.

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

2 Sec. 15-111. Earnings.

3 (a) "Earnings": An amount paid for personal services equal
4 to the sum of the basic compensation plus extra compensation
5 for summer teaching, overtime or other extra service. For
6 periods for which an employee receives service credit under
7 subsection (c) of Section 15-113.1 or Section 15-113.2,
8 earnings are equal to the basic compensation on which
9 contributions are paid by the employee during such periods.
10 Compensation for employment which is irregular, intermittent
11 and temporary shall not be considered earnings, unless the
12 participant is also receiving earnings from the employer as an
13 employee under Section 15-107.

14 With respect to transition pay paid by the University of
15 Illinois to a person who was a participating employee employed
16 in the fire department of the University of Illinois's
17 Champaign-Urbana campus immediately prior to the elimination
18 of that fire department:

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

22 (2) "Earnings" includes transition pay paid to the
23 employee before the effective date of this amendatory Act
24 of the 91st General Assembly only if (i) employee
25 contributions under Section 15-157 have been withheld from
26 that transition pay or (ii) the employee pays to the System

1 before January 1, 2001 an amount representing employee
2 contributions under Section 15-157 on that transition pay.
3 Employee contributions under item (ii) may be paid in a
4 lump sum, by withholding from additional transition pay
5 accruing before January 1, 2001, or in any other manner
6 approved by the System. Upon payment of the employee
7 contributions on transition pay, the corresponding
8 employer contributions become an obligation of the State.

9 (b) For a Tier 2 member, the annual earnings shall not
10 exceed \$106,800; however, that amount shall annually
11 thereafter be increased by the lesser of (i) 3% of that amount,
12 including all previous adjustments, or (ii) one half the annual
13 unadjusted percentage increase (but not less than zero) in the
14 consumer price index-u for the 12 months ending with the
15 September preceding each November 1, including all previous
16 adjustments.

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

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

1 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

2 Sec. 15-112. Final rate of earnings.

3 "Final rate of earnings":

4 (a) This subsection (a) applies only to a Tier 1 member ~~to~~
5 ~~a person who first becomes a participant of any system before~~
6 ~~January 1, 2011.~~

7 For an employee who is paid on an hourly basis or who
8 receives an annual salary in installments during 12 months of
9 each academic year, the average annual earnings during the 48
10 consecutive calendar month period ending with the last day of
11 final termination of employment or the 4 consecutive academic
12 years of service in which the employee's earnings were the
13 highest, whichever is greater. For any other employee, the
14 average annual earnings during the 4 consecutive academic years
15 of service in which his or her earnings were the highest. For
16 an employee with less than 48 months or 4 consecutive academic
17 years of service, the average earnings during his or her entire
18 period of service. The earnings of an employee with more than
19 36 months of service prior to the date of becoming a
20 participant are, for such period, considered equal to the
21 average earnings during the last 36 months of such service.

22 (b) This subsection (b) applies to a Tier 2 member ~~person~~
23 ~~to whom subsection (a) does not apply.~~

24 For an employee who is paid on an hourly basis or who
25 receives an annual salary in installments during 12 months of

1 each academic year, the average annual earnings obtained by
2 dividing by 8 the total earnings of the employee during the 96
3 consecutive months in which the total earnings were the highest
4 within the last 120 months prior to termination.

5 For any other employee, the average annual earnings during
6 the 8 consecutive academic years within the 10 years prior to
7 termination in which the employee's earnings were the highest.
8 For an employee with less than 96 consecutive months or 8
9 consecutive academic years of service, whichever is necessary,
10 the average earnings during his or her entire period of
11 service.

12 (c) For an employee on leave of absence with pay, or on
13 leave of absence without pay who makes contributions during
14 such leave, earnings are assumed to be equal to the basic
15 compensation on the date the leave began.

16 (d) For an employee on disability leave, earnings are
17 assumed to be equal to the basic compensation on the date
18 disability occurs or the average earnings during the 24 months
19 immediately preceding the month in which disability occurs,
20 whichever is greater.

21 (e) For a Tier 1 member ~~participant~~ who retires on or after
22 the effective date of this amendatory Act of 1997 with at least
23 20 years of service as a firefighter or police officer under
24 this Article, the final rate of earnings shall be the annual
25 rate of earnings received by the participant on his or her last
26 day as a firefighter or police officer under this Article, if

1 that is greater than the final rate of earnings as calculated
2 under the other provisions of this Section.

3 (f) If a Tier 1 member ~~participant to whom subsection (a)~~
4 ~~of this Section applies~~ is an employee for at least 6 months
5 during the academic year in which his or her employment is
6 terminated, the annual final rate of earnings shall be 25% of
7 the sum of (1) the annual basic compensation for that year, and
8 (2) the amount earned during the 36 months immediately
9 preceding that year, if this is greater than the final rate of
10 earnings as calculated under the other provisions of this
11 Section.

12 (g) In the determination of the final rate of earnings for
13 an employee, that part of an employee's earnings for any
14 academic year beginning after June 30, 1997, which exceeds the
15 employee's earnings with that employer for the preceding year
16 by more than 20 percent shall be excluded; in the event that an
17 employee has more than one employer this limitation shall be
18 calculated separately for the earnings with each employer. In
19 making such calculation, only the basic compensation of
20 employees shall be considered, without regard to vacation or
21 overtime or to contracts for summer employment.

22 (h) The following are not considered as earnings in
23 determining final rate of earnings: (1) severance or separation
24 pay, (2) retirement pay, (3) payment for unused sick leave, and
25 (4) payments from an employer for the period used in
26 determining final rate of earnings for any purpose other than

1 (i) services rendered, (ii) leave of absence or vacation
2 granted during that period, and (iii) vacation of up to 56 work
3 days allowed upon termination of employment; except that, if
4 the benefit has been collectively bargained between the
5 employer and the recognized collective bargaining agent
6 pursuant to the Illinois Educational Labor Relations Act,
7 payment received during a period of up to 2 academic years for
8 unused sick leave may be considered as earnings in accordance
9 with the applicable collective bargaining agreement, subject
10 to the 20% increase limitation of this Section. Any unused sick
11 leave considered as earnings under this Section shall not be
12 taken into account in calculating service credit under Section
13 15-113.4.

14 (i) Intermittent periods of service shall be considered as
15 consecutive in determining final rate of earnings.

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

17 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

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

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

22 The service granted under this Section shall not be
23 considered in determining whether the person has the minimum of
24 8 years of service required to qualify for a retirement annuity
25 at age 55 or the 5 years of service required to qualify for a
26 retirement annuity at age 62 or the 10 years of service

1 required to qualify for a retirement annuity at age 67, as
2 provided in Section 15-135, ~~or the 10 years required by~~
3 ~~subsection (c) of Section 1-160 for a person who first becomes~~
4 ~~a participant on or after January 1, 2011.~~ The maximum
5 allowable service of 10 years for this governmental employment
6 shall be reduced by the service credit which is validated under
7 paragraph (2) of subsection (b) of Section 16-127 and paragraph
8 1 of Section 17-133.

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

10 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

11 Sec. 15-134. Participant.

12 (a) Each person shall, as a condition of employment, become
13 a participant and be subject to this Article on the date that
14 he or she becomes an employee, makes an election to participate
15 in, or otherwise becomes a participant in one of the retirement
16 programs offered under this Article, whichever date is later.

17 An employee who becomes a participant shall continue to be
18 a participant until he or she becomes an annuitant, dies or
19 accepts a refund of contributions. ~~For purposes of subsection~~
20 ~~(f) of Section 1-160, the term "participant" shall include a~~
21 ~~person receiving a retirement annuity.~~

22 (b) A person employed concurrently by 2 or more employers
23 is eligible to participate in the system on compensation
24 received from all employers.

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

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

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

3 (a) This subsection (a) applies only to a Tier 1 member. A
4 participant who retires in one of the following specified years
5 with the specified amount of service is entitled to a
6 retirement annuity at any age under the retirement program
7 applicable to the participant:

8 35 years if retirement is in 1997 or before;

9 34 years if retirement is in 1998;

10 33 years if retirement is in 1999;

11 32 years if retirement is in 2000;

12 31 years if retirement is in 2001;

13 30 years if retirement is in 2002 or later.

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

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

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

24 (a-5) A Tier 2 member is entitled to a retirement annuity
25 upon written application if he or she has attained age 67 and

1 has at least 10 years of service credit and is otherwise
2 eligible under the requirements of this Article. A Tier 2
3 member who has attained age 62 and has at least 10 years of
4 service credit and is otherwise eligible under the requirements
5 of this Article may elect to receive the lower retirement
6 annuity provided in subsection (b-5) of Section 15-136 of this
7 Article.

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

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

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

22 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

23 Sec. 15-136. Retirement annuities - Amount. The provisions
24 of this Section 15-136 apply only to those participants who are
25 participating in the traditional benefit package or the

1 portable benefit package and do not apply to participants who
2 are participating in the self-managed plan.

