



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3411

by Rep. Tom Cross - Elaine Nekritz

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Provisions, General Assembly, State Employee, State Universities, and Downstate Teacher Articles of the Illinois Pension Code. In the Downstate Teacher and State Universities Articles, creates a Tier 3 composite defined-benefit, defined-contribution retirement plan for employees hired on or after January 1, 2014 and certain others. Makes corresponding changes in other parts of those Articles and in the Retirement Systems Reciprocal Act. Increases the retirement age for certain Tier I members and participants. Changes the conditions of eligibility for, and the amount of, automatic annual increases for Tier I retirees. Increases required employee contributions for Tier I members and participants. Limits pensionable salary for Tier I and Tier 3 participants. Changes the required State contribution to each of the affected retirement systems so that those systems are 100% funded by 2043. Adds State funding guarantees. Makes other changes. Amends the Illinois Public Labor Relations Act to provide that this amendatory Act takes precedence. Amends the State Finance Act. To the list of standardized items of appropriation, adds "State retirement contribution for annual normal cost" and "State retirement contribution for unfunded accrued liability". Defines those terms. Amends the Governor's Office of Management and Budget Act. Adds those terms to a list of classifications to be used in statements and estimates of expenditures submitted to the Office in connection with the preparation of a State budget. Amends the State Mandates Act to require implementation without reimbursement. Includes an inseverability provision. Makes other changes. Effective immediately.

LRB098 10767 EFG 41183 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 3. The Illinois Public Labor Relations Act is
5 amended by changing Sections 4 and 15 as follows:

6 (5 ILCS 315/4) (from Ch. 48, par. 1604)

7 Sec. 4. Management Rights. Employers shall not be required
8 to bargain over matters of inherent managerial policy, which
9 shall include such areas of discretion or policy as the
10 functions of the employer, standards of services, its overall
11 budget, the organizational structure and selection of new
12 employees, examination techniques and direction of employees.
13 Employers, however, shall be required to bargain collectively
14 with regard to policy matters directly affecting wages, hours
15 and terms and conditions of employment as well as the impact
16 thereon upon request by employee representatives, but
17 excluding the changes, the impact of changes, and the
18 implementation of the changes set forth in this amendatory Act
19 of the 98th General Assembly.

20 To preserve the rights of employers and exclusive
21 representatives which have established collective bargaining
22 relationships or negotiated collective bargaining agreements
23 prior to the effective date of this Act, employers shall be

1 required to bargain collectively with regard to any matter
2 concerning wages, hours or conditions of employment about which
3 they have bargained for and agreed to in a collective
4 bargaining agreement prior to the effective date of this Act,
5 but excluding the changes, the impact of changes, and the
6 implementation of the changes set forth in this amendatory Act
7 of the 98th General Assembly.

8 The chief judge of the judicial circuit that employs a
9 public employee who is a court reporter, as defined in the
10 Court Reporters Act, has the authority to hire, appoint,
11 promote, evaluate, discipline, and discharge court reporters
12 within that judicial circuit.

13 Nothing in this amendatory Act of the 94th General Assembly
14 shall be construed to intrude upon the judicial functions of
15 any court. This amendatory Act of the 94th General Assembly
16 applies only to nonjudicial administrative matters relating to
17 the collective bargaining rights of court reporters.

18 (Source: P.A. 94-98, eff. 7-1-05.)

19 (5 ILCS 315/15) (from Ch. 48, par. 1615)

20 Sec. 15. Act Takes Precedence.

21 (a) In case of any conflict between the provisions of this
22 Act and any other law (other than Section 5 of the State
23 Employees Group Insurance Act of 1971 and other than the
24 changes made to the Illinois Pension Code by Public Act 96-889
25 and the changes, impact of changes, and the implementation of

1 the changes made to the Illinois Pension Code by this
2 amendatory Act of the 98th ~~96th~~ General Assembly), executive
3 order or administrative regulation relating to wages, hours and
4 conditions of employment and employment relations, the
5 provisions of this Act or any collective bargaining agreement
6 negotiated thereunder shall prevail and control. Nothing in
7 this Act shall be construed to replace or diminish the rights
8 of employees established by Sections 28 and 28a of the
9 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
10 of the Regional Transportation Authority Act. The provisions of
11 this Act are subject to the changes made by this amendatory Act
12 of the 98th General Assembly and Section 5 of the State
13 Employees Group Insurance Act of 1971. Nothing in this Act
14 shall be construed to replace the necessity of complaints
15 against a sworn peace officer, as defined in Section 2(a) of
16 the Uniform Peace Officer Disciplinary Act, from having a
17 complaint supported by a sworn affidavit.

18 (b) Except as provided in subsection (a) above, any
19 collective bargaining contract between a public employer and a
20 labor organization executed pursuant to this Act shall
21 supersede any contrary statutes, charters, ordinances, rules
22 or regulations relating to wages, hours and conditions of
23 employment and employment relations adopted by the public
24 employer or its agents. Any collective bargaining agreement
25 entered into prior to the effective date of this Act shall
26 remain in full force during its duration.

1 (c) It is the public policy of this State, pursuant to
2 paragraphs (h) and (i) of Section 6 of Article VII of the
3 Illinois Constitution, that the provisions of this Act are the
4 exclusive exercise by the State of powers and functions which
5 might otherwise be exercised by home rule units. Such powers
6 and functions may not be exercised concurrently, either
7 directly or indirectly, by any unit of local government,
8 including any home rule unit, except as otherwise authorized by
9 this Act.

10 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

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

13 (20 ILCS 3005/7) (from Ch. 127, par. 417)

14 Sec. 7. All statements and estimates of expenditures
15 submitted to the Office in connection with the preparation of a
16 State budget, and any other estimates of expenditures,
17 supporting requests for appropriations, shall be formulated
18 according to the various functions and activities for which the
19 respective department, office or institution of the State
20 government (including the elective officers in the executive
21 department and including the University of Illinois and the
22 judicial department) is responsible. All such statements and
23 estimates of expenditures relating to a particular function or
24 activity shall be further formulated or subject to analysis in

1 accordance with the following classification of objects:

2 (1) Personal services

3 (2) State contribution for employee group insurance

4 (3) Contractual services

5 (4) Travel

6 (5) Commodities

7 (6) Equipment

8 (7) Permanent improvements

9 (8) Land

10 (9) Electronic Data Processing

11 (10) Telecommunication services

12 (11) Operation of Automotive Equipment

13 (12) Contingencies

14 (13) Reserve

15 (14) Interest

16 (15) Awards and Grants

17 (16) Debt Retirement

18 (17) Non-cost Charges-

19 (18) State retirement contribution for annual normal cost

20 (19) State retirement contribution for unfunded accrued

21 liability.

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

23 (20 ILCS 3005/8) (from Ch. 127, par. 418)

24 Sec. 8. When used in connection with a State budget or
25 expenditure or estimate, items (1) through (16) in the

1 classification of objects stated in Section 7 shall have the
2 meanings ascribed to those items in Sections 14 through 24.7,
3 respectively, of the State Finance Act. ~~"An Act in relation to
4 State finance", approved June 10, 1919, as amended.~~

5 When used in connection with a State budget or expenditure
6 or estimate, items (18) and (19) in the classification of
7 objects stated in Section 7 shall have the meanings ascribed to
8 those items in Sections 24.12 and 24.13, respectively, of the
9 State Finance Act.

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

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

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

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

16 (1) Personal services;

17 (2) State contribution for employee group insurance;

18 (3) Contractual services;

19 (4) Travel;

20 (5) Commodities;

21 (6) Equipment;

22 (7) Permanent improvements;

23 (8) Land;

24 (9) Electronic Data Processing;

1 (10) Operation of automotive equipment;

2 (11) Telecommunications services;

3 (12) Contingencies;

4 (13) Reserve;

5 (14) Interest;

6 (15) Awards and Grants;

7 (16) Debt Retirement;

8 (17) Non-Cost Charges;

9 (18) State retirement contribution for annual normal cost;

10 (19) State retirement contribution for unfunded accrued
11 liability;

12 (20) ~~(18)~~ Purchase Contract for Real Estate.

13 When an appropriation is made to an officer, department,
14 institution, board, commission or other agency, or to a private
15 association or corporation, in one or more of the items above
16 specified, such appropriation shall be construed in accordance
17 with the definitions and limitations specified in this Act,
18 unless the appropriation act otherwise provides.

19 An appropriation for a purpose other than one specified and
20 defined in this Act may be made only as an additional, separate
21 and distinct item, specifically stating the object and purpose
22 thereof.

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

24 (30 ILCS 105/24.12 new)

25 Sec. 24.12. "State retirement contribution for annual

1 normal cost" defined. The term "State retirement contribution
2 for annual normal cost" means the portion of the total required
3 State contribution to a retirement system for a fiscal year
4 that represents the State's portion of the System's projected
5 normal cost for that fiscal year, as determined and certified
6 by the board of trustees of the retirement system in
7 conformance with the applicable provisions of the Illinois
8 Pension Code.

9 (30 ILCS 105/24.13 new)

10 Sec. 24.13. "State retirement contribution for unfunded
11 accrued liability" defined. The term "State retirement
12 contribution for unfunded accrued liability" means the portion
13 of the total required State contribution to a retirement system
14 for a fiscal year that is not included in the State retirement
15 contribution for annual normal cost.

16 Section 15. The Budget Stabilization Act is amended by
17 changing Sections 20 and 25 as follows:

18 (30 ILCS 122/20)

19 Sec. 20. Pension Stabilization Fund.

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

1 (b) For each fiscal year when the General Assembly's
2 appropriations and transfers or diversions as required by law
3 from general funds do not exceed 99% of the estimated general
4 funds revenues pursuant to subsection (a) of Section 10, the
5 Comptroller shall transfer from the General Revenue Fund as
6 provided by this Section a total amount equal to 0.5% of the
7 estimated general funds revenues to the Pension Stabilization
8 Fund.

9 (c) For each fiscal year through State fiscal year 2013,
10 when the General Assembly's appropriations and transfers or
11 diversions as required by law from general funds do not exceed
12 98% of the estimated general funds revenues pursuant to
13 subsection (b) of Section 10, the Comptroller shall transfer
14 from the General Revenue Fund as provided by this Section a
15 total amount equal to 1.0% of the estimated general funds
16 revenues to the Pension Stabilization Fund.

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

21 (c-15) The transfers made pursuant to subsection (c-10) of
22 this Section shall continue through State fiscal year 2045 or
23 until each of the designated retirement systems, as defined in
24 Section 25, has achieved the funding ratio prescribed by law
25 for that retirement system, whichever occurs first; provided
26 that those transfers shall not be made after any provision of

1 this Act that is designated as inseverable in Section 97 of
2 this Act is declared to be unconstitutional or invalid other
3 than as applied.

4 (d) The Comptroller shall transfer 1/12 of the total amount
5 to be transferred each fiscal year under this Section into the
6 Pension Stabilization Fund on the first day of each month of
7 that fiscal year or as soon thereafter as possible; except that
8 the final transfer of the fiscal year shall be made as soon as
9 practical after the August 31 following the end of the fiscal
10 year.

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

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

1 Sec. 25. Transfers from the Pension Stabilization Fund.

2 (a) As used in this Section, "designated retirement
3 systems" means:

4 (1) the State Employees' Retirement System of
5 Illinois;

6 (2) the Teachers' Retirement System of the State of
7 Illinois;

8 (3) the State Universities Retirement System;

9 (4) the Judges Retirement System of Illinois; and

10 (5) the General Assembly Retirement System.

11 (b) As soon as may be practical after any money is
12 deposited into the Pension Stabilization Fund, the State
13 Comptroller shall apportion the deposited amount among the
14 designated retirement systems and the State Comptroller and
15 State Treasurer shall pay the apportioned amounts to the
16 designated retirement systems. The amount deposited shall be
17 apportioned among the designated retirement systems in the same
18 proportion as their respective portions of the total actuarial
19 reserve deficiency of the designated retirement systems, as
20 most recently determined by the Governor's Office of Management
21 and Budget. Amounts received by a designated retirement system
22 under this Section shall be used for funding the unfunded
23 liabilities of the retirement system. Payments under this
24 Section are authorized by the continuing appropriation under
25 Section 1.7 of the State Pension Funds Continuing Appropriation
26 Act.

1 (c) At the request of the State Comptroller, the Governor's
2 Office of Management and Budget shall determine the individual
3 and total actuarial reserve deficiencies of the designated
4 retirement systems. For this purpose, the Governor's Office of
5 Management and Budget shall consider the latest available audit
6 and actuarial reports of each of the retirement systems and the
7 relevant reports and statistics of the Public Pension Division
8 of the Department of Financial and Professional Regulation.

9 (d) Payments to the designated retirement systems under
10 this Section shall be in addition to, and not in lieu of, any
11 State contributions required under Section 2-124, 14-131,
12 15-155, 16-158, or 18-131 of the Illinois Pension Code.

13 Payments to the designated retirement systems under this
14 Section, transferred after the effective date of this
15 amendatory Act of the 98th General Assembly, do not reduce and
16 do not constitute payment of any portion of the required State
17 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
18 Pension Code in that fiscal year. Such amounts shall not
19 reduce, and shall not be included in the calculation of, the
20 required State contribution under Article 2, 14, 15, 16, or 18
21 of the Illinois Pension Code in any future year, until the
22 designated retirement system has received payment of
23 contributions pursuant to this Act.

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

25 Section 20. The Illinois Pension Code is amended by

1 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,
2 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,
3 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,
4 14-152.1, 15-111, 15-113.6, 15-113.7, 15-135, 15-136, 15-139,
5 15-153.2, 15-155, 15-156, 15-157, 15-165, 15-198, 16-121,
6 16-132, 16-133, 16-133.1, 16-152, 16-158, 16-158.1, 16-203,
7 20-121, 20-123, 20-124, and 20-125 and by adding Sections
8 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-103.4, 15-107.1,
9 15-107.2, 15-107.3, 15-155.1, 15-158.5, 16-106.4, 16-106.5,
10 16-106.6, 16-152.8, and 16-158.2 as follows:

11 (40 ILCS 5/1-103.3)

12 Sec. 1-103.3. Application of 1994 amendment; funding
13 standard.

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

20 (b) (Blank) ~~The General Assembly declares that a funding~~
21 ~~ratio (the ratio of a retirement system's total assets to its~~
22 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
23 ~~State-funded retirement systems in Illinois, and it finds that~~
24 ~~a funding ratio of 90% is now the generally recognized norm~~
25 ~~throughout the nation for public employee retirement systems~~

1 ~~that are considered to be financially secure and funded in an~~
2 ~~appropriate and responsible manner.~~

3 (c) Every 5 years, beginning in 1999, the Commission on
4 Government Forecasting and Accountability, in consultation
5 with the affected retirement systems and the Governor's Office
6 of Management and Budget (formerly Bureau of the Budget), shall
7 consider and determine whether the funding goals ~~90% funding~~
8 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
9 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
10 funding goals ~~goal~~ for those ~~State-funded~~ retirement systems ~~in~~
11 ~~Illinois~~, and it shall report its findings and recommendations
12 on this subject to the Governor and the General Assembly.

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

14 (40 ILCS 5/1-160)

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

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

1 plan established under Section 22-101, or (iv) to any person
2 who first becomes, on or after January 1, 2014, a Tier 3
3 employee in a retirement system established under Article 15 or
4 16 of this Code.

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

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

19 (2) In Articles 8, 9, 10, 11, and 12, "highest average
20 annual salary for any 4 consecutive years within the last
21 10 years of service immediately preceding the date of
22 withdrawal".

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

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

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

26 (6) In Section 22-207, "wages or salary received by him

1 at the date of retirement or discharge".

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

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

22 (c) A member or participant is entitled to a retirement
23 annuity upon written application if he or she has attained age
24 67 and has at least 10 years of service credit and is otherwise
25 eligible under the requirements of the applicable Article.

26 A member or participant who has attained age 62 and has at

1 least 10 years of service credit and is otherwise eligible
2 under the requirements of the applicable Article may elect to
3 receive the lower retirement annuity provided in subsection (d)
4 of this Section.

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

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

22 (f) The initial survivor's or widow's annuity of an
23 otherwise eligible survivor or widow of a retired member or
24 participant who first became a member or participant on or
25 after January 1, 2011 shall be in the amount of 66 2/3% of the
26 retired member's or participant's retirement annuity at the

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

23 (g) The benefits in Section 14-110 apply only if the person
24 is a State policeman, a fire fighter in the fire protection
25 service of a department, or a security employee of the
26 Department of Corrections or the Department of Juvenile

1 Justice, as those terms are defined in subsection (b) of
2 Section 14-110. A person who meets the requirements of this
3 Section is entitled to an annuity calculated under the
4 provisions of Section 14-110, in lieu of the regular or minimum
5 retirement annuity, only if the person has withdrawn from
6 service with not less than 20 years of eligible creditable
7 service and has attained age 60, regardless of whether the
8 attainment of age 60 occurs while the person is still in
9 service.

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

24 If a person who first becomes a member of a retirement
25 system or pension fund subject to this Section on or after
26 January 1, 2012 and is receiving a retirement annuity or

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

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

22 (j) In the case of a conflict between the provisions of
23 this Section and any other provision of this Code, the
24 provisions of this Section shall control.

25 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
26 97-609, eff. 1-1-12.)

1 (40 ILCS 5/2-105.1 new)

2 Sec. 2-105.1. Tier I participant. "Tier I participant": A
3 participant who first became a participant before January 1,
4 2011.

5 (40 ILCS 5/2-105.2 new)

6 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
7 former Tier I participant who is receiving a retirement
8 annuity.

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

10 Sec. 2-108. Salary. "Salary": (1) For members of the
11 General Assembly, the total compensation paid to the member by
12 the State for one year of service, including the additional
13 amounts, if any, paid to the member as an officer pursuant to
14 Section 1 of "An Act in relation to the compensation and
15 emoluments of the members of the General Assembly", approved
16 December 6, 1907, as now or hereafter amended.

17 (2) For the State executive officers specified in Section
18 2-105, the total compensation paid to the member for one year
19 of service.

20 (3) For members of the System who are participants under
21 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
22 of the House of Representatives or Secretary or Assistant
23 Secretary of the Senate, the total compensation paid to the

1 member for one year of service, but not to exceed the salary of
2 the highest salaried officer of the General Assembly.

3 However, in the event that federal law results in any
4 participant receiving imputed income based on the value of
5 group term life insurance provided by the State, such imputed
6 income shall not be included in salary for the purposes of this
7 Article.

8 Notwithstanding any other provision of this Code, the
9 salary of a Tier I participant for the purposes of this Code
10 shall not exceed, for periods of service in a term of office
11 beginning on or after the effective date of this amendatory Act
12 of the 98th General Assembly, the greater of (i) the annual
13 contribution and benefit base established for the applicable
14 year by the Commissioner of Social Security under the federal
15 Social Security Act or (ii) the annual salary of the
16 participant during the 365 days immediately preceding that
17 effective date.