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

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

14 Rule 2: The retirement annuity shall be the sum of the
15 following, determined from amounts credited to the participant
16 in accordance with the actuarial tables and the effective rate
17 of interest in effect at the time the retirement annuity
18 begins:

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

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

1 accumulated normal contributions made by the participant;
2 and

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

6 With respect to a police officer or firefighter who retires
7 on or after August 14, 1998, the accumulated normal
8 contributions taken into account under clauses (i) and (ii) of
9 this Rule 2 shall include the additional normal contributions
10 made by the police officer or firefighter under Section
11 15-157(a).

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

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

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

26 Rule 3: The retirement annuity of a participant who is

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

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

1 officer or firefighter in excess of 20. The retirement annuity
2 for all other service shall be computed under Rule 1. A Tier 2
3 member is eligible for a retirement annuity calculated under
4 Rule 4 only if that Tier 2 member meets the service
5 requirements for that benefit calculation as prescribed under
6 this Rule 4 in addition to the applicable age requirement under
7 subsection (a-5) of Section 15-135.

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

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

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

23 ~~Rule 5: The retirement annuity of a participant who elected~~
24 ~~early retirement under the provisions of Section 15-136.2 and~~
25 ~~who, on or before February 16, 1995, brought administrative~~
26 ~~proceedings pursuant to the administrative rules adopted by the~~

1 ~~System to challenge the calculation of his or her retirement~~
2 ~~annuity shall be the sum of the following, determined from~~
3 ~~amounts credited to the participant in accordance with the~~
4 ~~actuarial tables and the prescribed rate of interest in effect~~
5 ~~at the time the retirement annuity begins:~~

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

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

16 ~~(iii) an annuity which can be provided on an~~
17 ~~actuarially equivalent basis from the employee~~
18 ~~contribution for early retirement under Section 15-136.2,~~
19 ~~and an annuity from employer contributions of an amount~~
20 ~~equal to that which can be provided on an actuarially~~
21 ~~equivalent basis from the employee contribution for early~~
22 ~~retirement under Section 15-136.2.~~

23 ~~In no event shall a retirement annuity under this Rule 5 be~~
24 ~~lower than the amount obtained by adding (1) the monthly amount~~
25 ~~obtained by dividing the combined employee and employer~~
26 ~~contributions made under Section 15-136.2 by the System's~~

1 ~~annuity factor for the age of the participant at the beginning~~
2 ~~of the annuity payment period and (2) the amount equal to the~~
3 ~~participant's annuity if calculated under Rule 1, reduced under~~
4 ~~Section 15-136(b) as if no contributions had been made under~~
5 ~~Section 15-136.2.~~

6 ~~With respect to a participant who is qualified for a~~
7 ~~retirement annuity under this Rule 5 whose retirement annuity~~
8 ~~began before the effective date of this amendatory Act of the~~
9 ~~91st General Assembly, and for whom an employee contribution~~
10 ~~was made under Section 15-136.2, the System shall recalculate~~
11 ~~the retirement annuity under this Rule 5 and shall pay any~~
12 ~~additional amounts due in the manner provided in Section~~
13 ~~15-186.1 for benefits mistakenly set too low.~~

14 ~~The amount of a retirement annuity calculated under this~~
15 ~~Rule 5 shall be computed solely on the basis of those~~
16 ~~contributions specifically set forth in this Rule 5. Except as~~
17 ~~provided in clause (iii) of this Rule 5, neither an employee~~
18 ~~nor employer contribution for early retirement under Section~~
19 ~~15-136.2, nor any other employer contribution, shall be used in~~
20 ~~the calculation of the amount of a retirement annuity under~~
21 ~~this Rule 5.~~

22 ~~The General Assembly has adopted the changes set forth in~~
23 ~~Section 25 of this amendatory Act of the 91st General Assembly~~
24 ~~in recognition that the decision of the Appellate Court for the~~
25 ~~Fourth District in *Mattis v. State Universities Retirement*~~
26 ~~System et al. might be deemed to give some right to the~~

1 ~~plaintiff in that case. The changes made by Section 25 of this~~
2 ~~amendatory Act of the 91st General Assembly are a legislative~~
3 ~~implementation of the decision of the Appellate Court for the~~
4 ~~Fourth District in Mattis v. State Universities Retirement~~
5 ~~System et al. with respect to that plaintiff.~~

6 ~~The changes made by Section 25 of this amendatory Act of~~
7 ~~the 91st General Assembly apply without regard to whether the~~
8 ~~person is in service as an employee on or after its effective~~
9 ~~date.~~

10 (b) For a Tier 1 member, the ~~The~~ retirement annuity
11 provided under Rules 1 and 3 above shall be reduced by 1/2 of
12 1% for each month the participant is under age 60 at the time
13 of retirement. However, this reduction shall not apply in the
14 following cases:

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

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

22 (3) For that portion of a retirement annuity which has
23 been provided on account of service of the participant
24 during periods when he or she performed the duties of a
25 police officer or firefighter, if these duties were
26 performed for at least 5 years immediately preceding the

1 date the retirement annuity is to begin.

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

6 (c) The maximum retirement annuity provided under Rules 1,
7 2, 4, and 5 shall be the lesser of (1) the annual limit of
8 benefits as specified in Section 415 of the Internal Revenue
9 Code of 1986, as such Section may be amended from time to time
10 and as such benefit limits shall be adjusted by the
11 Commissioner of Internal Revenue, and (2) 80% of final rate of
12 earnings.

13 (d) A Tier 1 member ~~An annuitant~~ whose status as an
14 employee terminates after August 14, 1969 shall receive
15 automatic increases in his or her retirement annuity as
16 follows:

17 Effective January 1 immediately following the date the
18 retirement annuity begins, the annuitant shall receive an
19 increase in his or her monthly retirement annuity of 0.125% of
20 the monthly retirement annuity provided under Rule 1, Rule 2,
21 Rule 3, or Rule 4, ~~or Rule 5,~~ contained in this Section,
22 multiplied by the number of full months which elapsed from the
23 date the retirement annuity payments began to January 1, 1972,
24 plus 0.1667% of such annuity, multiplied by the number of full
25 months which elapsed from January 1, 1972, or the date the
26 retirement annuity payments began, whichever is later, to

1 January 1, 1978, plus 0.25% of such annuity multiplied by the
2 number of full months which elapsed from January 1, 1978, or
3 the date the retirement annuity payments began, whichever is
4 later, to the effective date of the increase.

5 The annuitant shall receive an increase in his or her
6 monthly retirement annuity on each January 1 thereafter during
7 the annuitant's life of 3% of the monthly annuity provided
8 under Rule 1, Rule 2, Rule 3, or Rule 4, ~~or Rule 5~~ contained in
9 this Section. The change made under this subsection by P.A.
10 81-970 is effective January 1, 1980 and applies to each
11 annuitant whose status as an employee terminates before or
12 after that date.

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

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

20 (d-5) A retirement annuity of a Tier 2 member shall receive
21 annual increases on the January 1 occurring either on or after
22 the attainment of age 67 or the first anniversary of the
23 annuity start date, whichever is later. Each annual increase
24 shall be calculated at 3% or one half the annual unadjusted
25 percentage increase (but not less than zero) in the consumer
26 price index-u for the 12 months ending with the September

1 preceding each November 1, whichever is less, of the originally
2 granted retirement annuity. If the annual unadjusted
3 percentage change in the consumer price index-u for the 12
4 months ending with the September preceding each November 1 is
5 zero or there is a decrease, then the annuity shall not be
6 increased.

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 shall not be taken into account in determining the
4 amount of such additional annuity.

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

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

1 service.

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

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

8 (40 ILCS 5/15-136.3)

9 Sec. 15-136.3. Minimum retirement annuity.

10 (a) Beginning January 1, 1997, any person who is receiving
11 a monthly retirement annuity under this Article which, after
12 inclusion of (1) all one-time and automatic annual increases to
13 which the person is entitled, (2) any supplemental annuity
14 payable under Section 15-136.1, and (3) any amount deducted
15 under Section 15-138 or 15-140 to provide a reversionary
16 annuity, is less than the minimum monthly retirement benefit
17 amount specified in subsection (b) of this Section, shall be
18 entitled to a monthly supplemental payment equal to the
19 difference.

20 (b) For purposes of the calculation in subsection (a), the
21 minimum monthly retirement benefit amount is the sum of \$25 for
22 each year of service credit, up to a maximum of 30 years of
23 service.

24 (c) This Section applies to all persons receiving a
25 retirement annuity under this Article, without regard to

1 whether or not employment terminated prior to the effective
2 date of this Section. ~~The annual increase provided in~~
3 ~~subsection (c) of Section 1-160 does not apply to any benefit~~
4 ~~provided under this Section.~~

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

6 (40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

7 Sec. 15-139. Retirement annuities; cancellation; suspended
8 during employment.

9 (a) If an annuitant returns to employment for an employer
10 within 60 days after the beginning of the retirement annuity
11 payment period, the retirement annuity shall be cancelled, and
12 the annuitant shall refund to the System the total amount of
13 the retirement annuity payments which he or she received. If
14 the retirement annuity is cancelled, the participant shall
15 continue to participate in the System.

16 (b) If an annuitant retires prior to age 60 and receives or
17 becomes entitled to receive during any month compensation in
18 excess of the monthly retirement annuity (including any
19 automatic annual increases) for services performed after the
20 date of retirement for any employer under this System, that
21 portion of the monthly retirement annuity provided by employer
22 contributions shall not be payable.

23 If an annuitant retires at age 60 or over and receives or
24 becomes entitled to receive during any academic year
25 compensation in excess of the difference between his or her

1 highest annual earnings prior to retirement and his or her
2 annual retirement annuity computed under Rule 1, Rule 2, Rule
3 3, or Rule 4, ~~or Rule 5~~ of Section 15-136, or under Section
4 15-136.4, for services performed after the date of retirement
5 for any employer under this System, that portion of the monthly
6 retirement annuity provided by employer contributions shall be
7 reduced by an amount equal to the compensation that exceeds
8 such difference.

9 However, any remuneration received for serving as a member
10 of the Illinois Educational Labor Relations Board shall be
11 excluded from "compensation" for the purposes of this
12 subsection (b), and serving as a member of the Illinois
13 Educational Labor Relations Board shall not be deemed to be a
14 return to employment for the purposes of this Section. This
15 provision applies without regard to whether service was
16 terminated prior to the effective date of this amendatory Act
17 of 1991.

18 (c) If an employer certifies that an annuitant has been
19 reemployed on a permanent and continuous basis or in a position
20 in which the annuitant is expected to serve for at least 9
21 months, the annuitant shall resume his or her status as a
22 participating employee and shall be entitled to all rights
23 applicable to participating employees upon filing with the
24 board an election to forgo all annuity payments during the
25 period of reemployment. Upon subsequent retirement, the
26 retirement annuity shall consist of the annuity which was

1 terminated by the reemployment, plus the additional retirement
2 annuity based upon service granted during the period of
3 reemployment, but the combined retirement annuity shall not
4 exceed the maximum annuity applicable on the date of the last
5 retirement.

6 The total service and earnings credited before and after
7 the initial date of retirement shall be considered in
8 determining eligibility of the employee or the employee's
9 beneficiary to benefits under this Article, and in calculating
10 final rate of earnings.

11 In determining the death benefit payable to a beneficiary
12 of an annuitant who again becomes a participating employee
13 under this Section, accumulated normal and additional
14 contributions shall be considered as the sum of the accumulated
15 normal and additional contributions at the date of initial
16 retirement and the accumulated normal and additional
17 contributions credited after that date, less the sum of the
18 annuity payments received by the annuitant.

19 The survivors insurance benefits provided under Section
20 15-145 shall not be applicable to an annuitant who resumes his
21 or her status as a participating employee, unless the
22 annuitant, at the time of initial retirement, has a survivors
23 insurance beneficiary who could qualify for such benefits.

24 If the participant's employment is terminated because of
25 circumstances other than death before 9 months from the date of
26 reemployment, the provisions of this Section regarding

1 resumption of status as a participating employee shall not
2 apply. The normal and survivors insurance contributions which
3 are deducted during this period shall be refunded to the
4 annuitant without interest, and subsequent benefits under this
5 Article shall be the same as those which were applicable prior
6 to the date the annuitant resumed employment.

7 The amendments made to this Section by this amendatory Act
8 of the 91st General Assembly apply without regard to whether
9 the annuitant was in service on or after the effective date of
10 this amendatory Act.

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

12 (40 ILCS 5/15-139.1 new)

13 Sec. 15-139.1. Tier 2 member retirement annuities;
14 suspended during employment. If a Tier 2 member is receiving a
15 retirement annuity under this System and becomes a member or
16 participant under any other system or fund created by this Code
17 and is employed on a full-time basis, then the person's
18 retirement annuity shall be suspended during that employment.
19 Upon termination of that employment, the person's retirement
20 annuity shall resume and be recalculated if recalculation is
21 provided for under this Article.

22 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

23 Sec. 15-145. Survivors insurance benefits; conditions and
24 amounts.

1 (a) The survivors insurance benefits provided under this
2 Section shall be payable to the eligible survivors of a Tier 1
3 member ~~participant~~ covered under the traditional benefit
4 package upon the death of (1) a participating employee with at
5 least 1 1/2 years of service, (2) a participant who terminated
6 employment with at least 10 years of service, and (3) an
7 annuitant in receipt of a retirement annuity or disability
8 retirement annuity under this Article.

9 Service under the State Employees' Retirement System of
10 Illinois, the Teachers' Retirement System of the State of
11 Illinois and the Public School Teachers' Pension and Retirement
12 Fund of Chicago shall be considered in determining eligibility
13 for survivors benefits under this Section.

14 If by law, a function of a governmental unit, as defined by
15 Section 20-107, is transferred in whole or in part to an
16 employer, and an employee transfers employment from this
17 governmental unit to such employer within 6 months after the
18 transfer of this function, the service credits in the
19 governmental unit's retirement system which have been
20 validated under Section 20-109 shall be considered in
21 determining eligibility for survivors benefits under this
22 Section.

23 (b) A surviving spouse of a deceased participant, or of a
24 deceased annuitant who did not take a refund or additional
25 annuity consisting of accumulated survivors insurance
26 contributions, shall receive a survivors annuity of 30% of the

1 final rate of earnings. Payments shall begin on the day
2 following the participant's or annuitant's death or the date
3 the surviving spouse attains age 50, whichever is later, and
4 continue until the death of the surviving spouse. The annuity
5 shall be payable to the surviving spouse prior to attainment of
6 age 50 if the surviving spouse has in his or her care a
7 deceased participant's or annuitant's dependent unmarried
8 child under age 18 (under age 22 if a full-time student) who is
9 eligible for a survivors annuity.

10 Remarriage of a surviving spouse prior to attainment of age
11 55 that occurs before the effective date of this amendatory Act
12 of the 91st General Assembly shall disqualify him or her for
13 the receipt of a survivors annuity until July 6, 2000.

14 A surviving spouse whose survivors annuity has been
15 terminated due to remarriage may apply for reinstatement of
16 that annuity. The reinstated annuity shall begin to accrue on
17 July 6, 2000, except that if, on July 6, 2000, the annuity is
18 payable to an eligible surviving child or parent, payment of
19 the annuity to the surviving spouse shall not be reinstated
20 until the annuity is no longer payable to any eligible
21 surviving child or parent. The reinstated annuity shall include
22 any one-time or annual increases received prior to the date of
23 termination, as well as any increases that would otherwise have
24 accrued from the date of termination to the date of
25 reinstatement. An eligible surviving spouse whose expectation
26 of receiving a survivors annuity was lost due to remarriage

1 before attainment of age 50 shall also be entitled to
2 reinstatement under this subsection, but the resulting
3 survivors annuity shall not begin to accrue sooner than upon
4 the surviving spouse's attainment of age 50.

5 The changes made to this subsection by this amendatory Act
6 of the 92nd General Assembly (pertaining to remarriage prior to
7 age 55 or 50) apply without regard to whether the deceased
8 participant or annuitant was in service on or after the
9 effective date of this amendatory Act.

10 (c) Each dependent unmarried child under age 18 (under age
11 22 if a full-time student) of a deceased participant, or of a
12 deceased annuitant who did not take a refund or additional
13 annuity consisting of accumulated survivors insurance
14 contributions, shall receive a survivors annuity equal to the
15 sum of (1) 20% of the final rate of earnings, and (2) 10% of the
16 final rate of earnings divided by the number of children
17 entitled to this benefit. Payments shall begin on the day
18 following the participant's or annuitant's death and continue
19 until the child marries, dies, or attains age 18 (age 22 if a
20 full-time student). If the child is in the care of a surviving
21 spouse who is eligible for survivors insurance benefits, the
22 child's benefit shall be paid to the surviving spouse.

23 Each unmarried child over age 18 of a deceased participant
24 or of a deceased annuitant who had a survivor's insurance
25 beneficiary at the time of his or her retirement, and who was
26 dependent upon the participant or annuitant by reason of a

1 physical or mental disability which began prior to the date the
2 child attained age 18 (age 22 if a full-time student), shall
3 receive a survivor's annuity equal to the sum of (1) 20% of the
4 final rate of earnings, and (2) 10% of the final rate of
5 earnings divided by the number of children entitled to
6 survivors benefits. Payments shall begin on the day following
7 the participant's or annuitant's death and continue until the
8 child marries, dies, or is no longer disabled. If the child is
9 in the care of a surviving spouse who is eligible for survivors
10 insurance benefits, the child's benefit may be paid to the
11 surviving spouse. For the purposes of this Section, disability
12 means inability to engage in any substantial gainful activity
13 by reason of any medically determinable physical or mental
14 impairment that can be expected to result in death or that has
15 lasted or can be expected to last for a continuous period of at
16 least one year.