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

19 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

20 Sec. 2-119. Retirement annuity - conditions for
21 eligibility.

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

1 1. The date the annuity begins does not precede the
2 date of final termination of service, or is not more than
3 30 days before the receipt of the application by the board
4 in the case of annuities based on disability or one year
5 before the receipt of the application in the case of
6 annuities based on attained age;

7 2. The participant meets one of the following
8 eligibility requirements:

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

12 (A) He or she has attained age 55 and has at least
13 8 years of service credit;

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

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

20 For a participant who first becomes a participant of
21 this System on or after January 1, 2011 (the effective date
22 of Public Act 96-889), he or she has attained age 67 and
23 has at least 8 years of service credit.

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

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

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

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

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

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

23 (a-5) A participant who first becomes a participant of this
24 System on or after January 1, 2011 (the effective date of
25 Public Act 96-889) who has attained age 62 and has at least 8
26 years of service credit may elect to receive the lower

1 retirement annuity provided in paragraph (c) of Section
2 2-119.01 of this Code.

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

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

11 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

13 (a) Except as provided in subsections (a-1) and (a-2), a A
14 participant who retires after June 30, 1967, and who has not
15 received an initial increase under this Section before the
16 effective date of this amendatory Act of 1991, shall, in
17 January or July next following the first anniversary of
18 retirement, whichever occurs first, and in the same month of
19 each year thereafter, but in no event prior to age 60, have the
20 amount of the originally granted retirement annuity increased
21 as follows: for each year through 1971, 1 1/2%; for each year
22 from 1972 through 1979, 2%; and for 1980 and each year
23 thereafter, 3%. Annuitants who have received an initial
24 increase under this subsection prior to the effective date of
25 this amendatory Act of 1991 shall continue to receive their

1 annual increases in the same month as the initial increase.

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

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

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

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

15 This subsection (b) does not apply to any person who first
16 becomes a member of the System after August 8, 2003 (the
17 effective date of Public Act 93-494) ~~this amendatory Act of the~~
18 ~~93rd General Assembly.~~

19 (b-5) Notwithstanding any other provision of this Article,
20 a participant who first becomes a participant on or after
21 January 1, 2011 (the effective date of Public Act 96-889)
22 shall, in January or July next following the first anniversary
23 of retirement, whichever occurs first, and in the same month of
24 each year thereafter, but in no event prior to age 67, have the
25 amount of the originally granted retirement annuity ~~then being~~
26 ~~paid~~ increased by 3% or one-half the annual unadjusted

1 percentage increase in the Consumer Price Index for All Urban
2 Consumers as determined by the Public Pension Division of the
3 Department of Insurance under subsection (a) of Section
4 2-108.1, whichever is less. The changes made to this subsection
5 by this amendatory Act of the 98th General Assembly do not
6 apply to any automatic annual increase granted under this
7 subsection before the effective date of this amendatory Act.

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

18 (d) A participant who terminated service prior to July 1,
19 1967, with at least 14 years of service is entitled to an
20 increase in retirement annuity beginning January, 1976, and to
21 additional increases in January of each year thereafter.

22 The initial increase shall be 1 1/2% of the originally
23 granted retirement annuity multiplied by the number of full
24 years that the annuitant was in receipt of such annuity prior
25 to January 1, 1972, plus 2% of the originally granted
26 retirement annuity for each year after that date. The

1 subsequent annual increases shall be at the rate of 2% of the
2 originally granted retirement annuity for each year through
3 1979 and at the rate of 3% for 1980 and thereafter.

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

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

10 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

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

12 (a) A surviving spouse shall be entitled to 66 2/3% of the
13 amount of retirement annuity to which the participant or
14 annuitant was entitled on the date of death, without regard to
15 whether the participant had attained age 55 prior to his or her
16 death, subject to a minimum payment of 10% of salary. If a
17 surviving spouse, regardless of age, has in his or her care at
18 the date of death any eligible child or children of the
19 participant, the survivor's annuity shall be the greater of the
20 following: (1) 66 2/3% of the amount of retirement annuity to
21 which the participant or annuitant was entitled on the date of
22 death, or (2) 30% of the participant's salary increased by 10%
23 of salary on account of each such child, subject to a total
24 payment for the surviving spouse and children of 50% of salary.
25 If eligible children survive but there is no surviving spouse,

1 or if the surviving spouse dies or becomes disqualified by
2 remarriage while eligible children survive, each eligible
3 child shall be entitled to an annuity of 20% of salary, subject
4 to a maximum total payment for all such children of 50% of
5 salary.

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

11 The salary to be used for determining these benefits shall
12 be the salary used for determining the amount of retirement
13 annuity as provided in Section 2-119.01.

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

21 (c) When a child ceases to be an eligible child, the
22 annuity to that child, or to the surviving spouse on account of
23 that child, shall thereupon cease, and the annuity payable to
24 the surviving spouse or other eligible children shall be
25 recalculated if necessary.

26 Upon the ineligibility of the last eligible child, the

1 annuity shall immediately revert to the amount payable upon
2 death of a participant or annuitant who leaves no eligible
3 children. If the surviving spouse is then under age 50, the
4 annuity as revised shall be deferred until the attainment of
5 age 50.

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

17 (d-5) Notwithstanding any other provision of this Article,
18 the initial survivor's annuity of a survivor of a participant
19 who first becomes a participant on or after January 1, 2011
20 (the effective date of Public Act 96-889) shall be in the
21 amount of 66 2/3% of the amount of the retirement annuity to
22 which the participant or annuitant was entitled on the date of
23 death and shall be increased (1) on each January 1 occurring on
24 or after the commencement of the annuity if the deceased member
25 died while receiving a retirement annuity or (2) in other
26 cases, on each January 1 occurring on or after the first

1 anniversary of the commencement of the annuity, by an amount
2 equal to 3% or one-half the annual unadjusted percentage
3 increase in the Consumer Price Index for All Urban Consumers as
4 determined by the Public Pension Division of the Department of
5 Insurance under subsection (a) of Section 2-108.1, whichever is
6 less, of the originally granted survivor's annuity ~~then being~~
7 ~~paid~~. The changes made to this subsection by this amendatory
8 Act of the 98th General Assembly do not apply to any automatic
9 annual increase granted under this subsection before the
10 effective date of this amendatory Act.

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

17 (f) In the case of a proportional survivor's annuity
18 arising under the Retirement Systems Reciprocal Act where the
19 amount payable by the System on January 1, 1993 is less than
20 \$300 per month, the amount payable by the System shall be
21 increased beginning on that date by a monthly amount equal to
22 \$2 for each full year that has expired since the annuity began.

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

24 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

25 Sec. 2-124. Contributions by State.

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

8 (b) The Board shall determine the amount of State
9 contributions required for each fiscal year on the basis of the
10 actuarial tables and other assumptions adopted by the Board and
11 the prescribed rate of interest, using the formula in
12 subsection (c).

13 (c) For State fiscal years 2014 through 2043, the minimum
14 contribution to the System to be made by the State for each
15 fiscal year shall be an amount determined by the System to be
16 equal to the sum of (1) the State's portion of the projected
17 normal cost for that fiscal year, plus (2) an amount sufficient
18 to bring the total assets of the System up to 100% of the total
19 actuarial liabilities of the System by the end of State fiscal
20 year 2043. In making these determinations, the required State
21 contribution shall be calculated each year as a level
22 percentage of payroll over the years remaining to and including
23 fiscal year 2043 and shall be determined under the projected
24 unit credit actuarial cost method.

25 For State fiscal years 2012 and 2013 ~~through 2045~~, the
26 minimum contribution to the System to be made by the State for

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

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$4,157,000.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$5,220,300.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$10,454,000 and shall be made from the proceeds of bonds sold
3 in fiscal year 2010 pursuant to Section 7.2 of the General
4 Obligation Bond Act, less (i) the pro rata share of bond sale
5 expenses determined by the System's share of total bond
6 proceeds, (ii) any amounts received from the General Revenue
7 Fund in fiscal year 2010, and (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

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

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

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

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

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

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 and each fiscal year thereafter through State
18 fiscal year 2013, as calculated under this Section and
19 certified under Section 2-134, shall not exceed an amount equal
20 to (i) the amount of the required State contribution that would
21 have been calculated under this Section for that fiscal year if
22 the System had not received any payments under subsection (d)
23 of Section 7.2 of the General Obligation Bond Act, minus (ii)
24 the portion of the State's total debt service payments for that
25 fiscal year on the bonds issued in fiscal year 2003 for the
26 purposes of that Section 7.2, as determined and certified by

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

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

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (e) For purposes of determining the required State
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
4 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
5 7-13-12.)

6 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

12 (b) All income, interest and dividends derived from
13 deposits and investments shall be credited to the account of
14 the system in the State Treasury and used to pay benefits under
15 this Article.

16 (c) Beginning July 1, 2013, the State shall be
17 contractually obligated to contribute to the System under
18 Section 2-124 in each State fiscal year an amount not less than
19 the sum of (i) the State's normal cost for that year and (ii)
20 the portion of the unfunded accrued liability assigned to that
21 year by law in accordance with a schedule that distributes
22 payments equitably over a reasonable period of time and in
23 accordance with accepted actuarial practices. The obligations
24 created under this subsection (c) are contractual obligations
25 protected and enforceable under Article I, Section 16 and

1 Article XIII, Section 5 of the Illinois Constitution.

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

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

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

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

2 Sec. 2-126. Contributions by participants.

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

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

16 (1) beginning July 1, 2013 and through June 30, 2014,
17 1% of salary; and

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

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

22 A participant who has no eligible survivor's annuity
23 beneficiary may elect to cease making contributions for
24 survivor's annuity under this subsection. A survivor's annuity
25 shall not be payable upon the death of a person who has made

1 this election, unless prior to that death the election has been
2 revoked and the amount of the contributions that would have
3 been paid under this subsection in the absence of the election
4 is paid to the System, together with interest at the rate of 4%
5 per year from the date the contributions would have been made
6 to the date of payment.

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

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

1 corresponding employer contributions, as calculated by the
2 System.

3 (e) Notwithstanding any other provision of this Article,
4 the required contribution of a participant who first becomes a
5 participant on or after January 1, 2011 shall not exceed the
6 contribution that would be due under this Article if that
7 participant's highest salary for annuity purposes were
8 \$106,800, plus any increases in that amount under Section
9 2-108.1.

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

11 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

12 Sec. 2-134. To certify required State contributions and
13 submit vouchers.

14 (a) The Board shall certify to the Governor on or before
15 December 15 of each year through ~~until~~ December 15, 2011 the
16 amount of the required State contribution to the System for the
17 next fiscal year ~~and shall specifically identify the System's~~
18 ~~projected State normal cost for that fiscal year.~~ The
19 certification shall include a copy of the actuarial
20 recommendations upon which it is based ~~and shall specifically~~
21 ~~identify the System's projected State normal cost for that~~
22 ~~fiscal year.~~

23 (a-5) On or before November 1 of each year, beginning
24 November 1, 2012, the Board shall submit to the State Actuary,
25 the Governor, and the General Assembly a proposed certification

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

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

22 (a-7) On or before May 1, 2004, the Board shall recalculate
23 and recertify to the Governor the amount of the required State
24 contribution to the System for State fiscal year 2005, taking
25 into account the amounts appropriated to and received by the
26 System under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act.

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

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

13 (b) Beginning in State fiscal year 1996, on or as soon as
14 possible after the 15th day of each month the Board shall
15 submit vouchers for payment of State contributions to the
16 System, in a total monthly amount of one-twelfth of the
17 required annual State contribution certified under subsection
18 (a). From the effective date of this amendatory Act of the 93rd
19 General Assembly through June 30, 2004, the Board shall not
20 submit vouchers for the remainder of fiscal year 2004 in excess
21 of the fiscal year 2004 certified contribution amount
22 determined under this Section after taking into consideration
23 the transfer to the System under subsection (d) of Section
24 6z-61 of the State Finance Act. These vouchers shall be paid by
25 the State Comptroller and Treasurer by warrants drawn on the
26 funds appropriated to the System for that fiscal year. If in

1 any month the amount remaining unexpended from all other
2 appropriations to the System for the applicable fiscal year
3 (including the appropriations to the System under Section 8.12
4 of the State Finance Act and Section 1 of the State Pension
5 Funds Continuing Appropriation Act) is less than the amount
6 lawfully vouchered under this Section, the difference shall be
7 paid from the General Revenue Fund under the continuing
8 appropriation authority provided in Section 1.1 of the State
9 Pension Funds Continuing Appropriation Act.

10 (c) The full amount of any annual appropriation for the
11 System for State fiscal year 1995 shall be transferred and made
12 available to the System at the beginning of that fiscal year at
13 the request of the Board. Any excess funds remaining at the end
14 of any fiscal year from appropriations shall be retained by the
15 System as a general reserve to meet the System's accrued
16 liabilities.

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

19 (40 ILCS 5/2-162)

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

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

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

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

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

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

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

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

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

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

22 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)
23 Sec. 14-103.10. Compensation.

24 (a) For periods of service prior to January 1, 1978, the
25 full rate of salary or wages payable to an employee for

1 personal services performed if he worked the full normal
2 working period for his position, subject to the following
3 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
4 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
5 inclusive, \$625 per month or \$7,500 per year; (3) beginning
6 July 1, 1957, no limitation.

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

10 (b) For periods of service on and after January 1, 1978,
11 all remuneration for personal services performed defined as
12 "wages" under the Social Security Enabling Act, including that
13 part of such remuneration which is in excess of any maximum
14 limitation provided in such Act, and including any benefits
15 received by an employee under a sick pay plan in effect before
16 January 1, 1981, but excluding lump sum salary payments:

- 17 (1) for vacation,
18 (2) for accumulated unused sick leave,
19 (3) upon discharge or dismissal,
20 (4) for approved holidays.

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

26 (d) For periods of service after September 30, 1985,

1 compensation also includes any remuneration for personal
2 services not included as "wages" under the Social Security
3 Enabling Act, which is deducted for purposes of participation
4 in a program established pursuant to Section 125 of the
5 Internal Revenue Code or its successor laws.

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

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

19 (f) Notwithstanding any other provision of this Code, the
20 compensation of a Tier I member for the purposes of this Code
21 shall not exceed, for periods of service on or after the
22 effective date of this amendatory Act of the 98th General
23 Assembly, the greater of (i) the annual contribution and
24 benefit base established for the applicable year by the
25 Commissioner of Social Security under the federal Social
26 Security Act or (ii) the annual compensation of the member

1 during the 365 days immediately preceding that effective date;
2 except that this limitation does not apply to a member's
3 compensation that is determined under an employment contract or
4 collective bargaining agreement that is in effect on the
5 effective date of this amendatory Act of the 98th General
6 Assembly and has not been amended or renewed after that date.

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

8 (40 ILCS 5/14-103.40 new)

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

15 (40 ILCS 5/14-103.41 new)

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

18 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

19 Sec. 14-107. Retirement annuity - service and age -
20 conditions.

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

23 (b) A member who has at least 35 years of creditable

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

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

16 (1) If the Tier I member is at least 45 years old on
17 the effective date of this amendatory Act of the 98th
18 General Assembly, then the references to age 55 and 60 in
19 subsection (b) of this Section remain unchanged and the
20 references to 85 in subsection (b) of this Section remain
21 unchanged.

22 (2) If the Tier I member is at least 40 but less than
23 45 years old on the effective date of this amendatory Act
24 of the 98th General Assembly, then the references to age 55
25 and 60 in subsection (b) of this Section are increased by
26 one year and the references to 85 in subsection (b) are

1 increased to 87.

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

8 (4) If the Tier I member is less than 35 years old on
9 the effective date of this amendatory Act of the 98th
10 General Assembly, then the references to age 55 and 60 in
11 subsection (b) of this Section are increased by 5 years and
12 the references to 85 in subsection (b) are increased to 95.
13 Notwithstanding Section 1-103.1, this subsection (c)
14 applies without regard to whether or not the Tier I member is
15 in active service under this Article on or after the effective
16 date of this amendatory Act of the 98th General Assembly.

17 (d) The allowance shall begin with the first full calendar
18 month specified in the member's application therefor, the first
19 day of which shall not be before the date of withdrawal as
20 approved by the board. Regardless of the date of withdrawal,
21 the allowance need not begin within one year of application
22 therefor.

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

24 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

25 Sec. 14-108. Amount of retirement annuity. A member who has

1 contributed to the System for at least 12 months shall be
2 entitled to a prior service annuity for each year of certified
3 prior service credited to him, except that a member shall
4 receive 1/3 of the prior service annuity for each year of
5 service for which contributions have been made and all of such
6 annuity shall be payable after the member has made
7 contributions for a period of 3 years. Proportionate amounts
8 shall be payable for service of less than a full year after
9 completion of at least 12 months.

10 The total period of service to be considered in
11 establishing the measure of prior service annuity shall include
12 service credited in the Teachers' Retirement System of the
13 State of Illinois and the State Universities Retirement System
14 for which contributions have been made by the member to such
15 systems; provided that at least 1 year of the total period of 3
16 years prescribed for the allowance of a full measure of prior
17 service annuity shall consist of membership service in this
18 system for which credit has been granted.

19 (a) In the case of a member who retires on or after January
20 1, 1998 and is a noncovered employee, the retirement annuity
21 for membership service and prior service shall be 2.2% of final
22 average compensation for each year of service. Any service
23 credit established as a covered employee shall be computed as
24 stated in paragraph (b).

25 (b) In the case of a member who retires on or after January
26 1, 1998 and is a covered employee, the retirement annuity for

1 membership service and prior service shall be computed as
2 stated in paragraph (a) for all service credit established as a
3 noncovered employee; for service credit established as a
4 covered employee it shall be 1.67% of final average
5 compensation for each year of service.

6 (c) For a member retiring after attaining age 55 but before
7 age 60 with at least 30 but less than 35 years of creditable
8 service if retirement is before January 1, 2001, or with at
9 least 25 but less than 30 years of creditable service if
10 retirement is on or after January 1, 2001, the retirement
11 annuity shall be reduced by 1/2 of 1% for each month that the
12 member's age is under age 60 at the time of retirement. For
13 members to whom subsection (c) of Section 14-107 applies, the
14 references to age 55 and 60 in this subsection (c) are
15 increased as provided in subsection (c) of Section 14-107.

16 (d) A retirement annuity shall not exceed 75% of final
17 average compensation, subject to such extension as may result
18 from the application of Section 14-114 or Section 14-115.

19 (e) The retirement annuity payable to any covered employee
20 who is a member of the System and in service on January 1,
21 1969, or in service thereafter in 1969 as a result of
22 legislation enacted by the Illinois General Assembly
23 transferring the member to State employment from county
24 employment in a county Department of Public Aid in counties of
25 3,000,000 or more population, under a plan of coordination with
26 the Old Age, Survivors and Disability provisions thereof, if

1 not fully insured for Old Age Insurance payments under the
2 Federal Old Age, Survivors and Disability Insurance provisions
3 at the date of acceptance of a retirement annuity, shall not be
4 less than the amount for which the member would have been
5 eligible if coordination were not applicable.