17 (d) Each dependent parent of a deceased participant, or of
18 a deceased annuitant who did not take a refund or additional
19 annuity consisting of accumulated survivors insurance
20 contributions, shall receive a survivors annuity equal to the
21 sum of (1) 20% of final rate of earnings, and (2) 10% of final
22 rate of earnings divided by the number of parents who qualify
23 for the benefit. Payments shall begin when the parent reaches
24 age 55 or the day following the participant's or annuitant's
25 death, whichever is later, and continue until the parent dies.
26 Remarriage of a parent prior to attainment of age 55 shall

1 disqualify the parent for the receipt of a survivors annuity.

2 (e) In addition to the survivors annuity provided above,
3 each survivors insurance beneficiary shall, upon death of the
4 participant or annuitant, receive a lump sum payment of \$1,000
5 divided by the number of such beneficiaries.

6 (f) The changes made in this Section by Public Act 81-712
7 pertaining to survivors annuities in cases of remarriage prior
8 to age 55 shall apply to each survivors insurance beneficiary
9 who remarries after June 30, 1979, regardless of the date that
10 the participant or annuitant terminated his employment or died.

11 The change made to this Section by this amendatory Act of
12 the 91st General Assembly, pertaining to remarriage prior to
13 age 55, applies without regard to whether the deceased
14 participant or annuitant was in service on or after the
15 effective date of this amendatory Act of the 91st General
16 Assembly.

17 (g) On January 1, 1981, any person who was receiving a
18 survivors annuity on or before January 1, 1971 shall have the
19 survivors annuity then being paid increased by 1% for each full
20 year which has elapsed from the date the annuity began. On
21 January 1, 1982, any survivor whose annuity began after January
22 1, 1971, but before January 1, 1981, shall have the survivor's
23 annuity then being paid increased by 1% for each year which has
24 elapsed from the date the survivor's annuity began. On January
25 1, 1987, any survivor who began receiving a survivor's annuity
26 on or before January 1, 1977, shall have the monthly survivor's

1 annuity increased by \$1 for each full year which has elapsed
2 since the date the survivor's annuity began.

3 (h) If the sum of the lump sum and total monthly survivor
4 benefits payable under this Section upon the death of a
5 participant amounts to less than the sum of the death benefits
6 payable under items (2) and (3) of Section 15-141, the
7 difference shall be paid in a lump sum to the beneficiary of
8 the participant who is living on the date that this additional
9 amount becomes payable.

10 (i) If the sum of the lump sum and total monthly survivor
11 benefits payable under this Section upon the death of an
12 annuitant receiving a retirement annuity or disability
13 retirement annuity amounts to less than the death benefit
14 payable under Section 15-142, the difference shall be paid to
15 the beneficiary of the annuitant who is living on the date that
16 this additional amount becomes payable.

17 (j) Effective on the later of (1) January 1, 1990, or (2)
18 the January 1 on or next after the date on which the survivor
19 annuity begins, if the deceased member died while receiving a
20 retirement annuity, or in all other cases the January 1 nearest
21 the first anniversary of the date the survivor annuity payments
22 begin, every survivors insurance beneficiary shall receive an
23 increase in his or her monthly survivors annuity of 3%. On each
24 January 1 after the initial increase, the monthly survivors
25 annuity shall be increased by 3% of the total survivors annuity
26 provided under this Article, including previous increases

1 provided by this subsection. Such increases shall apply to the
2 survivors insurance beneficiaries of each participant and
3 annuitant, whether or not the employment status of the
4 participant or annuitant terminates before the effective date
5 of this amendatory Act of 1990. This subsection (j) also
6 applies to persons receiving a survivor annuity under the
7 portable benefit package.

8 (k) If the Internal Revenue Code of 1986, as amended,
9 requires that the survivors benefits be payable at an age
10 earlier than that specified in this Section the benefits shall
11 begin at the earlier age, in which event, the survivor's
12 beneficiary shall be entitled only to that amount which is
13 equal to the actuarial equivalent of the benefits provided by
14 this Section.

15 (l) The changes made to this Section and Section 15-131 by
16 this amendatory Act of 1997, relating to benefits for certain
17 unmarried children who are full-time students under age 22,
18 apply without regard to whether the deceased member was in
19 service on or after the effective date of this amendatory Act
20 of 1997. These changes do not authorize the repayment of a
21 refund or a re-election of benefits, and any benefit or
22 increase in benefits resulting from these changes is not
23 payable retroactively for any period before the effective date
24 of this amendatory Act of 1997.

25 (Source: P.A. 91-887, eff. 7-6-00; 92-749, eff. 8-2-02.)

1 (40 ILCS 5/15-145.1 new)

2 Sec. 15-145.1. Survivor's insurance benefits for Tier 2
3 Members; amount. The initial survivor's insurance benefit of a
4 survivors insurance beneficiary of a Tier 2 member shall be in
5 the amount of 66 2/3% of the Tier 2 member's retirement annuity
6 at the date of death. In the case of the death of a Tier 2
7 member who has not retired, eligibility for a survivor's
8 insurance benefit shall be determined by the applicable Section
9 of this Article. The initial benefit shall be 66 2/3% of the
10 earned annuity without a reduction due to age and shall be
11 increased (1) on each January 1 occurring on or after the
12 commencement of the annuity if the deceased Tier 2 member died
13 while receiving a retirement annuity or (2) in other cases, on
14 each January 1 occurring after the first anniversary of the
15 commencement of the benefit. Each annual increase shall be
16 calculated at 3% or one half the annual unadjusted percentage
17 increase (but not less than zero) in the consumer price index-u
18 for the 12 months ending with the September preceding each
19 November 1, whichever is less, of the originally granted
20 survivor's insurance benefit. If the annual unadjusted
21 percentage change in the consumer price index-u for the 12
22 months ending with the September preceding each November 1 is
23 zero or there is a decrease, then the survivor's insurance
24 benefit shall not be increased. A beneficiary of a Tier 2
25 member who elects the Portable Benefit Package provided under
26 this Article shall not be eligible for the survivor's insurance

1 benefit that is provided under this Section. If 2 or more
2 persons are eligible to receive survivor's insurance benefits
3 as provided under this Section based on the same deceased Tier
4 2 member, the calculation of the survivor's insurance benefits
5 shall be based on the total calculation of the survivor's
6 insurance benefit and divided pro rata.

7 (40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)

8 Sec. 15-146. Survivors insurance benefits - Minimum
9 amounts.

10 (a) The minimum total survivors annuity payable on account
11 of the death of a participant shall be 50% of the retirement
12 annuity which would have been provided under Rule 1, Rule 2, or
13 Rule 3, ~~or Rule 5~~ of Section 15-136 upon the participant's
14 attainment of the minimum age at which the penalty for early
15 retirement would not be applicable or the date of the
16 participant's death, whichever is later, on the basis of
17 credits earned prior to the time of death.

18 (b) The minimum total survivors annuity payable on account
19 of the death of an annuitant shall be 50% of the retirement
20 annuity which is payable under Section 15-136 at the time of
21 death or 50% of the disability retirement annuity payable under
22 Section 15-153.2. This minimum survivors annuity shall apply to
23 each participant and annuitant who dies after September 16,
24 1979, whether or not his or her employee status terminates
25 before or after that date.

1 (c) If an annuitant has elected a reversionary annuity, the
2 retirement annuity referred to in this Section is that which
3 would have been payable had such election not been filed.

4 (d) Beginning January 1, 2002, any person who is receiving
5 a survivors annuity under this Article which, after inclusion
6 of all one-time and automatic annual increases to which the
7 person is entitled, is less than the sum of \$17.50 for each
8 year (up to a maximum of 30 years) of the deceased member's
9 service credit, shall be entitled to a monthly supplemental
10 payment equal to the difference.

11 If 2 or more persons are receiving survivors annuities
12 based on the same deceased member, the calculation of the
13 supplemental payment under this subsection shall be based on
14 the total of those annuities and divided pro rata. The
15 supplemental payment is not subject to any limitation on the
16 maximum amount of the annuity and shall not be included in the
17 calculation of any automatic annual increase under Section
18 15-145. ~~The annual increase provided in subsection (f) of~~
19 ~~Section 1-160 does not apply to any benefit provided under this~~
20 ~~subsection.~~

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

22 (40 ILCS 5/15-146.1) (from Ch. 108 1/2, par. 15-146.1)

23 Sec. 15-146.1. Survivors insurance benefits-Maximum
24 amounts.

25 (a) The maximum total survivors annuity payable on account

1 of any deceased participating employee shall be the lesser of:
2 (1) 80% of the final rate of earnings; or (2) (A) \$400 per
3 month if one survivors insurance beneficiary is entitled to a
4 survivors annuity, or (B) \$600 per month if there are 2 or more
5 such beneficiaries.