6 (f) The retirement annuity payable to any covered employee
7 who is a member of the System and in service on January 1,
8 1969, or in service thereafter in 1969 as a result of the
9 legislation designated in the immediately preceding paragraph,
10 if fully insured for Old Age Insurance payments under the
11 Federal Social Security Act at the date of acceptance of a
12 retirement annuity, shall not be less than an amount which when
13 added to the Primary Insurance Benefit payable to the member
14 upon attainment of age 65 under such Federal Act, will equal
15 the annuity which would otherwise be payable if the coordinated
16 plan of coverage were not applicable.

17 (g) In the case of a member who is a noncovered employee,
18 the retirement annuity for membership service as a security
19 employee of the Department of Corrections or security employee
20 of the Department of Human Services shall be: if retirement
21 occurs on or after January 1, 2001, 3% of final average
22 compensation for each year of creditable service; or if
23 retirement occurs before January 1, 2001, 1.9% of final average
24 compensation for each of the first 10 years of service, 2.1%
25 for each of the next 10 years of service, 2.25% for each year
26 of service in excess of 20 but not exceeding 30, and 2.5% for

1 each year in excess of 30; except that the annuity may be
2 calculated under subsection (a) rather than this subsection (g)
3 if the resulting annuity is greater.

4 (h) In the case of a member who is a covered employee, the
5 retirement annuity for membership service as a security
6 employee of the Department of Corrections or security employee
7 of the Department of Human Services shall be: if retirement
8 occurs on or after January 1, 2001, 2.5% of final average
9 compensation for each year of creditable service; if retirement
10 occurs before January 1, 2001, 1.67% of final average
11 compensation for each of the first 10 years of service, 1.90%
12 for each of the next 10 years of service, 2.10% for each year
13 of service in excess of 20 but not exceeding 30, and 2.30% for
14 each year in excess of 30.

15 (i) For the purposes of this Section and Section 14-133 of
16 this Act, the term "security employee of the Department of
17 Corrections" and the term "security employee of the Department
18 of Human Services" shall have the meanings ascribed to them in
19 subsection (c) of Section 14-110.

20 (j) The retirement annuity computed pursuant to paragraphs
21 (g) or (h) shall be applicable only to those security employees
22 of the Department of Corrections and security employees of the
23 Department of Human Services who have at least 20 years of
24 membership service and who are not eligible for the alternative
25 retirement annuity provided under Section 14-110. However,
26 persons transferring to this System under Section 14-108.2 or

1 14-108.2c who have service credit under Article 16 of this Code
2 may count such service toward establishing their eligibility
3 under the 20-year service requirement of this subsection; but
4 such service may be used only for establishing such
5 eligibility, and not for the purpose of increasing or
6 calculating any benefit.

7 (k) (Blank).

8 (l) The changes to this Section made by this amendatory Act
9 of 1997 (changing certain retirement annuity formulas from a
10 stepped rate to a flat rate) apply to members who retire on or
11 after January 1, 1998, without regard to whether employment
12 terminated before the effective date of this amendatory Act of
13 1997. An annuity shall not be calculated in steps by using the
14 new flat rate for some steps and the superseded stepped rate
15 for other steps of the same type of service.

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

17 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

18 Sec. 14-110. Alternative retirement annuity.

19 (a) Any member who has withdrawn from service with not less
20 than 20 years of eligible creditable service and has attained
21 age 55, and any member who has withdrawn from service with not
22 less than 25 years of eligible creditable service and has
23 attained age 50, regardless of whether the attainment of either
24 of the specified ages occurs while the member is still in
25 service, shall be entitled to receive at the option of the

1 member, in lieu of the regular or minimum retirement annuity, a
2 retirement annuity computed as follows:

3 (i) for periods of service as a noncovered employee: if
4 retirement occurs on or after January 1, 2001, 3% of final
5 average compensation for each year of creditable service;
6 if retirement occurs before January 1, 2001, 2 1/4% of
7 final average compensation for each of the first 10 years
8 of creditable service, 2 1/2% for each year above 10 years
9 to and including 20 years of creditable service, and 2 3/4%
10 for each year of creditable service above 20 years; and

11 (ii) for periods of eligible creditable service as a
12 covered employee: if retirement occurs on or after January
13 1, 2001, 2.5% of final average compensation for each year
14 of creditable service; if retirement occurs before January
15 1, 2001, 1.67% of final average compensation for each of
16 the first 10 years of such service, 1.90% for each of the
17 next 10 years of such service, 2.10% for each year of such
18 service in excess of 20 but not exceeding 30, and 2.30% for
19 each year in excess of 30.

20 Such annuity shall be subject to a maximum of 75% of final
21 average compensation if retirement occurs before January 1,
22 2001 or to a maximum of 80% of final average compensation if
23 retirement occurs on or after January 1, 2001.

24 These rates shall not be applicable to any service
25 performed by a member as a covered employee which is not
26 eligible creditable service. Service as a covered employee

1 which is not eligible creditable service shall be subject to
2 the rates and provisions of Section 14-108.

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

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

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

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

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

24 Notwithstanding Section 1-103.1, this subsection (a-5)
25 applies without regard to whether or not the Tier I member is
26 in active service under this Article on or after the effective

1 date of this amendatory Act of the 98th General Assembly.

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

5 (1) State policeman;

6 (2) fire fighter in the fire protection service of a
7 department;

8 (3) air pilot;

9 (4) special agent;

10 (5) investigator for the Secretary of State;

11 (6) conservation police officer;

12 (7) investigator for the Department of Revenue or the
13 Illinois Gaming Board;

14 (8) security employee of the Department of Human
15 Services;

16 (9) Central Management Services security police
17 officer;

18 (10) security employee of the Department of
19 Corrections or the Department of Juvenile Justice;

20 (11) dangerous drugs investigator;

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

22 (13) investigator for the Office of the Attorney
23 General;

24 (14) controlled substance inspector;

25 (15) investigator for the Office of the State's
26 Attorneys Appellate Prosecutor;

- 1 (16) Commerce Commission police officer;
- 2 (17) arson investigator;
- 3 (18) State highway maintenance worker.

4 A person employed in one of the positions specified in this
5 subsection is entitled to eligible creditable service for
6 service credit earned under this Article while undergoing the
7 basic police training course approved by the Illinois Law
8 Enforcement Training Standards Board, if completion of that
9 training is required of persons serving in that position. For
10 the purposes of this Code, service during the required basic
11 police training course shall be deemed performance of the
12 duties of the specified position, even though the person is not
13 a sworn peace officer at the time of the training.

14 (c) For the purposes of this Section:

15 (1) The term "state policeman" includes any title or
16 position in the Department of State Police that is held by
17 an individual employed under the State Police Act.

18 (2) The term "fire fighter in the fire protection
19 service of a department" includes all officers in such fire
20 protection service including fire chiefs and assistant
21 fire chiefs.

22 (3) The term "air pilot" includes any employee whose
23 official job description on file in the Department of
24 Central Management Services, or in the department by which
25 he is employed if that department is not covered by the
26 Personnel Code, states that his principal duty is the

1 operation of aircraft, and who possesses a pilot's license;
2 however, the change in this definition made by this
3 amendatory Act of 1983 shall not operate to exclude any
4 noncovered employee who was an "air pilot" for the purposes
5 of this Section on January 1, 1984.

6 (4) The term "special agent" means any person who by
7 reason of employment by the Division of Narcotic Control,
8 the Bureau of Investigation or, after July 1, 1977, the
9 Division of Criminal Investigation, the Division of
10 Internal Investigation, the Division of Operations, or any
11 other Division or organizational entity in the Department
12 of State Police is vested by law with duties to maintain
13 public order, investigate violations of the criminal law of
14 this State, enforce the laws of this State, make arrests
15 and recover property. The term "special agent" includes any
16 title or position in the Department of State Police that is
17 held by an individual employed under the State Police Act.

18 (5) The term "investigator for the Secretary of State"
19 means any person employed by the Office of the Secretary of
20 State and vested with such investigative duties as render
21 him ineligible for coverage under the Social Security Act
22 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
23 218(1)(1) of that Act.

24 A person who became employed as an investigator for the
25 Secretary of State between January 1, 1967 and December 31,
26 1975, and who has served as such until attainment of age

1 60, either continuously or with a single break in service
2 of not more than 3 years duration, which break terminated
3 before January 1, 1976, shall be entitled to have his
4 retirement annuity calculated in accordance with
5 subsection (a), notwithstanding that he has less than 20
6 years of credit for such service.

7 (6) The term "Conservation Police Officer" means any
8 person employed by the Division of Law Enforcement of the
9 Department of Natural Resources and vested with such law
10 enforcement duties as render him ineligible for coverage
11 under the Social Security Act by reason of Sections
12 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The
13 term "Conservation Police Officer" includes the positions
14 of Chief Conservation Police Administrator and Assistant
15 Conservation Police Administrator.

16 (7) The term "investigator for the Department of
17 Revenue" means any person employed by the Department of
18 Revenue and vested with such investigative duties as render
19 him ineligible for coverage under the Social Security Act
20 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
21 218(1)(1) of that Act.

22 The term "investigator for the Illinois Gaming Board"
23 means any person employed as such by the Illinois Gaming
24 Board and vested with such peace officer duties as render
25 the person ineligible for coverage under the Social
26 Security Act by reason of Sections 218(d)(5)(A),

1 218(d)(8)(D), and 218(1)(1) of that Act.

2 (8) The term "security employee of the Department of
3 Human Services" means any person employed by the Department
4 of Human Services who (i) is employed at the Chester Mental
5 Health Center and has daily contact with the residents
6 thereof, (ii) is employed within a security unit at a
7 facility operated by the Department and has daily contact
8 with the residents of the security unit, (iii) is employed
9 at a facility operated by the Department that includes a
10 security unit and is regularly scheduled to work at least
11 50% of his or her working hours within that security unit,
12 or (iv) is a mental health police officer. "Mental health
13 police officer" means any person employed by the Department
14 of Human Services in a position pertaining to the
15 Department's mental health and developmental disabilities
16 functions who is vested with such law enforcement duties as
17 render the person ineligible for coverage under the Social
18 Security Act by reason of Sections 218(d)(5)(A),
19 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
20 means that portion of a facility that is devoted to the
21 care, containment, and treatment of persons committed to
22 the Department of Human Services as sexually violent
23 persons, persons unfit to stand trial, or persons not
24 guilty by reason of insanity. With respect to past
25 employment, references to the Department of Human Services
26 include its predecessor, the Department of Mental Health

1 and Developmental Disabilities.

2 The changes made to this subdivision (c)(8) by Public
3 Act 92-14 apply to persons who retire on or after January
4 1, 2001, notwithstanding Section 1-103.1.

5 (9) "Central Management Services security police
6 officer" means any person employed by the Department of
7 Central Management Services who is vested with such law
8 enforcement duties as render him ineligible for coverage
9 under the Social Security Act by reason of Sections
10 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

11 (10) For a member who first became an employee under
12 this Article before July 1, 2005, the term "security
13 employee of the Department of Corrections or the Department
14 of Juvenile Justice" means any employee of the Department
15 of Corrections or the Department of Juvenile Justice or the
16 former Department of Personnel, and any member or employee
17 of the Prisoner Review Board, who has daily contact with
18 inmates or youth by working within a correctional facility
19 or Juvenile facility operated by the Department of Juvenile
20 Justice or who is a parole officer or an employee who has
21 direct contact with committed persons in the performance of
22 his or her job duties. For a member who first becomes an
23 employee under this Article on or after July 1, 2005, the
24 term means an employee of the Department of Corrections or
25 the Department of Juvenile Justice who is any of the
26 following: (i) officially headquartered at a correctional

1 facility or Juvenile facility operated by the Department of
2 Juvenile Justice, (ii) a parole officer, (iii) a member of
3 the apprehension unit, (iv) a member of the intelligence
4 unit, (v) a member of the sort team, or (vi) an
5 investigator.

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

9 (12) The term "investigator for the Department of State
10 Police" means a person employed by the Department of State
11 Police who is vested under Section 4 of the Narcotic
12 Control Division Abolition Act with such law enforcement
13 powers as render him ineligible for coverage under the
14 Social Security Act by reason of Sections 218(d)(5)(A),
15 218(d)(8)(D) and 218(1)(1) of that Act.

16 (13) "Investigator for the Office of the Attorney
17 General" means any person who is employed as such by the
18 Office of the Attorney General and is vested with such
19 investigative duties as render him ineligible for coverage
20 under the Social Security Act by reason of Sections
21 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
22 the period before January 1, 1989, the term includes all
23 persons who were employed as investigators by the Office of
24 the Attorney General, without regard to social security
25 status.

26 (14) "Controlled substance inspector" means any person

1 who is employed as such by the Department of Professional
2 Regulation and is vested with such law enforcement duties
3 as render him ineligible for coverage under the Social
4 Security Act by reason of Sections 218(d)(5)(A),
5 218(d)(8)(D) and 218(1)(1) of that Act. The term
6 "controlled substance inspector" includes the Program
7 Executive of Enforcement and the Assistant Program
8 Executive of Enforcement.

9 (15) The term "investigator for the Office of the
10 State's Attorneys Appellate Prosecutor" means a person
11 employed in that capacity on a full time basis under the
12 authority of Section 7.06 of the State's Attorneys
13 Appellate Prosecutor's Act.

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

20 (17) "Arson investigator" means any person who is
21 employed as such by the Office of the State Fire Marshal
22 and is vested with such law enforcement duties as render
23 the person ineligible for coverage under the Social
24 Security Act by reason of Sections 218(d)(5)(A),
25 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
26 employed as an arson investigator on January 1, 1995 and is

1 no longer in service but not yet receiving a retirement
2 annuity may convert his or her creditable service for
3 employment as an arson investigator into eligible
4 creditable service by paying to the System the difference
5 between the employee contributions actually paid for that
6 service and the amounts that would have been contributed if
7 the applicant were contributing at the rate applicable to
8 persons with the same social security status earning
9 eligible creditable service on the date of application.

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

12 (i) A person employed on a full-time basis by the
13 Illinois Department of Transportation in the position
14 of highway maintainer, highway maintenance lead
15 worker, highway maintenance lead/lead worker, heavy
16 construction equipment operator, power shovel
17 operator, or bridge mechanic; and whose principal
18 responsibility is to perform, on the roadway, the
19 actual maintenance necessary to keep the highways that
20 form a part of the State highway system in serviceable
21 condition for vehicular traffic.

22 (ii) A person employed on a full-time basis by the
23 Illinois State Toll Highway Authority in the position
24 of equipment operator/laborer H-4, equipment
25 operator/laborer H-6, welder H-4, welder H-6,
26 mechanical/electrical H-4, mechanical/electrical H-6,

1 water/sewer H-4, water/sewer H-6, sign maker/hanger
2 H-4, sign maker/hanger H-6, roadway lighting H-4,
3 roadway lighting H-6, structural H-4, structural H-6,
4 painter H-4, or painter H-6; and whose principal
5 responsibility is to perform, on the roadway, the
6 actual maintenance necessary to keep the Authority's
7 tollways in serviceable condition for vehicular
8 traffic.

9 (d) A security employee of the Department of Corrections or
10 the Department of Juvenile Justice, and a security employee of
11 the Department of Human Services who is not a mental health
12 police officer, shall not be eligible for the alternative
13 retirement annuity provided by this Section unless he or she
14 meets the following minimum age and service requirements at the
15 time of retirement:

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

17 or

18 (ii) beginning January 1, 1987, 25 years of eligible
19 creditable service and age 54, or 24 years of eligible
20 creditable service and age 55; or

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

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

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

4 (vi) beginning January 1, 1991, 25 years of eligible
5 creditable service and age 50, or 20 years of eligible
6 creditable service and age 55.

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

10 Persons who have service credit under Article 16 of this
11 Code for service as a security employee of the Department of
12 Corrections or the Department of Juvenile Justice, or the
13 Department of Human Services in a position requiring
14 certification as a teacher may count such service toward
15 establishing their eligibility under the service requirements
16 of this Section; but such service may be used only for
17 establishing such eligibility, and not for the purpose of
18 increasing or calculating any benefit.

19 (e) If a member enters military service while working in a
20 position in which eligible creditable service may be earned,
21 and returns to State service in the same or another such
22 position, and fulfills in all other respects the conditions
23 prescribed in this Article for credit for military service,
24 such military service shall be credited as eligible creditable
25 service for the purposes of the retirement annuity prescribed
26 in this Section.

1 (f) For purposes of calculating retirement annuities under
2 this Section, periods of service rendered after December 31,
3 1968 and before October 1, 1975 as a covered employee in the
4 position of special agent, conservation police officer, mental
5 health police officer, or investigator for the Secretary of
6 State, shall be deemed to have been service as a noncovered
7 employee, provided that the employee pays to the System prior
8 to retirement an amount equal to (1) the difference between the
9 employee contributions that would have been required for such
10 service as a noncovered employee, and the amount of employee
11 contributions actually paid, plus (2) if payment is made after
12 July 31, 1987, regular interest on the amount specified in item
13 (1) from the date of service to the date of payment.

14 For purposes of calculating retirement annuities under
15 this Section, periods of service rendered after December 31,
16 1968 and before January 1, 1982 as a covered employee in the
17 position of investigator for the Department of Revenue shall be
18 deemed to have been service as a noncovered employee, provided
19 that the employee pays to the System prior to retirement an
20 amount equal to (1) the difference between the employee
21 contributions that would have been required for such service as
22 a noncovered employee, and the amount of employee contributions
23 actually paid, plus (2) if payment is made after January 1,
24 1990, regular interest on the amount specified in item (1) from
25 the date of service to the date of payment.

26 (g) A State policeman may elect, not later than January 1,

1 1990, to establish eligible creditable service for up to 10
2 years of his service as a policeman under Article 3, by filing
3 a written election with the Board, accompanied by payment of an
4 amount to be determined by the Board, equal to (i) the
5 difference between the amount of employee and employer
6 contributions transferred to the System under Section 3-110.5,
7 and the amounts that would have been contributed had such
8 contributions been made at the rates applicable to State
9 policemen, plus (ii) interest thereon at the effective rate for
10 each year, compounded annually, from the date of service to the
11 date of payment.

12 Subject to the limitation in subsection (i), a State
13 policeman may elect, not later than July 1, 1993, to establish
14 eligible creditable service for up to 10 years of his service
15 as a member of the County Police Department under Article 9, by
16 filing a written election with the Board, accompanied by
17 payment of an amount to be determined by the Board, equal to
18 (i) the difference between the amount of employee and employer
19 contributions transferred to the System under Section 9-121.10
20 and the amounts that would have been contributed had those
21 contributions been made at the rates applicable to State
22 policemen, plus (ii) interest thereon at the effective rate for
23 each year, compounded annually, from the date of service to the
24 date of payment.