6 (b) The maximum total survivors annuity payable on account
7 of the death of any person occurring after retirement or after
8 termination of his or her employee status shall be the lesser
9 of: (1) 80% of the final rate of earnings; (2) (A) \$400 per
10 month if one survivors insurance beneficiary is entitled to a
11 survivors annuity, or (B) \$600 per month if there are 2 or more
12 such beneficiaries; or (3) 80% of the retirement annuity
13 payable to the annuitant at the date of retirement under the
14 provisions of Rule 1, Rule 2, or Rule 3, ~~or Rule 5~~ of Section
15 15-136, or 80% of the retirement annuity which would have been
16 payable to the participant upon attainment of the minimum age
17 at which the penalty for early retirement would not be
18 applicable or the date of death, whichever is later, based upon
19 credits earned as of the date of death.

20 (c) The maximum total survivors annuity payable on account
21 of the death of any person whose death occurs while in receipt
22 of a disability retirement annuity under Section 15-153.2 shall
23 be the lesser of (1) 80% of his or her final rate of earnings,
24 (2) (A) \$400 per month if one survivors insurance beneficiary
25 is entitled to a survivors annuity, or (B) \$600 per month if 2
26 or more survivors insurance beneficiaries qualify for this

1 benefit, or (3) 80% of the retirement annuity which would have
2 been payable upon attainment of the age at which the penalty
3 for early retirement would not be applicable or the date of
4 death, whichever is later, based upon the participant's credits
5 on the date of death, or 80% of the disability retirement
6 annuity whichever is greater.

7 (d) If the minimum annuity provided under Section 15-146
8 exceeds the maximum annuity provided under this Section, the
9 minimum annuity shall be payable.

10 (e) If an annuitant has elected a reversionary annuity, the
11 retirement annuity referred to in this Section is that which
12 would have been payable had such election not been filed.

13 (f) If a survivors insurance beneficiary qualifies for a
14 survivors or widows annuity because of pension credits
15 established by the participant or annuitant in another system
16 covered by Article 20, and the combined survivors annuities
17 exceed the highest survivors annuity which could be provided by
18 either system based upon the combined pension credits, the
19 survivors annuity payable by this system shall be reduced to
20 that amount which, when added to the survivors annuity payable
21 by the other system, would equal this highest survivors
22 annuity. If the other system has a similar provision for
23 adjustment of the survivors annuity, the respective
24 proportional survivors annuities shall be reduced
25 proportionately according to the ratio which the amount of each
26 proportional survivors annuity bears to the aggregate of all

1 proportional survivors annuities. If a survivors annuity is
2 payable by another system covered by Article 20, and the
3 survivor elects to waive the survivors annuity and accept a
4 lump sum payment or death benefit in lieu of the survivors
5 annuity, this system shall, for the purpose of adjusting the
6 survivors annuity under this subsection, assume that the
7 survivor was entitled to a survivors annuity which, in
8 accordance with actuarial tables of this system, is the
9 actuarial equivalent of the amount of the lump sum payment or
10 death benefit.

11 (g) The total monthly survivors annuity payable to the
12 beneficiaries of any annuitant who terminated employment
13 before July 14, 1959 and whose death occurs after September 16,
14 1977 shall not exceed \$200.

15 (h) Whenever a reduction in the survivors annuity is made
16 as authorized above, the survivors annuity to each dependent
17 parent shall be proportionately reduced or eliminated, and if
18 further reduction is necessary, the survivors annuity payable
19 to every other person shall be proportionately decreased.

20 (i) This Section applies to the survivors insurance
21 benefits provided to the eligible survivors of a Tier 1 member.

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

23 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

24 Sec. 15-155. Employer contributions.

25 (a) The State of Illinois shall make contributions by

1 appropriations of amounts which, together with the other
2 employer contributions from trust, federal, and other funds,
3 employee contributions, income from investments, and other
4 income of this System, will be sufficient to meet the cost of
5 maintaining and administering the System on a 90% funded basis
6 in accordance with actuarial recommendations.

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

12 (a-1) For State fiscal years 2012 through 2045, the minimum
13 contribution to the System to be made by the State for each
14 fiscal year shall be an amount determined by the System to be
15 sufficient to bring the total assets of the System up to 90% of
16 the total actuarial liabilities of the System by the end of
17 State fiscal year 2045. In making these determinations, the
18 required State contribution shall be calculated each year as a
19 level percentage of payroll over the years remaining to and
20 including fiscal year 2045 and shall be determined under the
21 projected unit credit actuarial cost method.

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$166,641,900.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$252,064,100.

7 For each of State fiscal years 2008 through 2009, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 from the required State contribution for State fiscal year
11 2007, so that by State fiscal year 2011, the State is
12 contributing at the rate otherwise required under this Section.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2010 is
15 \$702,514,000 and shall be made from the State Pensions Fund and
16 proceeds of bonds sold in fiscal year 2010 pursuant to Section
17 7.2 of the General Obligation Bond Act, less (i) the pro rata
18 share of bond sale expenses determined by the System's share of
19 total bond proceeds, (ii) any amounts received from the General
20 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
21 proceeds due to the issuance of discounted bonds, if
22 applicable.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2011 is
25 the amount recertified by the System on or before April 1, 2011
26 pursuant to Section 15-165 and shall be made from the State

1 Pensions Fund and proceeds of bonds sold in fiscal year 2011
2 pursuant to Section 7.2 of the General Obligation Bond Act,
3 less (i) the pro rata share of bond sale expenses determined by
4 the System's share of total bond proceeds, (ii) any amounts
5 received from the General Revenue Fund in fiscal year 2011, and
6 (iii) any reduction in bond proceeds due to the issuance of
7 discounted bonds, if applicable.

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

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

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

1 under this Section and certified under Section 15-165, shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section for that fiscal year if the System had not received any
5 payments under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act, minus (ii) the portion of the State's
7 total debt service payments for that fiscal year on the bonds
8 issued in fiscal year 2003 for the purposes of that Section
9 7.2, as determined and certified by the Comptroller, that is
10 the same as the System's portion of the total moneys
11 distributed under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act. In determining this maximum for State
13 fiscal years 2008 through 2010, however, the amount referred to
14 in item (i) shall be increased, as a percentage of the
15 applicable employee payroll, in equal increments calculated
16 from the sum of the required State contribution for State
17 fiscal year 2007 plus the applicable portion of the State's
18 total debt service payments for fiscal year 2007 on the bonds
19 issued in fiscal year 2003 for the purposes of Section 7.2 of
20 the General Obligation Bond Act, so that, by State fiscal year
21 2011, the State is contributing at the rate otherwise required
22 under this Section.

23 (b) If an employee is paid from trust or federal funds, the
24 employer shall pay to the Board contributions from those funds
25 which are sufficient to cover the accruing normal costs on
26 behalf of the employee. However, universities having employees

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

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

25 (c) Through State fiscal year 1995: The total employer
26 contribution shall be apportioned among the various funds of

1 the State and other employers, whether trust, federal, or other
2 funds, in accordance with actuarial procedures approved by the
3 Board. State of Illinois contributions for employers receiving
4 State appropriations for personal services shall be payable
5 from appropriations made to the employers or to the System. The
6 contributions for Class I community colleges covering earnings
7 other than those paid from trust and federal funds, shall be
8 payable solely from appropriations to the Illinois Community
9 College Board or the System for employer contributions.

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

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

19 (f) Normal costs under this Section means liability for
20 pensions and other benefits which accrues to the System because
21 of the credits earned for service rendered by the participants
22 during the fiscal year and expenses of administering the
23 System, but shall not include the principal of or any
24 redemption premium or interest on any bonds issued by the Board
25 or any expenses incurred or deposits required in connection
26 therewith.

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

17 Whenever it determines that a payment is or may be required
18 under this subsection (g), the System shall calculate the
19 amount of the payment and bill the employer for that amount.
20 The bill shall specify the calculations used to determine the
21 amount due. If the employer disputes the amount of the bill, it
22 may, within 30 days after receipt of the bill, apply to the
23 System in writing for a recalculation. The application must
24 specify in detail the grounds of the dispute and, if the
25 employer asserts that the calculation is subject to subsection
26 (h) or (i) of this Section, must include an affidavit setting

1 forth and attesting to all facts within the employer's
2 knowledge that are pertinent to the applicability of subsection
3 (h) or (i). Upon receiving a timely application for
4 recalculation, the System shall review the application and, if
5 appropriate, recalculate the amount due.

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

15 (h) This subsection (h) applies only to payments made or
16 salary increases given on or after June 1, 2005 but before July
17 1, 2011. The changes made by Public Act 94-1057 shall not
18 require the System to refund any payments received before July
19 31, 2006 (the effective date of Public Act 94-1057).

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude earnings increases paid to
22 participants under contracts or collective bargaining
23 agreements entered into, amended, or renewed before June 1,
24 2005.

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude earnings increases paid to a

1 participant at a time when the participant is 10 or more years
2 from retirement eligibility under Section 15-135.