25 (h) Subject to the limitation in subsection (i), a State
26 policeman or investigator for the Secretary of State may elect

1 to establish eligible creditable service for up to 12 years of
2 his service as a policeman under Article 5, by filing a written
3 election with the Board on or before January 31, 1992, and
4 paying to the System by January 31, 1994 an amount to be
5 determined by the Board, equal to (i) the difference between
6 the amount of employee and employer contributions transferred
7 to the System under Section 5-236, and the amounts that would
8 have been contributed had such contributions been made at the
9 rates applicable to State policemen, plus (ii) interest thereon
10 at the effective rate for each year, compounded annually, from
11 the date of service to the date of payment.

12 Subject to the limitation in subsection (i), a State
13 policeman, conservation police officer, or investigator for
14 the Secretary of State may elect to establish eligible
15 creditable service for up to 10 years of service as a sheriff's
16 law enforcement employee under Article 7, by filing a written
17 election with the Board on or before January 31, 1993, and
18 paying to the System by January 31, 1994 an amount to be
19 determined by the Board, equal to (i) the difference between
20 the amount of employee and employer contributions transferred
21 to the System under Section 7-139.7, and the amounts that would
22 have been contributed had such contributions been made at the
23 rates applicable to State policemen, plus (ii) interest thereon
24 at the effective rate for each year, compounded annually, from
25 the date of service to the date of payment.

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

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

17 Subject to the limitation in subsection (i), an
18 investigator for the Office of the Attorney General, or an
19 investigator for the Department of Revenue, may elect to
20 establish eligible creditable service for up to 5 years of
21 service as a police officer under Article 3, a policeman under
22 Article 5, a sheriff's law enforcement employee under Article
23 7, or a member of the county police department under Article 9
24 by filing a written election with the Board within 6 months
25 after August 25, 2009 (the effective date of Public Act 96-745)
26 and paying to the System an amount to be determined by the

1 Board, equal to (i) the difference between the amount of
2 employee and employer contributions transferred to the System
3 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
4 amounts that would have been contributed had such contributions
5 been made at the rates applicable to State policemen, plus (ii)
6 interest thereon at the actuarially assumed rate for each year,
7 compounded annually, from the date of service to the date of
8 payment.

9 Subject to the limitation in subsection (i), a State
10 policeman, conservation police officer, investigator for the
11 Office of the Attorney General, an investigator for the
12 Department of Revenue, or investigator for the Secretary of
13 State may elect to establish eligible creditable service for up
14 to 5 years of service as a person employed by a participating
15 municipality to perform police duties, or law enforcement
16 officer employed on a full-time basis by a forest preserve
17 district under Article 7, a county corrections officer, or a
18 court services officer under Article 9, by filing a written
19 election with the Board within 6 months after August 25, 2009
20 (the effective date of Public Act 96-745) and paying to the
21 System an amount to be determined by the Board, equal to (i)
22 the difference between the amount of employee and employer
23 contributions transferred to the System under Sections 7-139.8
24 and 9-121.10 and the amounts that would have been contributed
25 had such contributions been made at the rates applicable to
26 State policemen, plus (ii) interest thereon at the actuarially

1 assumed rate for each year, compounded annually, from the date
2 of service to the date of payment.

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

6 (j) Subject to the limitation in subsection (i), an
7 investigator for the Office of the State's Attorneys Appellate
8 Prosecutor or a controlled substance inspector may elect to
9 establish eligible creditable service for up to 10 years of his
10 service as a policeman under Article 3 or a sheriff's law
11 enforcement employee under Article 7, by filing a written
12 election with the Board, accompanied by payment of an amount to
13 be determined by the Board, equal to (1) the difference between
14 the amount of employee and employer contributions transferred
15 to the System under Section 3-110.6 or 7-139.8, and the amounts
16 that would have been contributed had such contributions been
17 made at the rates applicable to State policemen, plus (2)
18 interest thereon at the effective rate for each year,
19 compounded annually, from the date of service to the date of
20 payment.

21 (k) Subject to the limitation in subsection (i) of this
22 Section, an alternative formula employee may elect to establish
23 eligible creditable service for periods spent as a full-time
24 law enforcement officer or full-time corrections officer
25 employed by the federal government or by a state or local
26 government located outside of Illinois, for which credit is not

1 held in any other public employee pension fund or retirement
2 system. To obtain this credit, the applicant must file a
3 written application with the Board by March 31, 1998,
4 accompanied by evidence of eligibility acceptable to the Board
5 and payment of an amount to be determined by the Board, equal
6 to (1) employee contributions for the credit being established,
7 based upon the applicant's salary on the first day as an
8 alternative formula employee after the employment for which
9 credit is being established and the rates then applicable to
10 alternative formula employees, plus (2) an amount determined by
11 the Board to be the employer's normal cost of the benefits
12 accrued for the credit being established, plus (3) regular
13 interest on the amounts in items (1) and (2) from the first day
14 as an alternative formula employee after the employment for
15 which credit is being established to the date of payment.

16 (1) Subject to the limitation in subsection (i), a security
17 employee of the Department of Corrections may elect, not later
18 than July 1, 1998, to establish eligible creditable service for
19 up to 10 years of his or her service as a policeman under
20 Article 3, by filing a written election with the Board,
21 accompanied by payment of an amount to be determined by the
22 Board, equal to (i) the difference between the amount of
23 employee and employer contributions transferred to the System
24 under Section 3-110.5, and the amounts that would have been
25 contributed had such contributions been made at the rates
26 applicable to security employees of the Department of

1 Corrections, plus (ii) interest thereon at the effective rate
2 for each year, compounded annually, from the date of service to
3 the date of payment.

4 (m) The amendatory changes to this Section made by this
5 amendatory Act of the 94th General Assembly apply only to: (1)
6 security employees of the Department of Juvenile Justice
7 employed by the Department of Corrections before the effective
8 date of this amendatory Act of the 94th General Assembly and
9 transferred to the Department of Juvenile Justice by this
10 amendatory Act of the 94th General Assembly; and (2) persons
11 employed by the Department of Juvenile Justice on or after the
12 effective date of this amendatory Act of the 94th General
13 Assembly who are required by subsection (b) of Section 3-2.5-15
14 of the Unified Code of Corrections to have a bachelor's or
15 advanced degree from an accredited college or university with a
16 specialization in criminal justice, education, psychology,
17 social work, or a closely related social science or, in the
18 case of persons who provide vocational training, who are
19 required to have adequate knowledge in the skill for which they
20 are providing the vocational training.

21 (n) A person employed in a position under subsection (b) of
22 this Section who has purchased service credit under subsection
23 (j) of Section 14-104 or subsection (b) of Section 14-105 in
24 any other capacity under this Article may convert up to 5 years
25 of that service credit into service credit covered under this
26 Section by paying to the Fund an amount equal to (1) the

1 additional employee contribution required under Section
2 14-133, plus (2) the additional employer contribution required
3 under Section 14-131, plus (3) interest on items (1) and (2) at
4 the actuarially assumed rate from the date of the service to
5 the date of payment.

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

9 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

10 Sec. 14-114. Automatic increase in retirement annuity.

11 (a) Except as provided in subsections (a-1) and (a-2), any
12 ~~Any~~ person receiving a retirement annuity under this Article
13 who retires having attained age 60, or who retires before age
14 60 having at least 35 years of creditable service, or who
15 retires on or after January 1, 2001 at an age which, when added
16 to the number of years of his or her creditable service, equals
17 at least 85, shall, on January 1 next following the first full
18 year of retirement, have the amount of the then fixed and
19 payable monthly retirement annuity increased 3%. Any person
20 receiving a retirement annuity under this Article who retires
21 before attainment of age 60 and with less than (i) 35 years of
22 creditable service if retirement is before January 1, 2001, or
23 (ii) the number of years of creditable service which, when
24 added to the member's age, would equal 85, if retirement is on
25 or after January 1, 2001, shall have the amount of the fixed

1 and payable retirement annuity increased by 3% on the January 1
2 occurring on or next following (1) attainment of age 60, or (2)
3 the first anniversary of retirement, whichever occurs later.
4 However, for persons who receive the alternative retirement
5 annuity under Section 14-110, references in this subsection (a)
6 to attainment of age 60 shall be deemed to refer to attainment
7 of age 55. For a person receiving early retirement incentives
8 under Section 14-108.3 whose retirement annuity began after
9 January 1, 1992 pursuant to an extension granted under
10 subsection (e) of that Section, the first anniversary of
11 retirement shall be deemed to be January 1, 1993. For a person
12 who retires on or after June 28, 2001 and on or before October
13 1, 2001, and whose retirement annuity is calculated, in whole
14 or in part, under Section 14-110 or subsection (g) or (h) of
15 Section 14-108, the first anniversary of retirement shall be
16 deemed to be January 1, 2002.

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

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

25 (a-1) Notwithstanding any other provision of this Article,
26 for a Tier I retiree, the amount of each automatic annual

1 increase in retirement annuity occurring on or after the
2 effective date of this amendatory Act of the 98th General
3 Assembly shall be the lesser of \$600 (\$750 if the annuity is
4 based primarily upon service as a noncovered employee) or 3% of
5 the total annuity payable at the time of the increase,
6 including previous increases granted.

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

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

25 (b) The provisions of subsection (a) of this Section shall
26 be applicable to an employee only if the employee makes the

1 additional contributions required after December 31, 1969 for
2 the purpose of the automatic increases for not less than the
3 equivalent of one full year. If an employee becomes an
4 annuitant before his additional contributions equal one full
5 year's contributions based on his salary at the date of
6 retirement, the employee may pay the necessary balance of the
7 contributions to the system, without interest, and be eligible
8 for the increasing annuity authorized by this Section.

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

14 (d) In addition to other increases which may be provided by
15 this Section, on January 1, 1981 any annuitant who was
16 receiving a retirement annuity on or before January 1, 1971
17 shall have his retirement annuity then being paid increased \$1
18 per month for each year of creditable service. On January 1,
19 1982, any annuitant who began receiving a retirement annuity on
20 or before January 1, 1977, shall have his retirement annuity
21 then being paid increased \$1 per month for each year of
22 creditable service.

23 On January 1, 1987, any annuitant who began receiving a
24 retirement annuity on or before January 1, 1977, shall have the
25 monthly retirement annuity increased by an amount equal to 8¢
26 per year of creditable service times the number of years that

1 have elapsed since the annuity began.

2 (e) Every person who receives the alternative retirement
3 annuity under Section 14-110 and who is eligible to receive the
4 3% increase under subsection (a) on January 1, 1986, shall also
5 receive on that date a one-time increase in retirement annuity
6 equal to the difference between (1) his actual retirement
7 annuity on that date, including any increases received under
8 subsection (a), and (2) the amount of retirement annuity he
9 would have received on that date if the amendments to
10 subsection (a) made by Public Act 84-162 had been in effect
11 since the date of his retirement.

12 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
13 92-651, eff. 7-11-02.)

14 (40 ILCS 5/14-131)

15 Sec. 14-131. Contributions by State.

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

23 For the purposes of this Section and Section 14-135.08,
24 references to State contributions refer only to employer
25 contributions and do not include employee contributions that

1 are picked up or otherwise paid by the State or a department on
2 behalf of the employee.

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

7 The Board shall also determine a State contribution rate
8 for each fiscal year, expressed as a percentage of payroll,
9 based on the total required State contribution for that fiscal
10 year (less the amount received by the System from
11 appropriations under Section 8.12 of the State Finance Act and
12 Section 1 of the State Pension Funds Continuing Appropriation
13 Act, if any, for the fiscal year ending on the June 30
14 immediately preceding the applicable November 15 certification
15 deadline), the estimated payroll (including all forms of
16 compensation) for personal services rendered by eligible
17 employees, and the recommendations of the actuary.

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

25 (c) Contributions shall be made by the several departments
26 for each pay period by warrants drawn by the State Comptroller

1 against their respective funds or appropriations based upon
2 vouchers stating the amount to be so contributed. These amounts
3 shall be based on the full rate certified by the Board under
4 Section 14-135.08 for that fiscal year. From the effective date
5 of this amendatory Act of the 93rd General Assembly through the
6 payment of the final payroll from fiscal year 2004
7 appropriations, the several departments shall not make
8 contributions for the remainder of fiscal year 2004 but shall
9 instead make payments as required under subsection (a-1) of
10 Section 14.1 of the State Finance Act. The several departments
11 shall resume those contributions at the commencement of fiscal
12 year 2005.

13 (c-1) Notwithstanding subsection (c) of this Section, for
14 fiscal years 2010, 2012, and 2013 only, contributions by the
15 several departments are not required to be made for General
16 Revenue Funds payrolls processed by the Comptroller. Payrolls
17 paid by the several departments from all other State funds must
18 continue to be processed pursuant to subsection (c) of this
19 Section.

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

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

15 (e) For State fiscal years 2014 through 2043, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 equal to the sum of (1) the State's portion of the projected
19 normal cost for that fiscal year, plus (2) an amount sufficient
20 to bring the total assets of the System up to 100% of the total
21 actuarial liabilities of the System by the end of State fiscal
22 year 2043. In making these determinations, the required State
23 contribution shall be calculated each year as a level
24 percentage of payroll over the years remaining to and including
25 fiscal year 2043 and shall be determined under the projected
26 unit credit actuarial cost method.

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

11 For State fiscal years 1996 through 2005, the State
12 contribution to the System, as a percentage of the applicable
13 employee payroll, shall be increased in equal annual increments
14 so that by State fiscal year 2011, the State is contributing at
15 the rate required under this Section; except that (i) for State
16 fiscal year 1998, for all purposes of this Code and any other
17 law of this State, the certified percentage of the applicable
18 employee payroll shall be 5.052% for employees earning eligible
19 creditable service under Section 14-110 and 6.500% for all
20 other employees, notwithstanding any contrary certification
21 made under Section 14-135.08 before the effective date of this
22 amendatory Act of 1997, and (ii) in the following specified
23 State fiscal years, the State contribution to the System shall
24 not be less than the following indicated percentages of the
25 applicable employee payroll, even if the indicated percentage
26 will produce a State contribution in excess of the amount

1 otherwise required under this subsection and subsection (a):
2 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
3 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the
17 total required State General Revenue Fund contribution for
18 State fiscal year 2010 is \$723,703,100 and shall be made from
19 the proceeds of bonds sold in fiscal year 2010 pursuant to
20 Section 7.2 of the General Obligation Bond Act, less (i) the
21 pro rata share of bond sale expenses determined by the System's
22 share of total bond proceeds, (ii) any amounts received from
23 the General Revenue Fund in fiscal year 2010, and (iii) any
24 reduction in bond proceeds due to the issuance of discounted
25 bonds, if applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State General Revenue Fund contribution for
2 State fiscal year 2011 is the amount recertified by the System
3 on or before April 1, 2011 pursuant to Section 14-135.08 and
4 shall be made from the proceeds of bonds sold in fiscal year
5 2011 pursuant to Section 7.2 of the General Obligation Bond
6 Act, less (i) the pro rata share of bond sale expenses
7 determined by the System's share of total bond proceeds, (ii)
8 any amounts received from the General Revenue Fund in fiscal
9 year 2011, and (iii) any reduction in bond proceeds due to the
10 issuance of discounted bonds, if applicable.

11 Beginning in State fiscal year 2044, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 100% of the total
14 actuarial liabilities of the System.

15 ~~Beginning in State fiscal year 2046, the minimum State~~
16 ~~contribution for each fiscal year shall be the amount needed to~~
17 ~~maintain the total assets of the System at 90% of the total~~
18 ~~actuarial liabilities of the System.~~

19 Amounts received by the System pursuant to Section 25 of
20 the Budget Stabilization Act or Section 8.12 of the State
21 Finance Act in any fiscal year do not reduce and do not
22 constitute payment of any portion of the minimum State
23 contribution required under this Article in that fiscal year.
24 Such amounts shall not reduce, and shall not be included in the
25 calculation of, the required State contributions under this
26 Article in any future year until the System has reached a

1 funding ratio of at least 100% ~~90%~~. A reference in this Article
2 to the "required State contribution" or any substantially
3 similar term does not include or apply to any amounts payable
4 to the System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the
6 required State contribution for State fiscal year 2005 and for
7 fiscal year 2008 and each fiscal year thereafter through State
8 fiscal year 2013, as calculated under this Section and
9 certified under Section 14-135.08, shall not exceed an amount
10 equal to (i) the amount of the required State contribution that
11 would have been calculated under this Section for that fiscal
12 year if the System had not received any payments under
13 subsection (d) of Section 7.2 of the General Obligation Bond
14 Act, minus (ii) the portion of the State's total debt service
15 payments for that fiscal year on the bonds issued in fiscal
16 year 2003 for the purposes of that Section 7.2, as determined
17 and certified by the Comptroller, that is the same as the
18 System's portion of the total moneys distributed under
19 subsection (d) of Section 7.2 of the General Obligation Bond
20 Act. In determining this maximum for State fiscal years 2008
21 through 2010, however, the amount referred to in item (i) shall
22 be increased, as a percentage of the applicable employee
23 payroll, in equal increments calculated from the sum of the
24 required State contribution for State fiscal year 2007 plus the
25 applicable portion of the State's total debt service payments
26 for fiscal year 2007 on the bonds issued in fiscal year 2003

1 for the purposes of Section 7.2 of the General Obligation Bond
2 Act, so that, by State fiscal year 2011, the State is
3 contributing at the rate otherwise required under this Section.

4 (f) After the submission of all payments for eligible
5 employees from personal services line items in fiscal year 2004
6 have been made, the Comptroller shall provide to the System a
7 certification of the sum of all fiscal year 2004 expenditures
8 for personal services that would have been covered by payments
9 to the System under this Section if the provisions of this
10 amendatory Act of the 93rd General Assembly had not been
11 enacted. Upon receipt of the certification, the System shall
12 determine the amount due to the System based on the full rate
13 certified by the Board under Section 14-135.08 for fiscal year
14 2004 in order to meet the State's obligation under this
15 Section. The System shall compare this amount due to the amount
16 received by the System in fiscal year 2004 through payments
17 under this Section and under Section 6z-61 of the State Finance
18 Act. If the amount due is more than the amount received, the
19 difference shall be termed the "Fiscal Year 2004 Shortfall" for
20 purposes of this Section, and the Fiscal Year 2004 Shortfall
21 shall be satisfied under Section 1.2 of the State Pension Funds
22 Continuing Appropriation Act. If the amount due is less than
23 the amount received, the difference shall be termed the "Fiscal
24 Year 2004 Overpayment" for purposes of this Section, and the
25 Fiscal Year 2004 Overpayment shall be repaid by the System to
26 the Pension Contribution Fund as soon as practicable after the

1 certification.

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

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

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

17 (i) After the submission of all payments for eligible
18 employees from personal services line items paid from the
19 General Revenue Fund in fiscal year 2010 have been made, the
20 Comptroller shall provide to the System a certification of the
21 sum of all fiscal year 2010 expenditures for personal services
22 that would have been covered by payments to the System under
23 this Section if the provisions of this amendatory Act of the
24 96th General Assembly had not been enacted. Upon receipt of the
25 certification, the System shall determine the amount due to the
26 System based on the full rate certified by the Board under

1 Section 14-135.08 for fiscal year 2010 in order to meet the
2 State's obligation under this Section. The System shall compare
3 this amount due to the amount received by the System in fiscal
4 year 2010 through payments under this Section. If the amount
5 due is more than the amount received, the difference shall be
6 termed the "Fiscal Year 2010 Shortfall" for purposes of this
7 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
8 under Section 1.2 of the State Pension Funds Continuing
9 Appropriation Act. If the amount due is less than the amount
10 received, the difference shall be termed the "Fiscal Year 2010
11 Overpayment" for purposes of this Section, and the Fiscal Year
12 2010 Overpayment shall be repaid by the System to the General
13 Revenue Fund as soon as practicable after the certification.

14 (j) After the submission of all payments for eligible
15 employees from personal services line items paid from the
16 General Revenue Fund in fiscal year 2011 have been made, the
17 Comptroller shall provide to the System a certification of the
18 sum of all fiscal year 2011 expenditures for personal services
19 that would have been covered by payments to the System under
20 this Section if the provisions of this amendatory Act of the
21 96th General Assembly had not been enacted. Upon receipt of the
22 certification, the System shall determine the amount due to the
23 System based on the full rate certified by the Board under
24 Section 14-135.08 for fiscal year 2011 in order to meet the
25 State's obligation under this Section. The System shall compare
26 this amount due to the amount received by the System in fiscal

1 year 2011 through payments under this Section. If the amount
2 due is more than the amount received, the difference shall be
3 termed the "Fiscal Year 2011 Shortfall" for purposes of this
4 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
5 under Section 1.2 of the State Pension Funds Continuing
6 Appropriation Act. If the amount due is less than the amount
7 received, the difference shall be termed the "Fiscal Year 2011
8 Overpayment" for purposes of this Section, and the Fiscal Year
9 2011 Overpayment shall be repaid by the System to the General
10 Revenue Fund as soon as practicable after the certification.

11 (k) For fiscal years 2012 and 2013 only, after the
12 submission of all payments for eligible employees from personal
13 services line items paid from the General Revenue Fund in the
14 fiscal year have been made, the Comptroller shall provide to
15 the System a certification of the sum of all expenditures in
16 the fiscal year for personal services. Upon receipt of the
17 certification, the System shall determine the amount due to the
18 System based on the full rate certified by the Board under
19 Section 14-135.08 for the fiscal year in order to meet the
20 State's obligation under this Section. The System shall compare
21 this amount due to the amount received by the System for the
22 fiscal year. If the amount due is more than the amount
23 received, the difference shall be termed the "Prior Fiscal Year
24 Shortfall" for purposes of this Section, and the Prior Fiscal
25 Year Shortfall shall be satisfied under Section 1.2 of the
26 State Pension Funds Continuing Appropriation Act. If the amount

1 due is less than the amount received, the difference shall be
2 termed the "Prior Fiscal Year Overpayment" for purposes of this
3 Section, and the Prior Fiscal Year Overpayment shall be repaid
4 by the System to the General Revenue Fund as soon as
5 practicable after the certification.

6 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
7 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
8 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
9 eff. 6-30-12.)

10 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

12 (a) The payment of the required department contributions,
13 all allowances, annuities, benefits granted under this
14 Article, and all expenses of administration of the system are
15 obligations of the State of Illinois to the extent specified in
16 this Article.

17 (b) All income of the system shall be credited to a
18 separate account for this system in the State treasury and
19 shall be used to pay allowances, annuities, benefits and
20 administration expense.

21 (c) Beginning July 1, 2013, the State shall be
22 contractually obligated to contribute to the System under
23 Section 14-131 in each State fiscal year an amount not less
24 than the sum of (i) the State's normal cost for that year and
25 (ii) the portion of the unfunded accrued liability assigned to

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

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

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

1 in State law or bond indentures, into debt service funds or
2 accounts of the State related to such bonded obligations,
3 consistent with the payment schedules associated with such
4 obligations.

5 (Source: P.A. 80-841.)

6 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

14 (2) Noncovered employees, except as indicated below,
15 7% for retirement annuity and 1% for a widow or survivors
16 annuity;

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

23 (4) Covered employees serving in a position in which
24 "eligible creditable service" as defined in Section 14-110
25 may be earned, 0.5% for a widow or survivors annuity plus

1 the following amount for retirement annuity: 5% through
2 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
3 and thereafter;

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

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

16 (a-5) In addition to the contributions otherwise required
17 under this Article, each Tier I member shall also make the
18 following contributions for retirement annuity from each
19 payment of compensation:

20 (1) beginning July 1, 2013 and through June 30, 2014,
21 1% of compensation; and

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

23 (b) Contributions shall be in the form of a deduction from
24 compensation and shall be made notwithstanding that the
25 compensation paid in cash to the employee shall be reduced
26 thereby below the minimum prescribed by law or regulation. Each

1 member is deemed to consent and agree to the deductions from
2 compensation provided for in this Article, and shall receipt in
3 full for salary or compensation.

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

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

7 (a) To certify to the Governor and to each department, on
8 or before November 15 of each year through ~~until~~ November 15,
9 2011, the required rate for State contributions to the System
10 for the next State fiscal year, as determined under subsection
11 (b) of Section 14-131. The certification to the Governor under
12 this subsection (a) shall include a copy of the actuarial
13 recommendations upon which the rate is based ~~and shall~~
14 ~~specifically identify the System's projected State normal cost~~
15 ~~for that fiscal year.~~

16 (a-5) On or before November 1 of each year, beginning
17 November 1, 2012, the Board shall submit to the State Actuary,
18 the Governor, and the General Assembly a proposed certification
19 of the amount of the required State contribution to the System
20 for the next fiscal year, along with all of the actuarial
21 assumptions, calculations, and data upon which that proposed
22 certification is based. On or before January 1 of each year,
23 beginning January 1, 2013, the State Actuary shall issue a
24 preliminary report concerning the proposed certification and
25 identifying, if necessary, recommended changes in actuarial

1 assumptions that the Board must consider before finalizing its
2 certification of the required State contributions.

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

15 (b) The certifications under subsections (a) and (a-5)
16 shall include an additional amount necessary to pay all
17 principal of and interest on those general obligation bonds due
18 the next fiscal year authorized by Section 7.2(a) of the
19 General Obligation Bond Act and issued to provide the proceeds
20 deposited by the State with the System in July 2003,
21 representing deposits other than amounts reserved under
22 Section 7.2(c) of the General Obligation Bond Act. For State
23 fiscal year 2005, the Board shall make a supplemental
24 certification of the additional amount necessary to pay all
25 principal of and interest on those general obligation bonds due
26 in State fiscal years 2004 and 2005 authorized by Section

1 7.2(a) of the General Obligation Bond Act and issued to provide
2 the proceeds deposited by the State with the System in July
3 2003, representing deposits other than amounts reserved under
4 Section 7.2(c) of the General Obligation Bond Act, as soon as
5 practical after the effective date of this amendatory Act of
6 the 93rd General Assembly.

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

14 On or before July 1, 2005, the Board shall recalculate and
15 recertify to the Governor and to each department the amount of
16 the required State contribution to the System and the required
17 rates for State contributions to the System for State fiscal
18 year 2006, taking into account the changes in required State
19 contributions made by this amendatory Act of the 94th General
20 Assembly.

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

1 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
2 97-694, eff. 6-18-12.)

3 (40 ILCS 5/14-152.1)

4 Sec. 14-152.1. Application and expiration of new benefit
5 increases.

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

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

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

24 Every new benefit increase is contingent upon the General
25 Assembly providing the additional funding required under this

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

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

21 (e) Except as otherwise provided in the language creating
22 the new benefit increase, a new benefit increase that expires
23 under this Section continues to apply to persons who applied
24 and qualified for the affected benefit while the new benefit
25 increase was in effect and to the affected beneficiaries and
26 alternate payees of such persons, but does not apply to any

1 other person, including without limitation a person who
2 continues in service after the expiration date and did not
3 apply and qualify for the affected benefit while the new
4 benefit increase was in effect.

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

6 (40 ILCS 5/15-103.4 new)

7 Sec. 15-103.4. Tier 3 retirement plan. "Tier 3 retirement
8 plan": The composite defined-contribution, defined-benefit
9 retirement program maintained under the System as described in
10 Section 15-158.5.

11 The Tier 3 retirement plan consists of a defined-benefit
12 component and a defined-contribution component; both
13 components apply to all participants in the Tier 3 retirement
14 plan.

15 (40 ILCS 5/15-107.1 new)

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

23 (40 ILCS 5/15-107.2 new)

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

3 A person does not become a Tier I retiree by virtue of
4 receiving a reversionary, survivors, beneficiary, or
5 disability annuity.

6 (40 ILCS 5/15-107.3 new)

7 Sec. 15-107.3. Tier 3 employee. "Tier 3 employee": An
8 employee, other than a participant in the self-managed plan
9 under Section 15-158.2, who first becomes a participant on or
10 after January 1, 2014; and an employee who first became a
11 participant on or after January 1, 2011 but before January 1,
12 2014 and has elected to transfer his or her pension credits to
13 the Tier 3 retirement plan.

14 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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

1 employer as an employee under Section 15-107.

2 With respect to transition pay paid by the University of
3 Illinois to a person who was a participating employee employed
4 in the fire department of the University of Illinois's
5 Champaign-Urbana campus immediately prior to the elimination
6 of that fire department:

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

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

23 (f) Notwithstanding any other provision of this Code, the
24 earnings of a Tier I participant or a Tier 3 employee for the
25 purposes of this Code shall not exceed, for periods of service
26 on or after the effective date of this amendatory Act of the

1 98th General Assembly, the greater of (i) the annual
2 contribution and benefit base established for the applicable
3 year by the Commissioner of Social Security under the federal
4 Social Security Act or (ii) the annual earnings of the
5 participant during the 365 days immediately preceding that
6 effective date; except that this limitation does not apply to a
7 participant's earnings that are determined under an employment
8 contract or collective bargaining agreement that is in effect
9 on the effective date of this amendatory Act of the 98th
10 General Assembly and has not been amended or renewed after that
11 date.

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

13 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

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

1 retirement pension or other benefit based upon employer
2 contributions from another retirement system, exclusive of
3 federal social security, based in whole or in part upon this
4 employment, and (2) pays the lesser of (A) an amount equal to
5 8% of his or her annual basic compensation on the date of
6 becoming a participating employee subsequent to this service
7 multiplied by the number of years of such service, together
8 with compound interest from the date participation begins to
9 the date payment is received by the board at the rate of 6% per
10 annum through August 31, 1982, and at the effective rates after
11 that date, and (B) 50% of the actuarial value of the increase
12 in the retirement annuity provided by this service, and (3)
13 contributes for at least 5 years subsequent to this employment
14 to one or more of the following systems: the State Universities
15 Retirement System, the Teachers' Retirement System of the State
16 of Illinois, and the Public School Teachers' Pension and
17 Retirement Fund of Chicago.

18 The service granted under this Section shall not be
19 considered in determining whether the person has the minimum of
20 8 years of service required to qualify for a retirement annuity
21 at age 55 or the 5 years of service required to qualify for a
22 retirement annuity at age 62, as provided in Section 15-135, ~~or~~
23 the 10 years required by subsection (c) of Section 1-160, or
24 the 5 years of service required by Section 15-158.5 for a
25 ~~person who first becomes a participant on or after January 1,~~
26 ~~2011.~~ The maximum allowable service of 10 years for this

1 governmental employment shall be reduced by the service credit
2 which is validated under paragraph (2) of subsection (b) of
3 Section 16-127 and paragraph 1 of Section 17-133.

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

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

6 Sec. 15-113.7. Service for other public employment.
7 "Service for other public employment": Includes those periods
8 not exceeding the lesser of 10 years or 2/3 of the service
9 granted under other Sections of this Article dealing with
10 service credit, during which a person was employed full time by
11 the United States government, or by the government of a state,
12 or by a political subdivision of a state, or by an agency or
13 instrumentality of any of the foregoing, if the person (1)
14 cannot qualify for a retirement pension or other benefit based
15 upon employer contributions from another retirement system,
16 exclusive of federal social security, based in whole or in part
17 upon this employment, and (2) pays the lesser of (A) an amount
18 equal to 8% of his or her annual basic compensation on the date
19 of becoming a participating employee subsequent to this service
20 multiplied by the number of years of such service, together
21 with compound interest from the date participation begins to
22 the date payment is received by the board at the rate of 6% per
23 annum through August 31, 1982, and at the effective rates after
24 that date, and (B) 50% of the actuarial value of the increase
25 in the retirement annuity provided by this service, and (3)

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

14 The service granted under this Section shall not be
15 considered in determining whether the person has the minimum of
16 8 years of service required to qualify for a retirement annuity
17 at age 55 or the 5 years of service required to qualify for a
18 retirement annuity at age 62, as provided in Section 15-135,
19 the 10 years required by subsection (c) of Section 1-160, or
20 the 5 years of service required by Section 15-158.5. The
21 maximum allowable service of 10 years for this governmental
22 employment shall be reduced by the service credit which is
23 validated under paragraph (2) of subsection (b) of Section
24 16-127 and paragraph one of Section 17-133.

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

1 September 1, 1974.

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

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

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

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

9 35 years if retirement is in 1997 or before;

10 34 years if retirement is in 1998;

11 33 years if retirement is in 1999;

12 32 years if retirement is in 2000;

13 31 years if retirement is in 2001;

14 30 years if retirement is in 2002 or later.

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

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

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

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

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

3 (1) If the Tier I participant is at least 45 years old
4 on the effective date of this amendatory Act of the 98th
5 General Assembly, then the reference to retirement with 30
6 years of service as well as the references to age 50, 55,
7 and 62 in subsection (a) of this Section remain unchanged.

8 (2) If the Tier I participant is at least 40 but less
9 than 45 years old on the effective date of this amendatory
10 Act of the 98th General Assembly, then the reference to
11 retirement with 30 years of service as well as the
12 references to age 50, 55, and 62 in subsection (a) of this
13 Section shall be increased by one year.

14 (3) If the Tier I participant is at least 35 but less
15 than 40 years old on the effective date of this amendatory
16 Act of the 98th General Assembly, then the reference to
17 retirement with 30 years of service as well as the
18 references to age 50, 55, and 62 in subsection (a) of this
19 Section shall be increased by 3 years.

20 (4) If the Tier I participant is less than 35 years old
21 on the effective date of this amendatory Act of the 98th
22 General Assembly, then the reference to retirement with 30
23 years of service as well as the references to age 50, 55,
24 and 62 in subsection (a) of this Section shall be increased
25 by 5 years.

26 Notwithstanding Section 1-103.1, this subsection (a-5)

1 applies without regard to whether or not the Tier I participant
2 is in active service under this Article on or after the
3 effective date of this amendatory Act of the 98th General
4 Assembly.

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

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

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

19 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

25 (a) The amount of a participant's retirement annuity,

1 expressed in the form of a single-life annuity, shall be
2 determined by whichever of the following rules is applicable
3 and provides the largest annuity:

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

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

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

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

26 (iii) the annuity that can be provided on an

1 actuarially equivalent basis from the entire contribution
2 made by the participant under Section 15-113.3.

3 For the purpose of calculating an annuity under this Rule
4 2, the contribution required under subsection (c-5) of Section
5 15-157 shall not be considered when determining the
6 participant's accumulated normal contributions under clause
7 (i) or the employer contribution under clause (ii).

8 With respect to a police officer or firefighter who retires
9 on or after August 14, 1998, the accumulated normal
10 contributions taken into account under clauses (i) and (ii) of
11 this Rule 2 shall include the additional normal contributions
12 made by the police officer or firefighter under Section
13 15-157(a).

14 The amount of a retirement annuity calculated under this
15 Rule 2 shall be computed solely on the basis of the
16 participant's accumulated normal contributions, as specified
17 in this Rule and defined in Section 15-116. Neither an employee
18 or 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 2.

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

26 This Rule 2 does not apply to a person who first becomes an

1 employee under this Article on or after July 1, 2005.

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

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

1 the next 10 years of service as a police officer or
2 firefighter, and 2 3/4% for each year of service as a police
3 officer or firefighter in excess of 20. The retirement annuity
4 for all other service shall be computed under Rule 1.

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

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

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

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

1 actuarial tables and the prescribed rate of interest in effect
2 at the time the retirement annuity begins:

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

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

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

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

1 Section 15-136(b) as if no contributions had been made under
2 Section 15-136.2.

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

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

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

1 Fourth District in *Mattis v. State Universities Retirement*
2 *System et al.* with respect to that plaintiff.

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

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

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

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

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

24 (c) The maximum retirement annuity provided under Rules 1,
25 2, 4, and 5 shall be the lesser of (1) the annual limit of
26 benefits as specified in Section 415 of the Internal Revenue

1 Code of 1986, as such Section may be amended from time to time
2 and as such benefit limits shall be adjusted by the
3 Commissioner of Internal Revenue, and (2) 80% of final rate of
4 earnings.

5 (d) Subject to the provisions of subsections (d-1) and
6 (d-2), an ~~An~~ annuitant whose status as an employee terminates
7 after August 14, 1969 shall receive automatic increases in his
8 or her retirement annuity as follows:

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

23 The annuitant shall receive an increase in his or her
24 monthly retirement annuity on each January 1 thereafter during
25 the annuitant's life of 3% of the monthly annuity provided
26 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in

1 this Section. The change made under this subsection by P.A.
2 81-970 is effective January 1, 1980 and applies to each
3 annuitant whose status as an employee terminates before or
4 after that date.

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

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

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

20 (d-2) Notwithstanding any other provision of this Article,
21 for a Tier I retiree, the monthly retirement annuity shall
22 first be subject to annual increases on the January 1 occurring
23 on or next after the attainment of age 67 or the January 1
24 occurring on or next after the fifth anniversary of the annuity
25 start date, whichever occurs earlier. If on the effective date
26 of this amendatory Act of the 98th General Assembly a Tier I

1 retiree has already received an annual increase under this
2 Section but does not yet meet the new eligibility requirements
3 of this subsection, the annual increases already received shall
4 continue in force, but no additional annual increase shall be
5 granted until the Tier I retiree meets the new eligibility
6 requirements.

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

12 (e) If, on January 1, 1987, or the date the retirement
13 annuity payment period begins, whichever is later, the sum of
14 the retirement annuity provided under Rule 1 or Rule 2 of this
15 Section and the automatic annual increases provided under the
16 preceding subsection or Section 15-136.1, amounts to less than
17 the retirement annuity which would be provided by Rule 3, the
18 retirement annuity shall be increased as of January 1, 1987, or
19 the date the retirement annuity payment period begins,
20 whichever is later, to the amount which would be provided by
21 Rule 3 of this Section. Such increased amount shall be
22 considered as the retirement annuity in determining benefits
23 provided under other Sections of this Article. This paragraph
24 applies without regard to whether status as an employee
25 terminated before the effective date of this amendatory Act of
26 1987, provided that the annuitant was employed at least

1 one-half time during the period on which the final rate of
2 earnings was based.