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

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude any earnings increase resulting
19 from (i) a promotion for which the employee moves from one
20 classification to a higher classification under the State
21 Universities Civil Service System, (ii) a promotion in academic
22 rank for a tenured or tenure-track faculty position, or (iii) a
23 promotion that the Illinois Community College Board has
24 recommended in accordance with subsection (k) of this Section.
25 These earnings increases shall be excluded only if the
26 promotion is to a position that has existed and been filled by

1 a member for no less than one complete academic year and the
2 earnings increase as a result of the promotion is an increase
3 that results in an amount no greater than the average salary
4 paid for other similar positions.

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

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

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

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

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

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

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

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

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

1 gains or losses from investment return incurred in a fiscal
2 year shall be recognized in equal annual amounts over the
3 5-year period following that fiscal year.

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

8 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
9 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
10 7-13-12; revised 10-17-12.)

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

12 Sec. 15-157. Employee Contributions.

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

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

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

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

1 benefits obtained under that retirement program.

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

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

23 (e) That fraction of a participant's total accumulated
24 normal contributions, the numerator of which is equal to the
25 number of years of service in excess of that which is required
26 to qualify for the maximum retirement annuity, and the

1 denominator of which is equal to the total service of the
2 participant, shall be considered as accumulated additional
3 contributions. The determination of the applicable maximum
4 annuity and the adjustment in contributions required by this
5 provision shall be made as of the date of the participant's
6 retirement.

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

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

15 (h) A Tier 2 member shall not make contributions on
16 earnings that exceed the limitation as prescribed under
17 subsection (b) of Section 15-111 of this Article.

18 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
19 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
20 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

21 (40 ILCS 5/15-158.2)

22 Sec. 15-158.2. Self-managed plan.

23 (a) Purpose. The General Assembly finds that it is
24 important for colleges and universities to be able to attract
25 and retain the most qualified employees and that in order to

1 attract and retain these employees, colleges and universities
2 should have the flexibility to provide a defined contribution
3 plan as an alternative for eligible employees who elect not to
4 participate in a defined benefit retirement program provided
5 under this Article. Accordingly, the State Universities
6 Retirement System is hereby authorized to establish and
7 administer a self-managed plan, which shall offer
8 participating employees the opportunity to accumulate assets
9 for retirement through a combination of employee and employer
10 contributions that may be invested in mutual funds, collective
11 investment funds, or other investment products and used to
12 purchase annuity contracts, either fixed or variable or a
13 combination thereof. The plan must be qualified under the
14 Internal Revenue Code of 1986.

15 (b) Adoption by employers. Each employer subject to this
16 Article may elect to adopt the self-managed plan established
17 under this Section; this election is irrevocable. An employer's
18 election to adopt the self-managed plan makes available to the
19 eligible employees of that employer the elections described in
20 Section 15-134.5.

21 The State Universities Retirement System shall be the plan
22 sponsor for the self-managed plan and shall prepare a plan
23 document and prescribe such rules and procedures as are
24 considered necessary or desirable for the administration of the
25 self-managed plan. Consistent with its fiduciary duty to the
26 participants and beneficiaries of the self-managed plan, the

1 Board of Trustees of the System may delegate aspects of plan
2 administration as it sees fit to companies authorized to do
3 business in this State, to the employers, or to a combination
4 of both.

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

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

17 (2) the reasonableness of the benefits in relation to
18 the premium charged;

19 (3) the suitability of the benefits to the needs and
20 interests of the participating employees and the employer;

21 (4) the ability of the company to provide benefits
22 under the contract and the financial stability of the
23 company; and

24 (5) the efficacy of the contract in the recruitment and
25 retention of employees.

26 The System, in consultation with the employers, shall

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

5 (d) Employee Direction. Employees who are participating in
6 the program must be allowed to direct the transfer of their
7 account balances among the various investment options offered,
8 subject to applicable contractual provisions. The participant
9 shall not be deemed a fiduciary by reason of providing such
10 investment direction. A person who is a fiduciary shall not be
11 liable for any loss resulting from such investment direction
12 and shall not be deemed to have breached any fiduciary duty by
13 acting in accordance with that direction. Neither the System
14 nor the employer guarantees any of the investments in the
15 employee's account balances.

16 (e) Participation. An employee eligible to participate in
17 the self-managed plan must make a written election in
18 accordance with the provisions of Section 15-134.5 and the
19 procedures established by the System. Participation in the
20 self-managed plan by an electing employee shall begin on the
21 first day of the first pay period following the later of the
22 date the employee's election is filed with the System or the
23 effective date as of which the employee's employer begins to
24 offer participation in the self-managed plan. Employers may not
25 make the self-managed plan available earlier than January 1,
26 1998. An employee's participation in any other retirement

1 program administered by the System under this Article shall
2 terminate on the date that participation in the self-managed
3 plan begins.

4 An employee who has elected to participate in the
5 self-managed plan under this Section must continue
6 participation while employed in an eligible position, and may
7 not participate in any other retirement program administered by
8 the System under this Article while employed by that employer
9 or any other employer that has adopted the self-managed plan,
10 unless the self-managed plan is terminated in accordance with
11 subsection (i).

12 Notwithstanding any other provision of this Article, a Tier
13 2 member shall have the option to enroll in the self-managed
14 plan.

15 Participation in the self-managed plan under this Section
16 shall constitute membership in the State Universities
17 Retirement System.

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

20 (f) Establishment of Initial Account Balance. If at the
21 time an employee elects to participate in the self-managed plan
22 he or she has rights and credits in the System due to previous
23 participation in the traditional benefit package, the System
24 shall establish for the employee an opening account balance in
25 the self-managed plan, equal to the amount of contribution
26 refund that the employee would be eligible to receive under

1 Section 15-154 if the employee terminated employment on that
2 date and elected a refund of contributions, except that this
3 hypothetical refund shall include interest at the effective
4 rate for the respective years. The System shall transfer assets
5 from the defined benefit retirement program to the self-managed
6 plan, as a tax free transfer in accordance with Internal
7 Revenue Service guidelines, for purposes of funding the
8 employee's opening account balance.

9 (g) No Duplication of Service Credit. Notwithstanding any
10 other provision of this Article, an employee may not purchase
11 or receive service or service credit applicable to any other
12 retirement program administered by the System under this
13 Article for any period during which the employee was a
14 participant in the self-managed plan established under this
15 Section.

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

19 The contribution rate for employees participating in the
20 self-managed plan under this Section shall be equal to the
21 employee contribution rate for other participants in the
22 System, as provided in Section 15-157. This required
23 contribution shall be made as an "employer pick-up" under
24 Section 414(h) of the Internal Revenue Code of 1986 or any
25 successor Section thereof. Any employee participating in the
26 System's traditional benefit package prior to his or her

1 election to participate in the self-managed plan shall continue
2 to have the employer pick up the contributions required under
3 Section 15-157. However, the amounts picked up after the
4 election of the self-managed plan shall be remitted to and
5 treated as assets of the self-managed plan. In no event shall
6 an employee have an option of receiving these amounts in cash.
7 Employees may make additional contributions to the
8 self-managed plan in accordance with procedures prescribed by
9 the System, to the extent permitted under rules prescribed by
10 the System.

11 The program shall provide for employer contributions to be
12 credited to each self-managed plan participant at a rate of
13 7.6% of the participating employee's salary, less the amount
14 used by the System to provide disability benefits for the
15 employee. The amounts so credited shall be paid into the
16 participant's self-managed plan accounts in a manner to be
17 prescribed by the System.

18 An amount of employer contribution, not exceeding 1% of the
19 participating employee's salary, shall be used for the purpose
20 of providing the disability benefits of the System to the
21 employee. Prior to the beginning of each plan year under the
22 self-managed plan, the Board of Trustees shall determine, as a
23 percentage of salary, the amount of employer contributions to
24 be allocated during that plan year for providing disability
25 benefits for employees in the self-managed plan.

26 The State of Illinois shall make contributions by

1 appropriations to the System of the employer contributions
2 required for employees who participate in the self-managed plan
3 under this Section. The amount required shall be certified by
4 the Board of Trustees of the System and paid by the State in
5 accordance with Section 15-165. The System shall not be
6 obligated to remit the required employer contributions to any
7 of the insurance and annuity companies, mutual fund companies,
8 banks, trust companies, financial institutions, or other
9 sponsors of any of the funding vehicles offered under the
10 self-managed plan until it has received the required employer
11 contributions from the State. In the event of a deficiency in
12 the amount of State contributions, the System shall implement
13 those procedures described in subsection (c) of Section 15-165
14 to obtain the required funding from the General Revenue Fund.

15 (i) Termination. The self-managed plan authorized under
16 this Section may be terminated by the System, subject to the
17 terms of any relevant contracts, and the System shall have no
18 obligation to reestablish the self-managed plan under this
19 Section. This Section does not create a right to continued
20 participation in any self-managed plan set up by the System
21 under this Section. If the self-managed plan is terminated, the
22 participants shall have the right to participate in one of the
23 other retirement programs offered by the System and receive
24 service credit in such other retirement program for any years
25 of employment following the termination.

26 (j) Vesting; Withdrawal; Return to Service. A participant

1 in the self-managed plan becomes vested in the employer
2 contributions credited to his or her accounts in the
3 self-managed plan on the earliest to occur of the following:

4 (1) completion of 5 years of service with an employer described
5 in Section 15-106; (2) the death of the participating employee
6 while employed by an employer described in Section 15-106, if
7 the participant has completed at least 1 1/2 years of service;
8 or (3) the participant's election to retire and apply the
9 reciprocal provisions of Article 20 of this Code.

10 A participant in the self-managed plan who receives a
11 distribution of his or her vested amounts from the self-managed
12 plan while not yet eligible for retirement under this Article
13 (and Article 20, if applicable) shall forfeit all service
14 credit and accrued rights in the System; if subsequently
15 re-employed, the participant shall be considered a new
16 employee. If a former participant again becomes a participating
17 employee (or becomes employed by a participating system under
18 Article 20 of this Code) and continues as such for at least 2
19 years, all such rights, service credits, and previous status as
20 a participant shall be restored upon repayment of the amount of
21 the distribution, without interest.

22 (k) Benefit amounts. If an employee who is vested in
23 employer contributions terminates employment, the employee
24 shall be entitled to a benefit which is based on the account
25 values attributable to both employer and employee
26 contributions and any investment return thereon.

1 If an employee who is not vested in employer contributions
2 terminates employment, the employee shall be entitled to a
3 benefit based solely on the account values attributable to the
4 employee's contributions and any investment return thereon,
5 and the employer contributions and any investment return
6 thereon shall be forfeited. Any employer contributions which
7 are forfeited shall be held in escrow by the company investing
8 those contributions and shall be used as directed by the System
9 for future allocations of employer contributions or for the
10 restoration of amounts previously forfeited by former
11 participants who again become participating employees.

12 (Source: P.A. 93-347, eff. 7-24-03.)

13 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

14 Sec. 15-159. Board created.

15 (a) A board of trustees constituted as provided in this
16 Section shall administer this System. The board shall be known
17 as the Board of Trustees of the State Universities Retirement
18 System.

19 (b) (Blank). ~~Until July 1, 1995, the Board of Trustees~~
20 ~~shall be constituted as follows:~~

21 ~~Two trustees shall be members of the Board of Trustees of~~
22 ~~the University of Illinois, one shall be a member of the Board~~
23 ~~of Trustees of Southern Illinois University, one shall be a~~
24 ~~member of the Board of Trustees of Chicago State University,~~
25 ~~one shall be a member of the Board of Trustees of Eastern~~

~~Illinois University, one shall be a member of the Board of Trustees of Governors State University, one shall be a member of the Board of Trustees of Illinois State University, one shall be a member of the Board of Trustees of Northeastern Illinois University, one shall be a member of the Board of Trustees of Northern Illinois University, one shall be a member of the Board of Trustees of Western Illinois University, and one shall be a member of the Illinois Community College Board, selected in each case by their respective boards, and 2 shall be participants of the system appointed by the Governor for a 6 year term with the first appointment made pursuant to this amendatory Act of 1984 to be effective September 1, 1985, and one shall be a participant appointed by the Illinois Community College Board for a 6 year term, and one shall be a participant appointed by the Board of Trustees of the University of Illinois for a 6 year term, and one shall be a participant or annuitant of the system who is a senior citizen age 60 or older appointed by the Governor for a 6 year term with the first appointment to be effective September 1, 1985.~~

~~The terms of all trustees holding office under this subsection (b) on June 30, 1995 shall terminate at the end of that day and the Board shall thereafter be constituted as provided in subsection (c).~~

~~(c) (Blank). Beginning July 1, 1995, the Board of Trustees shall be constituted as follows:~~

~~The Board shall consist of 9 trustees appointed by the~~

1 ~~Governor. Two of the trustees, designated at the time of~~
2 ~~appointment, shall be participants of the System. Two of the~~
3 ~~trustees, designated at the time of appointment, shall be~~
4 ~~annuitants of the System who are receiving retirement annuities~~
5 ~~under this Article. The 5 remaining trustees may, but need not,~~
6 ~~be participants or annuitants of the System.~~

7 ~~The term of office of trustees appointed under this~~
8 ~~subsection (c) shall be 6 years, beginning on July 1. However,~~
9 ~~of the initial trustees appointed under this subsection (c), 3~~
10 ~~shall be appointed for terms of 2 years, 3 shall be appointed~~
11 ~~for terms of 4 years, and 3 shall be appointed for terms of 6~~
12 ~~years, to be designated by the Governor at the time of~~
13 ~~appointment.~~

14 ~~The terms of all trustees holding office under this~~
15 ~~subsection (c) on the effective date of this amendatory Act of~~
16 ~~the 96th General Assembly shall terminate on that effective~~
17 ~~date. The Governor shall make nominations for appointment under~~
18 ~~this Section within 60 days after the effective date of this~~
19 ~~amendatory Act of the 96th General Assembly. A trustee sitting~~
20 ~~on the board on the effective date of this amendatory Act of~~
21 ~~the 96th General Assembly may not hold over in office for more~~
22 ~~than 90 days after the effective date of this amendatory Act of~~
23 ~~the 96th General Assembly. Nothing in this Section shall~~
24 ~~prevent the Governor from making a temporary appointment or~~
25 ~~nominating a trustee holding office on the day before the~~
26 ~~effective date of this amendatory Act of the 96th General~~

1 ~~Assembly.~~

2 (d) Beginning on the 90th day after April 3, 2009 (the
3 effective date of Public Act 96-6) ~~this amendatory Act of the~~
4 ~~96th General Assembly~~, the Board of Trustees shall be
5 constituted as follows:

6 (1) The Chairperson of the Board of Higher Education,
7 who shall act as chairperson of this Board.

8 (2) Four trustees appointed by the Governor with the
9 advice and consent of the Senate who may not be members of
10 the system or hold an elective State office and who shall
11 serve for a term of 6 years, except that the terms of the
12 initial appointees under this subsection (d) shall be as
13 follows: 2 for a term of 3 years and 2 for a term of 6
14 years.

15 (3) Four active participants of the system to be
16 elected from the contributing membership of the system by
17 the contributing members, no more than 2 of which may be
18 from any of the University of Illinois campuses, who shall
19 serve for a term of 6 years, except that the terms of the
20 initial electees shall be as follows: 2 for a term of 3
21 years and 2 for a term of 6 years.

22 (4) Two annuitants of the system who have been
23 annuitants for at least one full year, to be elected from
24 and by the annuitants of the system, no more than one of
25 which may be from any of the University of Illinois
26 campuses, who shall serve for a term of 6 years, except

1 that the terms of the initial electees shall be as follows:
2 one for a term of 3 years and one for a term of 6 years.

3 For the purposes of this Section, the Governor may make a
4 nomination and the Senate may confirm the nominee in advance of
5 the commencement of the nominee's term of office.

6 (e) The 6 elected trustees shall be elected within 90 days
7 after April 3, 2009 (the effective date of Public Act 96-6)
8 ~~this amendatory Act of the 96th General Assembly~~ for a term
9 beginning on the 90th day after ~~that~~ that the effective date ~~of this~~
10 ~~amendatory Act~~. Trustees shall be elected thereafter as terms
11 expire for a 6-year term beginning July 15 next following their
12 election, and such election shall be held on May 1, or on May 2
13 when May 1 falls on a Sunday. The board may establish rules for
14 the election of trustees to implement the provisions of Public
15 Act 96-6 ~~this amendatory Act of the 96th General Assembly~~ and
16 for future elections. Candidates for the participating trustee
17 shall be nominated by petitions in writing, signed by not less
18 than 400 participants with their addresses shown opposite their
19 names. Candidates for the annuitant trustee shall be nominated
20 by petitions in writing, signed by not less than 100 annuitants
21 with their addresses shown opposite their names. If there is
22 more than one qualified nominee for each elected trustee, then
23 the board shall conduct a secret ballot election by mail for
24 that trustee, in accordance with rules as established by the
25 board. If there is only one qualified person nominated by
26 petition for each elected trustee, then the election as

1 required by this Section shall not be conducted for that
2 trustee and the board shall declare such nominee duly elected.
3 A vacancy occurring in the elective membership of the board
4 shall be filled for the unexpired term by the elected trustees
5 serving on the board for the remainder of the term. Nothing in
6 this subsection shall preclude the adoption of rules providing
7 for internet or phone balloting in addition, or as an
8 alternative, to election by mail.

9 (f) A vacancy in the appointed membership on the board of
10 trustees caused by resignation, death, expiration of term of
11 office, or other reason shall be filled by a qualified person
12 appointed by the Governor for the remainder of the unexpired
13 term.

14 (g) Trustees (other than the trustees incumbent on June 30,
15 1995 or as provided in subsection (c) of this Section) shall
16 continue in office until their respective successors are
17 appointed and have qualified, except that a trustee appointed
18 to one of the participant positions shall be disqualified
19 immediately upon the termination of his or her status as a
20 participant and a trustee appointed to one of the annuitant
21 positions shall be disqualified immediately upon the
22 termination of his or her status as an annuitant receiving a
23 retirement annuity.