3 (f) A participant is entitled to such additional annuity as
4 may be provided on an actuarially equivalent basis, by any
5 accumulated additional contributions to his or her credit.
6 However, the additional contributions made by the participant
7 toward the automatic increases in annuity provided under this
8 Section and the contributions made under subsection (c-5) of
9 Section 15-157 by this amendatory Act of the 98th General
10 Assembly shall not be taken into account in determining the
11 amount of such additional annuity.

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

1 (h) On January 1, 1981, an annuitant who was receiving a
2 retirement annuity on or before January 1, 1971 shall have his
3 or her retirement annuity then being paid increased \$1 per
4 month for each year of creditable service. On January 1, 1982,
5 an annuitant whose retirement annuity began on or before
6 January 1, 1977, shall have his or her retirement annuity then
7 being paid increased \$1 per month for each year of creditable
8 service.

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

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

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

19 (40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

20 Sec. 15-139. Retirement annuities; cancellation; suspended
21 during employment.

22 (a) If an annuitant returns to employment for an employer
23 within 60 days after the beginning of the retirement annuity
24 payment period, the retirement annuity shall be cancelled, and
25 the annuitant shall refund to the System the total amount of

1 the retirement annuity payments which he or she received. If
2 the retirement annuity is cancelled, the participant shall
3 continue to participate in the System.

4 (b) If an annuitant retires prior to age 60 and receives or
5 becomes entitled to receive during any month compensation in
6 excess of the monthly retirement annuity (including any
7 automatic annual increases) for services performed after the
8 date of retirement for any employer under this System, that
9 portion of the monthly retirement annuity provided by employer
10 contributions shall not be payable.

11 If an annuitant retires at age 60 or over and receives or
12 becomes entitled to receive during any academic year
13 compensation in excess of the difference between his or her
14 highest annual earnings prior to retirement and his or her
15 annual retirement annuity computed under Rule 1, Rule 2, Rule
16 3, Rule 4, or Rule 5 of Section 15-136, or under Section
17 15-136.4 or 15-158.5, for services performed after the date of
18 retirement for any employer under this System, that portion of
19 the monthly retirement annuity provided by employer
20 contributions shall be reduced by an amount equal to the
21 compensation that exceeds such difference.

22 However, any remuneration received for serving as a member
23 of the Illinois Educational Labor Relations Board shall be
24 excluded from "compensation" for the purposes of this
25 subsection (b), and serving as a member of the Illinois
26 Educational Labor Relations Board shall not be deemed to be a

1 return to employment for the purposes of this Section. This
2 provision applies without regard to whether service was
3 terminated prior to the effective date of this amendatory Act
4 of 1991.

5 (c) If an employer certifies that an annuitant has been
6 reemployed on a permanent and continuous basis or in a position
7 in which the annuitant is expected to serve for at least 9
8 months, the annuitant shall resume his or her status as a
9 participating employee and shall be entitled to all rights
10 applicable to participating employees upon filing with the
11 board an election to forgo all annuity payments during the
12 period of reemployment. Upon subsequent retirement, the
13 retirement annuity shall consist of the annuity which was
14 terminated by the reemployment, plus the additional retirement
15 annuity based upon service granted during the period of
16 reemployment, but the combined retirement annuity shall not
17 exceed the maximum annuity applicable on the date of the last
18 retirement.

19 The total service and earnings credited before and after
20 the initial date of retirement shall be considered in
21 determining eligibility of the employee or the employee's
22 beneficiary to benefits under this Article, and in calculating
23 final rate of earnings.

24 In determining the death benefit payable to a beneficiary
25 of an annuitant who again becomes a participating employee
26 under this Section, accumulated normal and additional

1 contributions shall be considered as the sum of the accumulated
2 normal and additional contributions at the date of initial
3 retirement and the accumulated normal and additional
4 contributions credited after that date, less the sum of the
5 annuity payments received by the annuitant.

6 The survivors insurance benefits provided under Section
7 15-145 shall not be applicable to an annuitant who resumes his
8 or her status as a participating employee, unless the
9 annuitant, at the time of initial retirement, has a survivors
10 insurance beneficiary who could qualify for such benefits.

11 If the participant's employment is terminated because of
12 circumstances other than death before 9 months from the date of
13 reemployment, the provisions of this Section regarding
14 resumption of status as a participating employee shall not
15 apply. The normal and survivors insurance contributions which
16 are deducted during this period shall be refunded to the
17 annuitant without interest, and subsequent benefits under this
18 Article shall be the same as those which were applicable prior
19 to the date the annuitant resumed employment.

20 The amendments made to this Section by this amendatory Act
21 of the 91st General Assembly apply without regard to whether
22 the annuitant was in service on or after the effective date of
23 this amendatory Act.

24 This Section also applies to retirement annuities under the
25 Tier 3 retirement plan established under Section 15-158.5.

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

1 (40 ILCS 5/15-153.2) (from Ch. 108 1/2, par. 15-153.2)

2 Sec. 15-153.2. Disability retirement annuity. A
3 participant whose disability benefits are discontinued under
4 the provisions of clause (6) of Section 15-152 and who is not a
5 participant in the optional retirement plan established under
6 Section 15-158.2 is entitled to a disability retirement annuity
7 of 35% of the basic compensation which was payable to the
8 participant at the time that disability began, provided that
9 the board determines that the participant has a medically
10 determinable physical or mental impairment that prevents him or
11 her from engaging in any substantial gainful activity, and
12 which can be expected to result in death or which has lasted or
13 can be expected to last for a continuous period of not less
14 than 12 months.

15 The board's determination of whether a participant is
16 disabled shall be based upon:

17 (i) a written certificate from one or more licensed and
18 practicing physicians appointed by or acceptable to the
19 board, stating that the participant is unable to engage in
20 any substantial gainful activity; and

21 (ii) any other medical examinations, hospital records,
22 laboratory results, or other information necessary for
23 determining the employment capacity and condition of the
24 participant.

25 The terms "medically determinable physical or mental

1 impairment" and "substantial gainful activity" shall have the
2 meanings ascribed to them in the federal Social Security Act,
3 as now or hereafter amended, and the regulations issued
4 thereunder.

5 The disability retirement annuity payment period shall
6 begin immediately following the expiration of the disability
7 benefit payments under clause (6) of Section 15-152 and shall
8 be discontinued for a recipient of a disability retirement
9 annuity when (1) the physical or mental impairment no longer
10 prevents the participant from engaging in any substantial
11 gainful activity, (2) the participant dies or (3) the
12 participant elects to receive a retirement annuity under
13 Sections 15-135 and 15-136 or Section 15-158.5. If a person's
14 disability retirement annuity is discontinued under clause
15 (1), all rights and credits accrued in the system on the date
16 that the disability retirement annuity began shall be restored,
17 and the disability retirement annuity paid shall be considered
18 as disability payments under clause (6) of Section 15-152.

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

20 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

21 Sec. 15-155. Employer contributions.

22 (a) The State of Illinois shall make contributions by
23 appropriations of amounts which, together with the ~~other~~
24 employer contributions ~~from trust, federal, and other funds,~~
25 employee contributions, income from investments, and other

1 income of this System, will be sufficient to meet the cost of
2 maintaining and administering the System on a 100% ~~90%~~ funded
3 basis in accordance with actuarial recommendations by the end
4 of State fiscal year 2043.

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

10 (a-1) For State fiscal years 2014 through 2043, the minimum
11 contribution to the System to be made by the State for each
12 fiscal year shall be an amount determined by the System to be
13 equal to the sum of (1) the State's portion of the projected
14 normal cost for that fiscal year, plus (2) an amount sufficient
15 to bring the total assets of the System up to 100% of the total
16 actuarial liabilities of the System by the end of State fiscal
17 year 2043. In making these determinations, the required State
18 contribution shall be calculated each year as a level
19 percentage of payroll over the years remaining to and including
20 fiscal year 2043 and shall be determined under the projected
21 unit credit actuarial cost method.

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

26 For State fiscal years 2012 and 2013 ~~through 2045~~, the

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

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

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

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

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

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

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

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

26 Amounts received by the System pursuant to Section 25 of

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

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

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

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

26 (b-1) The City of Urbana and the City of Champaign shall

1 each make employer contributions to this System for their
2 respective firefighter employees who participate in this
3 System pursuant to subsection (h) of Section 15-107. The rate
4 of contributions to be made by those municipalities shall be
5 determined annually by the Board on the basis of the actuarial
6 assumptions adopted by the Board and the recommendations of the
7 actuary, and shall be expressed as a percentage of salary for
8 each such employee. The Board shall certify the rate to the
9 affected municipalities as soon as may be practical. The
10 employer contributions required under this subsection shall be
11 remitted by the municipality to the System at the same time and
12 in the same manner as employee contributions.

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

24 (d) Beginning in State fiscal year 1996, the required State
25 contributions to the System shall be appropriated directly to
26 the System and shall be payable through vouchers issued in

1 accordance with subsection (c) of Section 15-165, except as
2 provided in subsection (g).

3 (e) The State Comptroller shall draw warrants payable to
4 the System upon proper certification by the System or by the
5 employer in accordance with the appropriation laws and this
6 Code.

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

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

1 most recent actuarial valuation of the System that is available
2 at the time of the computation. The System may require the
3 employer to provide any pertinent information or
4 documentation.

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

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

1 must be concluded within 3 years after the employer's receipt
2 of the bill.

3 (h) This subsection (h) applies only to payments made or
4 salary increases given on or after June 1, 2005 but before July
5 1, 2011. The changes made by Public Act 94-1057 shall not
6 require the System to refund any payments received before July
7 31, 2006 (the effective date of Public Act 94-1057).

8 When assessing payment for any amount due under subsection
9 (g), the System shall exclude earnings increases paid to
10 participants under contracts or collective bargaining
11 agreements entered into, amended, or renewed before June 1,
12 2005.

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

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

1 academic instruction computed using the participant's current
2 salary rate and work schedule; and (ii) in the case of
3 overtime, the overtime was necessary for the educational
4 mission.

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

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

1 shall be used in assessing payment for any amount due under
2 subsection (g) of this Section.

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

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

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

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

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

18 (k) The Illinois Community College Board shall adopt rules
19 for recommending lists of promotional positions submitted to
20 the Board by community colleges and for reviewing the
21 promotional lists on an annual basis. When recommending
22 promotional lists, the Board shall consider the similarity of
23 the positions submitted to those positions recognized for State
24 universities by the State Universities Civil Service System.
25 The Illinois Community College Board shall file a copy of its
26 findings with the System. The System shall consider the

1 findings of the Illinois Community College Board when making
2 determinations under this Section. The System shall not exclude
3 any earnings increases resulting from a promotion when the
4 promotion was not submitted by a community college. Nothing in
5 this subsection (k) shall require any community college to
6 submit any information to the Community College Board.

7 (l) For purposes of determining the required State
8 contribution to the System, the value of the System's assets
9 shall be equal to the actuarial value of the System's assets,
10 which shall be calculated as follows:

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

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

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
23 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
24 7-13-12; revised 10-17-12.)

1 Sec. 15-155.1. Actions to enforce payments by employers
2 other than the State. Any employer, other than the State, that
3 fails to transmit to the System contributions required of it
4 under this Article or contributions required of employees, for
5 more than 90 days after such contributions are due, is subject
6 to the following: after giving notice to the employer, the
7 System may certify to the State Comptroller or the Illinois
8 Community College Board, whichever is applicable, the amounts
9 of such delinquent payments and the State Comptroller or the
10 Illinois Community College Board, whichever is applicable,
11 shall deduct the amounts so certified or any part thereof from
12 any State funds to be remitted to the employer and shall pay
13 the amount so deducted to the System. If State funds from which
14 such deductions may be made are not available, the System may
15 proceed against the employer to recover the amounts of such
16 delinquent payments in the appropriate circuit court.

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

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

2 (a) The payment of (1) the required State contributions,
3 (2) all benefits granted under this system and (3) all expenses
4 in connection with the administration and operation thereof are
5 obligations of the State of Illinois to the extent specified in
6 this Article. The accumulated employee normal, additional and
7 survivors insurance contributions credited to the accounts of
8 active and inactive participants shall not be used to pay the
9 State's share of the obligations.

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

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

1 the required payment, the court may order a reasonable payment
2 schedule to enable the State to make the required payment
3 without significantly imperiling the public health, safety, or
4 welfare.

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

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

20 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

21 Sec. 15-157. Employee Contributions.

22 (a) Each participating employee shall make contributions
23 towards the retirement benefits payable under the retirement
24 program applicable to the employee from each payment of
25 earnings applicable to employment under this system on and

1 after the date of becoming a participant as follows: Prior to
2 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
3 to August 31, 1955, 5%; from September 1, 1955 to August 31,
4 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
5 are to be considered as normal contributions for purposes of
6 this Article.

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

1 shall be deemed to be employed as a firefighter for the purpose
2 of determining the rate of employee contributions under this
3 Section.

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

11 (c) In addition to the amounts described in subsections (a)
12 and (b) of this Section, each participating employee shall make
13 contributions of 1% of earnings applicable under this system on
14 and after August 1, 1959. The contributions made under this
15 subsection (c) shall be considered as survivor's insurance
16 contributions for purposes of this Article if the employee is
17 covered under the traditional benefit package, and such
18 contributions shall be considered as additional contributions
19 for purposes of this Article if the employee is participating
20 in the self-managed plan or has elected to participate in the
21 portable benefit package and has completed the applicable
22 one-year waiting period. Contributions in excess of \$80 during
23 any fiscal year beginning before August 31, 1969 and in excess
24 of \$120 during any fiscal year thereafter until September 1,
25 1971 shall be considered as additional contributions for
26 purposes of this Article.

1 (c-5) In addition to the contributions otherwise required
2 under this Article, each Tier I participant shall also make the
3 following contributions toward the retirement benefits payable
4 under the retirement program applicable to the employee from
5 each payment of earnings applicable to employment under this
6 system:

7 (1) beginning July 1, 2013 and through June 30, 2014,
8 1% of earnings; and

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

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

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

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

1 retirement.

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

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

10 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
11 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
12 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

13 (40 ILCS 5/15-158.5 new)

14 Sec. 15-158.5. Tier 3 retirement plan.

15 (a) Contents of Tier 3 retirement plan. The Tier 3
16 retirement plan consists of a defined-benefit component and a
17 defined-contribution component; both components apply to all
18 participants in the Tier 3 retirement plan. The plan also
19 includes provisions relating to contributions and refunds.

20 The defined-benefit component includes a retirement
21 annuity as provided under this Section, a surviving spouse
22 annuity as provided under this Section, and a disability
23 benefit as provided in this Section.

24 The defined-contribution component shall be a defined
25 contribution plan that shall be established by the System. Each

1 participant shall have an individual account whose assets are
2 managed by the System, which shall design a target-date or
3 life-cycle investment allocation mechanism for this plan. This
4 mechanism shall invest all assets in participants' defined
5 contribution accounts in vehicles already in use by the
6 System's defined-benefit Fund, but the specific allocation
7 will vary with the participant's age, with more aggressive
8 investments for younger participants and more conservative
9 investments for older participants.

10 The balance in a participant's defined-contribution
11 account shall be a function exclusively of employee
12 contributions as described in subsection (g), employer
13 contributions as described in subsection (h), and actual
14 investment returns net of fees and administrative costs as
15 certified by the System.

16 Subsequent to retirement, a participant may access the
17 assets in his or her defined-contribution account by taking
18 lump-sum disbursements, rolling over the balance into another
19 qualified plan, or purchasing an annuity or other insurance
20 product to the extent allowable under federal law. Under no
21 circumstances shall the State or employer be exposed to any
22 investment or actuarial risk in the determination of benefit
23 levels.

24 The defined-contribution component of the Tier 3
25 retirement plan does not include any of the following with
26 respect to service performed while participating in the Tier 3

1 retirement plan: retirement annuities, death benefits,
2 survivors insurance, or disability benefits payable directly
3 from the System as provided in Sections 15-135 through 15-153.3
4 (except Section 15-139) or Section 1-160; refunds determined
5 under Section 15-154; or participation in the self-managed plan
6 under Section 15-158.2, except as provided in subsection (c) of
7 this Section.

8 Participation in the Tier 3 retirement plan under this
9 Section constitutes membership in the State Universities
10 Retirement System. Participants in the Tier 3 retirement plan
11 remain subject to the provisions of this Article that apply to
12 participants generally and that do not depend upon the benefit
13 package or plan. A participant in the Tier 3 retirement plan is
14 entitled to the applicable benefits of Article 20 of this Code.

15 The Tier 3 retirement plan is subject to the provisions of
16 Article 1 of this Code that apply to retirement systems
17 generally and must be qualified under the Internal Revenue Code
18 of 1986.

19 (b) Definitions. As used in this Section:

20 "Consumer Price Index-U" means the Consumer Price Index
21 published by the Bureau of Labor Statistics of the United
22 States Department of Labor that measures the average change in
23 prices of goods and services purchased by all urban consumers,
24 United States city average, all items, 1982-84 = 100.

25 "Final rate of earnings" means:

26 (1) for an employee who is paid on an hourly basis or

1 who receives an annual salary in installments during 12
2 months of each academic year, the average annual earnings
3 obtained by dividing by 8 the total earnings of the
4 employee during the 96 consecutive months in which the
5 total earnings were the highest within the last 120 months
6 prior to termination;

7 (2) for any other employee, the average annual earnings
8 during the 8 consecutive academic years within the 10 years
9 prior to termination in which the employee's earnings were
10 the highest; and

11 (3) for an employee with less than 96 consecutive
12 months or 8 consecutive academic years of service,
13 whichever is necessary, the average earnings during his or
14 her entire period of service.

15 (c) Participation. An employee who first becomes a
16 participant of the System on or after January 1, 2014 shall
17 participate in the Tier 3 retirement plan in lieu of
18 participation in the traditional benefit package or the
19 portable benefit package. However, an employee who first
20 becomes a participant of the System on or after January 1, 2014
21 shall have the option to elect to participate in the
22 self-managed plan established under Section 15-158.2 in lieu of
23 participating in the Tier 3 retirement plan.

24 An employee who first became a participant of this System
25 on or after January 1, 2011 and before January 1, 2014 may
26 choose to transfer his or her pension credits into the Tier 3

1 retirement plan by making, on or before June 1, 2014, an
2 irrevocable election to transfer his or her pension credits
3 into the Tier 3 retirement plan. An employee so electing will
4 be credited with employee contributions and employer normal
5 cost contributions plus interest at the actual rate of return.
6 The System shall calculate the total cost of transferring an
7 equal amount of service credit into the Tier 3 defined benefit
8 plan and use the credited contributions to cover the cost of
9 the transfer. Any unused contributions shall be deposited into
10 the employee's defined contribution account.

11 (d) Retirement annuity.

12 (1) A participant in the Tier 3 retirement plan is
13 entitled to a retirement annuity under this Section upon
14 written application if he or she has attained age 67, has
15 at least 5 years of service credit, and has terminated
16 employment under this Article.

17 A participant in the Tier 3 retirement plan is entitled
18 to a reduced retirement annuity upon written application if
19 he or she has attained age 62 but is below age 67 at the
20 time of retirement, has at least 10 years of service
21 credit, and has terminated employment under this Article.

22 (2) The retirement annuity shall be 1.1% of the final
23 rate of earnings for each year of creditable service. If
24 the participant has not attained age 67 at the time of
25 retirement, the retirement annuity shall be reduced by
26 one-half of 1% for each full month by which the age at

1 retirement is less than age 67.

2 (3) An eligible person may elect to have his or her
3 retirement annuity under this Section determined in
4 accordance with Article 20 of this Code.

5 (4) A retirement annuity under this Section is subject
6 to the provisions of Section 15-139.

7 (5) A retirement annuity under this Section shall be
8 subject to annual increases on each January 1 occurring on
9 or after the attainment of age 67 or the first anniversary
10 of the annuity start date, whichever is later. Each annual
11 increase shall be a percentage of the originally granted
12 retirement annuity equal to 3% or one-half of the annual
13 unadjusted percentage increase in the Consumer Price
14 Index-U for the 12 months ending with the preceding
15 September, whichever is less. If that annual unadjusted
16 percentage change is zero or there is a decrease, then the
17 annuity shall not be increased.

18 (e) Survivor's annuity.

19 (1) Eligibility for and the duration of a survivor's
20 annuity under this Section shall be determined in the same
21 manner as eligibility for survivor's insurance benefits
22 under Section 15-145.

23 (2) The initial survivor's annuity of an eligible
24 survivor of a retired participant in the Tier 3 retirement
25 plan shall be in the amount of 66 2/3% of the retired
26 participant's retirement annuity at the date of death.

1 The initial survivor's annuity of an eligible survivor
2 of a participant in the Tier 3 retirement plan who was not
3 retired shall be 66 2/3% of the retirement annuity that
4 would have been payable under this Section if the deceased
5 participant had retired on the date of death, disregarding
6 the minimum age required for retirement.

7 (3) A survivor's annuity shall be increased on each
8 January 1 occurring on or after the first anniversary of
9 the commencement of the annuity. Each annual increase shall
10 be a percentage of the originally granted survivor's
11 annuity equal to 3% or one-half of the annual unadjusted
12 percentage increase in the Consumer Price Index-U for the
13 12 months ending with the preceding September, whichever is
14 less. If that annual unadjusted percentage change is zero
15 or there is a decrease, then the annuity shall not be
16 increased.

17 (f) Disability benefit.

18 (1) A participant in the Tier 3 retirement plan is
19 eligible for the disability benefit provided under this
20 subsection subject to the conditions of eligibility
21 specified in Section 15-150.

22 (2) The disability benefit provided under this
23 subsection shall begin to accrue as specified in Section
24 15-151.

25 (3) The disability benefit provided under this
26 subsection shall be discontinued in accordance with

1 Section 15-152.

2 (4) The disability benefit provided under this
3 subsection shall be an amount determined as specified in
4 Section 15-153.

5 (5) The disability benefit provided under this
6 subsection shall be reduced in accordance with Section
7 15-153.1.

8 (6) The provisions of Section 15-153.2 apply to any
9 participant whose disability benefit under this subsection
10 is discontinued by the operation of clause (6) of Section
11 15-152 and who is not a participant in the self-managed
12 plan.

13 (7) The disability benefit provided under this Section
14 shall be increased on each January 1 occurring on or after
15 the first anniversary of the commencement of that benefit.
16 Each annual increase shall be a percentage of the
17 disability benefit then payable, including any previous
18 increases, equal to 3% or one-half of the annual unadjusted
19 percentage increase in the Consumer Price Index-U for the
20 12 months ending with the preceding September, whichever is
21 less. If that annual unadjusted percentage change is zero
22 or there is a decrease, then the disability benefit shall
23 not be increased.

24 An amount of employer contributions shall be used for the
25 purpose of providing the disability benefit under this
26 subsection to the participant. Prior to the beginning of each

1 plan year under the Tier 3 retirement plan, the Board of
2 Trustees shall determine, as a percentage of earnings, the
3 amount of employer contributions to be allocated during that
4 plan year for providing a disability benefit for employees in
5 the Tier 3 retirement plan.

6 (g) Employee contributions. In lieu of the employee
7 contributions required under Section 15-157, each employee who
8 is a participant in the Tier 3 retirement plan shall contribute
9 to the System an amount equal to 4% of each payment of earnings
10 to fund the defined-benefit component of the Tier 3 retirement
11 plan and an amount equal to 5% of each payment of earnings to
12 fund the defined-contribution component of the Tier 3
13 retirement plan. These contributions shall be deducted from the
14 employee's earnings and may be picked up by the employer for
15 federal tax purposes under Section 15-157.1. These
16 contributions are a condition of employment.

17 A Tier 3 employee may make additional contributions to the
18 defined-contribution component of the Tier 3 retirement plan in
19 accordance with the procedures prescribed by the System, to the
20 extent permitted under the rules of the plan.

21 (h) Actual employer contributions.

22 (1) To fund the Tier 3 retirement plan, the actual
23 employer of an employee who participates in the Tier 3
24 retirement plan shall annually contribute to the System an
25 amount determined by the System equal to the sum of: (i)
26 the annual employer's normal cost of the defined-benefit

1 component of the Tier 3 retirement plan for employees of
2 that employer, (ii) any unfunded accrued liability arising
3 from the Tier 3 retirement plan assigned to the employer
4 that year in accordance with subsection (h-5), and (iii)
5 any optional matching contribution to be made for that year
6 to the defined-contribution accounts of the local
7 employers' employees by the local employer pursuant to a
8 collective bargaining agreement or other employment
9 contract, provided that the optional matching contribution
10 shall not be less than 3% or greater than 10% of the
11 applicable employee salary.

12 (2) Each year, the retirement system shall obtain an
13 actuarial estimate of the annual normal cost of the
14 defined-benefit component of the Tier 3 retirement plan.

15 (3) The contributions required under this subsection
16 (h) are in addition to the contributions required under
17 Section 15-155 and any other contributions required under
18 this Article.

19 (4) In no event shall a participant have an option of
20 receiving any portion of the local employer contributions
21 to the defined-benefit plan in cash.

22 (h-5) For use in determining the employer's contribution
23 for unfunded accrued liability under item (ii) of paragraph (1)
24 of subsection (h), the System shall maintain a separate account
25 for each employer. The separate account shall be maintained in
26 such form and detail as the System determines to be

1 appropriate. The separate account shall reflect the following
2 items to the extent that they are attributable to that employer
3 and arise on or after the effective date of this amendatory Act
4 of the 98th General Assembly: employer contributions, employee
5 contributions, investment returns, payments of benefits, and
6 that employer's proportionate share of the System's
7 administrative expenses.

8 In the event that the Board determines that there is a
9 deficiency or surplus in the account of an employer, the Board
10 shall determine the employer's contribution rate as required by
11 item (ii) of paragraph (1) of subsection (h) so as to address
12 that deficiency or surplus over a reasonable period of time as
13 determined by the Board, which shall be no more than 10 years.

14 (i) Refunds. Refunds of employee contributions to the
15 defined-benefit component of the Tier 3 retirement plan and
16 vested employer contributions to the defined-benefit component
17 of the Tier 3 retirement plan shall be calculated in accordance
18 with Section 15-154.

19 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

21 (a) The Board shall certify to the Governor on or before
22 November 15 of each year through ~~until~~ November 15, 2011 the
23 appropriation required from State funds for the purposes of
24 this System for the following fiscal year. The certification
25 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.

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

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

26 (c) Beginning in State fiscal year 1996, on or as soon as

1 possible after the 15th day of each month the Board shall
2 submit vouchers for payment of State contributions to the
3 System, in a total monthly amount of one-twelfth of the
4 required annual State contribution certified under subsection
5 (a). From the effective date of this amendatory Act of the 93rd
6 General Assembly through June 30, 2004, the Board shall not
7 submit vouchers for the remainder of fiscal year 2004 in excess
8 of the fiscal year 2004 certified contribution amount
9 determined under this Section after taking into consideration
10 the transfer to the System under subsection (b) of Section
11 6z-61 of the State Finance Act. These vouchers shall be paid by
12 the State Comptroller and Treasurer by warrants drawn on the
13 funds appropriated to the System for that fiscal year.

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

23 (d) So long as the payments received are the full amount
24 lawfully vouchered under this Section, payments received by the
25 System under this Section shall be applied first toward the
26 employer contribution to the self-managed plan established

1 under Section 15-158.2. Payments shall be applied second toward
2 the employer's portion of the normal costs of the System, as
3 defined in subsection (f) of Section 15-155. The balance shall
4 be applied toward the unfunded actuarial liabilities of the
5 System.

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

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

19 (40 ILCS 5/15-198)

20 Sec. 15-198. Application and expiration of new benefit
21 increases.

22 (a) As used in this Section, "new benefit increase" means
23 an increase in the amount of any benefit provided under this
24 Article, or an expansion of the conditions of eligibility for
25 any benefit under this Article or Article 1, that results from

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

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

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

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

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

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

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

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

22 (40 ILCS 5/16-106.4 new)

23 Sec. 16-106.4. Tier I member. "Tier I member": A member
24 under this Article who first became a member or participant
25 before January 1, 2011 under any reciprocal retirement system

1 or pension fund established under this Code other than a
2 retirement system or pension fund established under Article 2,
3 3, 4, 5, 6, or 18 of this Code.

4 (40 ILCS 5/16-106.5 new)

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

7 (40 ILCS 5/16-106.6 new)

8 Sec. 16-106.6. Tier 3 employee. "Tier 3 employee": A
9 teacher who first becomes a member on or after January 1, 2014
10 and is subject to Section 16-152.8 of this Article; and a
11 teacher who first became a member on or after January 1, 2011
12 but before January 1, 2014 and has elected to transfer his or
13 her pension credits to the Tier 3 retirement plan.

14 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

21 Notwithstanding any other provision of this Code, the
22 salary of a Tier I member or Tier 3 employee for the purposes
23 of this Code shall not exceed, for periods of service on or

1 after the effective date of this amendatory Act of the 98th
2 General Assembly, the greater of (i) the annual contribution
3 and benefit base established for the applicable year by the
4 Commissioner of Social Security under the federal Social
5 Security Act or (ii) the annual salary of the member during the
6 365 days immediately preceding that effective date; except that
7 this limitation does not apply to a member's salary that is
8 determined under an employment contract or collective
9 bargaining agreement that is in effect on the effective date of
10 this amendatory Act of the 98th General Assembly and has not
11 been amended or renewed after that date.

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

13 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

14 Sec. 16-132. Retirement annuity eligibility.

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

1 least 5 years of contributing creditable service as an employee
2 of a department as defined in Section 14-103.04, and (iii)
3 retires on or after January 1, 2001 is entitled to a retirement
4 annuity upon or after attainment of an age which, when added to
5 the number of years of his or her total creditable service,
6 equals at least 85. Portions of years shall be counted as
7 decimal equivalents.

8 A member who is eligible to receive a retirement annuity of
9 at least 74.6% of final average salary and will attain age 55
10 on or before December 31 during the year which commences on
11 July 1 shall be deemed to attain age 55 on the preceding June
12 1.

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

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

22 (2) If the Tier I member is at least 40 but less than
23 45 years old on the effective date of this amendatory Act
24 of the 98th General Assembly, then the references to age
25 55, 60, and 62 in subsection (a) of this Section are
26 increased by one year and the reference to 85 in subsection

1 (a) is increased to 87.

2 (3) If the Tier I member is at least 35 but less than
3 40 years old on the effective date of this amendatory Act
4 of the 98th General Assembly, then the references to age
5 55, 60, and 62 in subsection (a) of this Section are
6 increased by 3 years and the reference to 85 in subsection
7 (a) is increased to 91.

8 (4) If the Tier I member is less than 35 years old on
9 the effective date of this amendatory Act of the 98th
10 General Assembly, then the references to age 55, 60, and 62
11 in subsection (a) of this Section are increased by 5 years
12 and the reference to 85 in subsection (a) is increased to
13 95.

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

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

25 (d) To be eligible for a retirement annuity, a member shall
26 not be employed as a teacher in the schools included under this

1 System or under Article 17, except (i) as provided in Section
2 16-118 or 16-150.1, (ii) if the member is disabled (in which
3 event, eligibility for salary must cease), or (iii) if the
4 System is required by federal law to commence payment due to
5 the member's age; the changes to this sentence made by Public
6 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~
7 apply without regard to whether the member terminated
8 employment before or after its effective date.

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

10 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

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

24 (2) The sum of (i) the amount that can be provided
25 on an actuarially equivalent basis by the member's

1 accumulated contributions representing service prior
2 to July 1, 1947, and (ii) the amount that can be
3 provided on an actuarially equivalent basis by the
4 amount obtained by multiplying 1.4 times the member's
5 accumulated contributions covering service subsequent
6 to June 30, 1947; and

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

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

19 This paragraph (A) does not apply to a person who first
20 becomes a teacher under this Article on or after July 1,
21 2005.

22 (B) An amount consisting of the greater of the
23 following:

24 (1) For creditable service earned before July 1,
25 1998 that has not been augmented under Section
26 16-129.1: 1.67% of final average salary for each of the

1 first 10 years of creditable service, 1.90% of final
2 average salary for each year in excess of 10 but not
3 exceeding 20, 2.10% of final average salary for each
4 year in excess of 20 but not exceeding 30, and 2.30% of
5 final average salary for each year in excess of 30; and

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

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

19 (2) 1.5% of final average salary for each year of
20 creditable service plus the sum \$7.50 for each of the
21 first 20 years of creditable service.

22 The amount of the retirement annuity determined under this
23 paragraph (B) shall be reduced by 1/2 of 1% for each month
24 that the member is less than age 60 at the time the
25 retirement annuity begins. However, this reduction shall
26 not apply (i) if the member has at least 35 years of

1 creditable service, or (ii) if the member retires on
2 account of disability under Section 16-149.2 of this
3 Article with at least 20 years of creditable service, or
4 (iii) if the member (1) has earned during the period
5 immediately preceding the last day of service at least one
6 year of contributing creditable service as an employee of a
7 department as defined in Section 14-103.04, (2) has earned
8 at least 5 years of contributing creditable service as an
9 employee of a department as defined in Section 14-103.04,
10 (3) retires on or after January 1, 2001, and (4) retires
11 having attained an age which, when added to the number of
12 years of his or her total creditable service, equals at
13 least 85. Portions of years shall be counted as decimal
14 equivalents. For participants to whom subsection (b) of
15 Section 16-132 applies, the reference to age 60 in this
16 paragraph and the reference to 85 in this paragraph are
17 increased as provided in subsection (b) of Section 16-132.

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

23 In the determination of final average salary for members
24 other than elected officials and their appointees when such
25 appointees are allowed by statute, that part of a member's
26 salary for any year beginning after June 30, 1979 which exceeds

1 the member's annual full-time salary rate with the same
2 employer for the preceding year by more than 20% shall be
3 excluded. The exclusion shall not apply in any year in which
4 the member's creditable earnings are less than 50% of the
5 preceding year's mean salary for downstate teachers as
6 determined by the survey of school district salaries provided
7 in Section 2-3.103 of the School Code.

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

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

16 (e) The maximum retirement annuity provided under
17 paragraph (B) of this Section shall be 75% of final average
18 salary.

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

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

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

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

3 (a) Each member with creditable service and retiring on or
4 after August 26, 1969 is entitled to the automatic annual
5 increases in annuity provided under this Section while
6 receiving a retirement annuity or disability retirement
7 annuity from the system.

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

14 (1) 1.5% of the originally granted retirement annuity
15 or disability retirement annuity multiplied by the number
16 of years elapsed, if any, from the date of retirement until
17 January 1, 1972, plus

18 (2) 2% of the originally granted annuity multiplied by
19 the number of years elapsed, if any, from the date of
20 retirement or January 1, 1972, whichever is later, until
21 January 1, 1978, plus

22 (3) 3% of the originally granted annuity multiplied by
23 the number of years elapsed from the date of retirement or
24 January 1, 1978, whichever is later, until the effective
25 date of the initial increase.

26 However, the initial annual increase calculated under this

1 Section for the recipient of a disability retirement annuity
2 granted under Section 16-149.2 shall be reduced by an amount
3 equal to the total of all increases in that annuity received
4 under Section 16-149.5 (but not exceeding 100% of the amount of
5 the initial increase otherwise provided under this Section).

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

18 (a-1) Notwithstanding any other provision of this Article,
19 for a Tier I retiree, the amount of each automatic annual
20 increase in retirement annuity occurring on or after the
21 effective date of this amendatory Act of the 98th General
22 Assembly shall be the lesser of \$750 or 3% of the total annuity
23 payable at the time of the increase, including previous
24 increases granted.

25 (a-2) Notwithstanding any other provision of this Article,
26 for a Tier I retiree, the monthly retirement annuity shall

1 first be subject to annual increases on the January 1 occurring
2 on or next after the attainment of age 67 or the January 1
3 occurring on or next after the fifth anniversary of the annuity
4 start date, whichever occurs earlier. If on the effective date
5 of this amendatory Act of the 98th General Assembly a Tier I
6 retiree has already received an annual increase under this
7 Section but does not yet meet the new eligibility requirements
8 of this subsection, the annual increases already received shall
9 continue in force, but no additional annual increase shall be
10 granted until the Tier I retiree meets the new eligibility
11 requirements.

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

17 (b) The automatic annual increases in annuity provided
18 under this Section shall not be applicable unless a member has
19 made contributions toward such increases for a period
20 equivalent to one full year of creditable service. If a member
21 contributes for service performed after August 26, 1969 but the
22 member becomes an annuitant before such contributions amount to
23 one full year's contributions based on the salary at the date
24 of retirement, he or she may pay the necessary balance of the
25 contributions to the system and be eligible for the automatic
26 annual increases in annuity provided under this Section.

1 (c) Each member shall make contributions toward the cost of
2 the automatic annual increases in annuity as provided under
3 Section 16-152.

4 (d) An annuitant receiving a retirement annuity or
5 disability retirement annuity on July 1, 1969, who subsequently
6 re-enters service as a teacher is eligible for the automatic
7 annual increases in annuity provided under this Section if he
8 or she renders at least one year of creditable service
9 following the latest re-entry.

10 (e) In addition to the automatic annual increases in
11 annuity provided under this Section, an annuitant who meets the
12 service requirements of this Section and whose retirement
13 annuity or disability retirement annuity began on or before
14 January 1, 1971 shall receive, on January 1, 1981, an increase
15 in the annuity then being paid of one dollar per month for each
16 year of creditable service. On January 1, 1982, an annuitant
17 whose retirement annuity or disability retirement annuity
18 began on or before January 1, 1977 shall receive an increase in
19 the annuity then being paid of one dollar per month for each
20 year of creditable service.