24 (h) Each trustee must take an oath of office before a
25 notary public of this State and shall qualify as a trustee upon
26 the presentation to the board of a certified copy of the oath.

1 The oath must state that the person will diligently and
2 honestly administer the affairs of the retirement system, and
3 will not knowingly violate or willfully ~~wilfully~~ permit to be
4 violated any provisions of this Article.

5 Each trustee shall serve without compensation but shall be
6 reimbursed for expenses necessarily incurred in attending
7 board meetings and carrying out his or her duties as a trustee
8 or officer of the system.

9 ~~(i) This amendatory Act of 1995 is intended to supersede~~
10 ~~the changes made to this Section by Public Act 89-4.~~

11 (Source: P.A. 96-6, eff. 4-3-09; 96-1000, eff. 7-2-10.)

12 (40 ILCS 5/15-162) (from Ch. 108 1/2, par. 15-162)

13 Sec. 15-162. To hold meetings.

14 To hold regular meetings at least quarterly in each year
15 and special meetings at such times as the chairperson ~~president~~
16 or a majority of the board deem necessary.

17 (Source: Laws 1963, p. 161.)

18 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

20 (a) The Board shall certify to the Governor on or before
21 November 15 of each year until November 15, 2011 the
22 appropriation required from State funds for the purposes of
23 this System for the following fiscal year. The certification
24 under this subsection (a) 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 and the projected State cost for the self-managed
4 plan for that fiscal year.

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

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

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

22 (a-5) On or before November 1 of each year, beginning
23 November 1, 2012, the Board shall submit to the State Actuary,
24 the Governor, and the General Assembly a proposed certification
25 of the amount of the required State contribution to the System
26 for the next fiscal year, along with all of the actuarial

1 assumptions, calculations, and data upon which that proposed
2 certification is based. On or before January 1 of each year,
3 beginning January 1, 2013, the State Actuary shall issue a
4 preliminary report concerning the proposed certification and
5 identifying, if necessary, recommended changes in actuarial
6 assumptions that the Board must consider before finalizing its
7 certification of the required State contributions. On or before
8 January 15, 2013 and each January 15 thereafter, the Board
9 shall certify to the Governor and the General Assembly the
10 amount of the required State contribution for the next fiscal
11 year. The Board's certification must note, in a written
12 response to the State Actuary, any deviations from the State
13 Actuary's recommended changes, the reason or reasons for not
14 following the State Actuary's recommended changes, and the
15 fiscal impact of not following the State Actuary's recommended
16 changes on the required State contribution.

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

21 (c) Beginning in State fiscal year 1996, on or as soon as
22 possible after the 15th day of each month the Board shall
23 submit vouchers for payment of State contributions to the
24 System, in a total monthly amount of one-twelfth of the
25 required annual State contribution certified under subsection
26 (a). From the effective date of this amendatory Act of the 93rd

1 General Assembly through June 30, 2004, the Board shall not
2 submit vouchers for the remainder of fiscal year 2004 in excess
3 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 (b) 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 Section, the difference
15 shall be paid from the General Revenue Fund under the
16 continuing appropriation authority provided in Section 1.1 of
17 the State Pension Funds Continuing Appropriation Act.

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

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

12 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
13 97-694, eff. 6-18-12.)

14 (40 ILCS 5/15-168) (from Ch. 108 1/2, par. 15-168)

15 Sec. 15-168. To require information.

16 To require such information as shall be necessary for the
17 proper operation of the system from any participant ~~or~~
18 beneficiary or from any employer of a participant ~~officer,~~
19 ~~department head or other person or persons in authority, as the~~
20 ~~case may be, of any employer.~~

21 (Source: Laws 1963, p. 161.)

22 (40 ILCS 5/15-169) (from Ch. 108 1/2, par. 15-169)

23 Sec. 15-169. To elect officers and appoint employees. To
24 elect officers; to appoint a secretary and treasurer; to have a

1 seal; to employ and fix the rate of pay of such actuarial,
2 legal, clerical, audit, ~~or~~ medical, or other services, or
3 corporate trustee organized under the laws of this State with a
4 capital of not less than \$1,000,000, or investment counsel and
5 other persons as shall be required for the efficient
6 administration of the system. All actions brought by or against
7 the board shall be prosecuted or defended by the Attorney
8 General or by other counsel, as the board may decide.

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

10 (40 ILCS 5/15-171) (from Ch. 108 1/2, par. 15-171)

11 Sec. 15-171. To receive, record and deposit payments.

12 To receive all payments made to the system; to make a
13 record thereof; and to cause all payments to be deposited
14 immediately with the treasurer of the system. The Board may
15 delegate the actions prescribed under this Section to persons
16 employed by the System.

17 (Source: Laws 1963, p. 161.)

18 (40 ILCS 5/15-172) (from Ch. 108 1/2, par. 15-172)

19 Sec. 15-172. To certify warrants, checks, or drafts. To
20 provide for certification on its behalf by its ~~president and~~
21 secretary of all warrants, checks, or drafts upon its
22 depository bank or corporate trustee ~~upon its treasurer~~ in
23 accordance with the by-laws and actions of the board
24 authorizing payments for benefits, expenses, investments and

1 debt service, including any redemption premium and required
2 deposits for any bonds of the board, out of funds belonging to
3 this system.

4 (Source: P.A. 86-1034.)

5 (40 ILCS 5/15-177) (from Ch. 108 1/2, par. 15-177)

6 Sec. 15-177. To make rules.

7 To establish by-laws; to fix the number necessary for a
8 quorum; to set up an executive committee of its members to
9 exercise all powers of the board except as limited by the
10 board; to establish rules and regulations, not inconsistent
11 with the provisions of this Article, as are necessary for the
12 administration of the system; and generally to carry on any
13 other reasonable activities which are deemed necessary to
14 accomplish the purposes of this system, including without
15 limitation the time and manner of reporting contributions by
16 participants and, if applicable, contributions by employers.

17 (Source: Laws 1963, p. 161.)

18 (40 ILCS 5/16-106.6 new)

19 Sec. 16-106.6. Teacher certification. For purposes of this
20 Article, a teacher shall be deemed to be certificated if he or
21 she is required to be licensed by the Illinois State Board of
22 Education.

23 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

1 Sec. 16-152. Contributions by members.

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

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

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

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

15 (4) Effective July 1, 2005, contributions of 0.40% of
16 salary toward the cost of the early retirement without
17 discount option provided under Section 16-133.2. This
18 contribution shall cease upon termination of the early
19 retirement without discount option as provided in Section
20 16-176.

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

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

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

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

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

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

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

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

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

5 (4) The contributions shall be refunded to the member,
6 without interest, if within 120 days after the early
7 retirement without discount option provided under Section
8 16-133.2 is terminated under Section 16-176. In that event,
9 the System shall provide to the member, within 120 days
10 after the option is terminated, an application for a refund
11 of those contributions.

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

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.

1

INDEX

2

Statutes amended in order of appearance

3

40 ILCS 5/1-160

4

40 ILCS 5/15-102

from Ch. 108 1/2, par. 15-102

5

40 ILCS 5/15-108.1 new

6

40 ILCS 5/15-108.2 new

7

40 ILCS 5/15-111

from Ch. 108 1/2, par. 15-111

8

40 ILCS 5/15-112

from Ch. 108 1/2, par. 15-112

9

40 ILCS 5/15-113.6

from Ch. 108 1/2, par. 15-113.6

10

40 ILCS 5/15-134

from Ch. 108 1/2, par. 15-134

11

40 ILCS 5/15-135

from Ch. 108 1/2, par. 15-135

12

40 ILCS 5/15-136

from Ch. 108 1/2, par. 15-136

13

40 ILCS 5/15-136.3

14

40 ILCS 5/15-139

from Ch. 108 1/2, par. 15-139

15

40 ILCS 5/15-139.1 new

16

40 ILCS 5/15-145

from Ch. 108 1/2, par. 15-145

17

40 ILCS 5/15-145.1 new

18

40 ILCS 5/15-146

from Ch. 108 1/2, par. 15-146

19

40 ILCS 5/15-146.1

from Ch. 108 1/2, par. 15-146.1

20

40 ILCS 5/15-155

from Ch. 108 1/2, par. 15-155

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40 ILCS 5/15-157

from Ch. 108 1/2, par. 15-157

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40 ILCS 5/15-158.2

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40 ILCS 5/15-159

from Ch. 108 1/2, par. 15-159

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40 ILCS 5/15-163

from Ch. 108 1/2, par. 15-163

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40 ILCS 5/15-168

from Ch. 108 1/2, par. 15-168

- 1 40 ILCS 5/15-171 from Ch. 108 1/2, par. 15-171
- 2 40 ILCS 5/15-172 from Ch. 108 1/2, par. 15-172
- 3 40 ILCS 5/15-177 from Ch. 108 1/2, par. 15-177
- 4 40 ILCS 5/15-177.1 new