21 On January 1, 1987, any annuitant whose retirement annuity
22 began on or before January 1, 1977, shall receive an increase
23 in the monthly retirement annuity equal to 8¢ per year of
24 creditable service times the number of years that have elapsed
25 since the annuity began.

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

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

2 Sec. 16-152. Contributions by members.

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

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

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

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

16 (4) Effective July 1, 2005, contributions of 0.40% of
17 salary toward the cost of the early retirement without
18 discount option provided under Section 16-133.2. This
19 contribution shall cease upon termination of the early
20 retirement without discount option as provided in Section
21 16-176.

22 (a-5) In addition to the contributions otherwise required
23 under this Article, each Tier I member shall also make the
24 following contributions toward the cost of the retirement
25 annuity from each payment of salary:

- 1 (1) beginning July 1, 2013 and through June 30, 2014,
2 1% of salary; and
3 (2) beginning on July 1, 2014, 2% of salary.

4 Except as otherwise specified, these contributions are to
5 be considered as normal contributions for purposes of this
6 Article.

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

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

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

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

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

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

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

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

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

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

22 (40 ILCS 5/16-152.8 new)

23 Sec. 16-152.8. Tier 3 retirement plan.

24 (a) Contents of Tier 3 retirement plan. The Tier 3
25 retirement plan consists of a defined-benefit component and a

1 defined-contribution component; both components apply to all
2 participants in the Tier 3 retirement plan. The plan also
3 includes provisions relating to contributions and refunds.

4 The defined-benefit component includes a retirement
5 annuity as provided under this Section, a surviving spouse
6 annuity as provided under this Section, and a disability
7 benefit as provided in this Section.

8 The defined-contribution component shall be a defined
9 contribution plan that shall be established by the System. Each
10 participant shall have an individual account whose assets are
11 managed by the System, which shall design a target-date or
12 life-cycle investment allocation mechanism for this plan. This
13 mechanism shall invest all assets in participants' defined
14 contribution accounts in vehicles already in use by the
15 System's defined-benefit Fund, but the specific allocation
16 will vary with the participant's age, with more aggressive
17 investments for younger participants and more conservative
18 investments for older participants.

19 The balance in a participant's defined-contribution
20 account shall be a function exclusively of employee
21 contributions as described in subsection (g), employer
22 contributions as described in subsection (h), and actual
23 investment returns net of fees and administrative costs as
24 certified by the System.

25 Subsequent to retirement, a participant may access the
26 assets in his or her defined-contribution account by taking

1 lump-sum disbursements, rolling over the balance into another
2 qualified plan, or purchasing an annuity or other insurance
3 product to the extent allowable under federal law. Under no
4 circumstances shall the State or employer be exposed to any
5 investment or actuarial risk in the determination of benefit
6 levels.

7 The defined-contribution component of the Tier 3
8 retirement plan does not include any of the following with
9 respect to service performed while participating in the Tier 3
10 retirement plan: retirement annuities, reversionary annuities,
11 death benefits, survivors' benefits, or disability benefits
12 payable directly from the System as provided in Sections 16-132
13 through 16-149.6 (except Section 16-149.2) or Section 1-160; or
14 refunds determined under Section 16-151.

15 Participation in the Tier 3 retirement plan under this
16 Section constitutes membership in the Teachers' Retirement
17 System of the State of Illinois. Participants in the Tier 3
18 retirement plan remain subject to the provisions of this
19 Article that apply to participants generally and that do not
20 depend upon the benefit package or plan. A participant in the
21 Tier 3 retirement plan is entitled to the applicable benefits
22 of Article 20 of this Code.

23 The Tier 3 retirement plan is subject to the provisions of
24 Article 1 of this Code that apply to retirement systems
25 generally and must be qualified under the Internal Revenue Code
26 of 1986.

1 (b) Definitions. As used in this Section:

2 "Consumer Price Index-U" means the Consumer Price Index
3 published by the Bureau of Labor Statistics of the United
4 States Department of Labor that measures the average change in
5 prices of goods and services purchased by all urban consumers,
6 United States city average, all items, 1982-84 = 100.

7 "Final average salary" means:

8 (1) for a teacher who is paid on an hourly basis or who
9 receives an annual salary in installments during 12 months
10 of each school year, the average annual salary obtained by
11 dividing by 8 the total salary of the teacher during the 96
12 consecutive months in which the total salary was the
13 highest within the last 120 months prior to termination;

14 (2) for any other teacher, the average annual salary
15 during the 8 consecutive school years within the 10 years
16 prior to termination in which the teacher's salary was the
17 highest; and

18 (3) for a teacher with less than 96 consecutive months
19 or 8 consecutive school years of service, whichever is
20 necessary, the average salary during his or her entire
21 period of service.

22 (c) Participation. A teacher who first becomes a member of
23 the System on or after January 1, 2014 shall, with respect to
24 service under this Article, participate in the Tier 3
25 retirement plan only and not, except as specified in this
26 Section, any other benefit package provided under this Article

1 or Section 1-160.

2 A teacher who first became a member of this System on or
3 after January 1, 2011 and before January 1, 2014 may choose to
4 transfer his or her pension credits into the Tier 3 retirement
5 plan by making, on or before June 1, 2014, an irrevocable
6 election to transfer his or her pension credits into the Tier 3
7 retirement plan. A teacher so electing will be credited with
8 employee contributions and employer normal cost contributions
9 plus interest at the actual rate of return. The System shall
10 calculate the total cost of transferring an equal amount of
11 service credit into the Tier 3 defined benefit plan and use the
12 credited contributions to cover the cost of the transfer. Any
13 unused contributions shall be deposited into the member's
14 defined contribution account.

15 (d) Retirement annuity.

16 (1) A participant in the Tier 3 retirement plan is
17 entitled to a retirement annuity under this Section upon
18 written application if he or she has attained age 67, has
19 at least 5 years of service credit, and has terminated
20 employment under this Article.

21 A participant in the Tier 3 retirement plan is entitled
22 to a reduced retirement annuity upon written application if
23 he or she has attained age 62 but is below age 67 at the
24 time of retirement, has at least 10 years of service
25 credit, and has terminated employment under this Article.

26 (2) The retirement annuity shall be 1.1% of the final

1 average salary for each year of creditable service. If the
2 participant has not attained age 67 at the time of
3 retirement, the retirement annuity shall be reduced by
4 one-half of 1% for each full month by which the age at
5 retirement is less than age 67.

6 (3) An eligible person may elect to have his or her
7 retirement annuity under this Section determined in
8 accordance with Article 20 of this Code.

9 (4) A retirement annuity under this Section shall be
10 subject to annual increases on each January 1 occurring on
11 or after the attainment of age 67 or the first anniversary
12 of the annuity start date, whichever is later. Each annual
13 increase shall be a percentage of the originally granted
14 retirement annuity equal to 3% or one-half of the annual
15 unadjusted percentage increase in the Consumer Price
16 Index-U for the 12 months ending with the preceding
17 September, whichever is less. If that annual unadjusted
18 percentage change is zero or there is a decrease, then the
19 annuity shall not be increased.

20 (e) Survivor's annuity.

21 (1) Eligibility for and the duration of a survivor's
22 annuity under this Section shall be determined in the same
23 manner as eligibility for survivors' benefits under this
24 Article.

25 (2) The initial survivor's annuity of an eligible
26 survivor of a retired participant in the Tier 3 retirement

1 plan shall be in the amount of 66 2/3% of the retired
2 participant's retirement annuity at the date of death.

3 The initial survivor's annuity of an eligible survivor
4 of a participant in the Tier 3 retirement plan who was not
5 retired shall be 66 2/3% of the retirement annuity that
6 would have been payable under this Section if the deceased
7 participant had retired on the date of death, disregarding
8 the minimum age required for retirement.

9 (3) A survivor's annuity shall be increased on each
10 January 1 occurring on or after the first anniversary of
11 the commencement of the annuity. Each annual increase shall
12 be a percentage of the originally granted survivor's
13 annuity equal to 3% or one-half of the annual unadjusted
14 percentage increase in the Consumer Price Index-U for the
15 12 months ending with the preceding September, whichever is
16 less. If that annual unadjusted percentage change is zero
17 or there is a decrease, then the annuity shall not be
18 increased.

19 (f) Disability benefit.

20 (1) A participant in the Tier 3 retirement plan is
21 eligible for the disability benefit provided under this
22 subsection subject to the conditions of eligibility
23 specified in Section 16-149.

24 (2) The disability benefit provided under this
25 subsection shall begin to accrue as specified in Section
26 16-149.

1 (3) The disability benefit provided under this
2 subsection shall be discontinued in accordance with
3 Section 16-149.

4 (4) The disability benefit provided under this
5 subsection shall be an amount determined as specified in
6 Section 16-149.

7 (5) The provisions of Section 16-149.2 apply to any
8 participant whose disability benefit under this subsection
9 is discontinued by the operation of Section 16-149 and who
10 is not a participant in the self-managed plan.

11 (6) The disability benefit provided under this Section
12 shall be increased on each January 1 occurring on or after
13 the first anniversary of the commencement of that benefit.
14 Each annual increase shall be a percentage of the
15 disability benefit then payable, including any previous
16 increases, equal to 3% or one-half of the annual unadjusted
17 percentage increase in the Consumer Price Index-U for the
18 12 months ending with the preceding September, whichever is
19 less. If that annual unadjusted percentage change is zero
20 or there is a decrease, then the disability benefit shall
21 not be increased.

22 An amount of employer contributions shall be used for the
23 purpose of providing the disability benefit under this
24 subsection to the participant. Prior to the beginning of each
25 plan year under the Tier 3 retirement plan, the Board of
26 Trustees shall determine, as a percentage of salary, the amount

1 of employer contributions to be allocated during that plan year
2 for providing a disability benefit for teachers in the Tier 3
3 retirement plan.

4 (g) Teacher contributions. In lieu of the member
5 contributions required under Section 16-152, each teacher who
6 is a participant in the Tier 3 retirement plan shall contribute
7 to the System an amount equal to 4% of each payment of salary
8 to fund the defined-benefit component of the Tier 3 retirement
9 plan and an amount equal to 5% of each payment of salary to
10 fund the defined-contribution component of the Tier 3
11 retirement plan. These contributions shall be deducted from the
12 teacher's salary and may be picked up by the employer for
13 federal tax purposes under Section 16-152.1. These
14 contributions are a condition of employment.

15 A Tier 3 employee may make additional contributions to the
16 defined-contribution component of the Tier 3 retirement plan in
17 accordance with the procedures prescribed by the System, to the
18 extent permitted under the rules of the plan.

19 (h) Actual employer contributions.

20 (1) To fund the Tier 3 retirement plan, the actual
21 employer of a teacher who participates in the Tier 3
22 retirement plan shall annually contribute to the System an
23 amount determined by the System equal to the sum of: (i)
24 the annual employer's normal cost of the defined-benefit
25 component of the Tier 3 retirement plan for teachers of
26 that employer, (ii) any unfunded accrued liability arising

1 from the Tier 3 retirement plan assigned to the employer
2 that year in accordance with subsection (h-5), and (iii)
3 any optional matching contribution to be made for that year
4 to the defined-contribution accounts of the local
5 employers' teachers by the local employer pursuant to a
6 collective bargaining agreement or other employment
7 contract, provided that the optional matching contribution
8 shall not be less than 3% or greater than 10% of the
9 applicable teacher salary.

10 (2) Each year, the retirement system shall obtain an
11 actuarial estimate of the annual normal cost of the
12 defined-benefit component of the Tier 3 retirement plan.

13 (3) The contributions required under this subsection
14 (h) are in addition to the contributions required under
15 Section 16-158 and any other contributions required under
16 this Article.

17 (4) In no event shall a participant have an option of
18 receiving any portion of the local employer contributions
19 to the defined-benefit plan in cash.

20 (h-5) For use in determining the employer's contribution
21 for unfunded accrued liability under item (ii) of paragraph (1)
22 of subsection (h), the System shall maintain a separate account
23 for each employer. The separate account shall be maintained in
24 such form and detail as the System determines to be
25 appropriate. The separate account shall reflect the following
26 items to the extent that they are attributable to that employer

1 and arise on or after the effective date of this amendatory Act
2 of the 98th General Assembly: employer contributions, employee
3 contributions, investment returns, payments of benefits, and
4 that employer's proportionate share of the System's
5 administrative expenses.

6 In the event that the Board determines that there is a
7 deficiency or surplus in the account of an employer, the Board
8 shall determine the employer's contribution rate as required by
9 item (ii) of paragraph (1) of subsection (h) so as to address
10 that deficiency or surplus over a reasonable period of time as
11 determined by the Board, which shall be no more than 10 years.

12 (i) Refunds. Refunds of teacher contributions to the
13 defined-benefit component of the Tier 3 retirement plan and
14 vested employer contributions to the defined-benefit component
15 of the Tier 3 retirement plan shall be calculated in accordance
16 with Section 16-138.

17 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

18 Sec. 16-158. Contributions by State and other employing
19 units.

20 (a) The State shall make contributions to the System by
21 means of appropriations from the Common School Fund and other
22 State funds of amounts which, together with ~~other~~ employer
23 contributions, employee contributions, investment income, and
24 other income, will be sufficient to meet the cost of
25 maintaining and administering the System on a 100% ~~90%~~ funded

1 basis in accordance with actuarial recommendations by the end
2 of State fiscal year 2043.

3 The Board shall determine the amount of State contributions
4 required for each fiscal year on the basis of the actuarial
5 tables and other assumptions adopted by the Board and the
6 recommendations of the actuary, using the formula in subsection
7 (b-3).

8 (a-1) Annually, on or before November 15 through ~~until~~
9 November 15, 2011, the Board shall certify to the Governor the
10 amount of the required State contribution for the coming fiscal
11 year. The certification under this subsection (a-1) shall
12 include a copy of the actuarial recommendations upon which it
13 is based ~~and shall specifically identify the System's projected~~
14 ~~State normal cost for that fiscal year.~~

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

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

26 On or before April 1, 2011, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2011, applying
3 the changes made by Public Act 96-889 to the System's assets
4 and liabilities as of June 30, 2009 as though Public Act 96-889
5 was approved on that date.

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

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

1 Actuary's recommended changes, and the fiscal impact of not
2 following the State Actuary's recommended changes on the
3 required State contribution.

4 (b) Through State fiscal year 1995, the State contributions
5 shall be paid to the System in accordance with Section 18-7 of
6 the School Code.

7 (b-1) Beginning in State fiscal year 1996, on the 15th day
8 of each month, or as soon thereafter as may be practicable, the
9 Board shall submit vouchers for payment of State contributions
10 to the System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a-1). From the effective date of this amendatory Act of the
13 93rd General Assembly through June 30, 2004, the Board shall
14 not submit vouchers for the remainder of fiscal year 2004 in
15 excess of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (a) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year.

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this subsection, the

1 difference shall be paid from the Common School Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

4 (b-2) Allocations from the Common School Fund apportioned
5 to school districts not coming under this System shall not be
6 diminished or affected by the provisions of this Article.

7 (b-3) For State fiscal years 2014 through 2043, the minimum
8 contribution to the System to be made by the State for each
9 fiscal year shall be an amount determined by the System to be
10 equal to the sum of (1) the State's portion of the projected
11 normal cost for that fiscal year, plus (2) an amount sufficient
12 to bring the total assets of the System up to 100% of the total
13 actuarial liabilities of the System by the end of State fiscal
14 year 2043. In making these determinations, the required State
15 contribution shall be calculated each year as a level
16 percentage of payroll over the years remaining to and including
17 fiscal year 2043 and shall be determined under the projected
18 unit credit actuarial cost method.

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

23 For State fiscal years 2012 and 2013 ~~through 2045~~, the
24 minimum contribution to the System to be made by the State for
25 each fiscal year shall be an amount determined by the System to
26 be sufficient to bring the total assets of the System up to 90%

1 of the total actuarial liabilities of the System by the end of
2 State fiscal year 2045. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of payroll over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

7 For State fiscal years 1996 through 2005, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 so that by State fiscal year 2011, the State is contributing at
11 the rate required under this Section; except that in the
12 following specified State fiscal years, the State contribution
13 to the System shall not be less than the following indicated
14 percentages of the applicable employee payroll, even if the
15 indicated percentage will produce a State contribution in
16 excess of the amount otherwise required under this subsection
17 and subsection (a), and notwithstanding any contrary
18 certification made under subsection (a-1) before the effective
19 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
20 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
21 2003; and 13.56% in FY 2004.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$534,627,700.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$738,014,500.

2 For each of State fiscal years 2008 through 2009, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 from the required State contribution for State fiscal year
6 2007, so that by State fiscal year 2011, the State is
7 contributing at the rate otherwise required under this Section.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2010 is
10 \$2,089,268,000 and shall be made from the proceeds of bonds
11 sold in fiscal year 2010 pursuant to Section 7.2 of the General
12 Obligation Bond Act, less (i) the pro rata share of bond sale
13 expenses determined by the System's share of total bond
14 proceeds, (ii) any amounts received from the Common School Fund
15 in fiscal year 2010, and (iii) any reduction in bond proceeds
16 due to the issuance of discounted bonds, if applicable.

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

1 bonds, if applicable. This amount shall include, in addition to
2 the amount certified by the System, an amount necessary to meet
3 employer contributions required by the State as an employer
4 under paragraph (e) of this Section, which may also be used by
5 the System for contributions required by paragraph (a) of
6 Section 16-127.

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

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

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter through State
26 fiscal year 2013, as calculated under this Section and

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

22 (c) Payment of the required State contributions and of all
23 pensions, retirement annuities, death benefits, refunds, and
24 other benefits granted under or assumed by this System, and all
25 expenses in connection with the administration and operation
26 thereof, are obligations of the State.

1 If members are paid from special trust or federal funds
2 which are administered by the employing unit, whether school
3 district or other unit, the employing unit shall pay to the
4 System from such funds the full accruing retirement costs based
5 upon that service, as determined by the System. Employer
6 contributions, based on salary paid to members from federal
7 funds, may be forwarded by the distributing agency of the State
8 of Illinois to the System prior to allocation, in an amount
9 determined in accordance with guidelines established by such
10 agency and the System.

11 (d) Effective July 1, 1986, any employer of a teacher as
12 defined in paragraph (8) of Section 16-106 shall pay the
13 employer's normal cost of benefits based upon the teacher's
14 service, in addition to employee contributions, as determined
15 by the System. Such employer contributions shall be forwarded
16 monthly in accordance with guidelines established by the
17 System.

18 However, with respect to benefits granted under Section
19 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
20 of Section 16-106, the employer's contribution shall be 12%
21 (rather than 20%) of the member's highest annual salary rate
22 for each year of creditable service granted, and the employer
23 shall also pay the required employee contribution on behalf of
24 the teacher. For the purposes of Sections 16-133.4 and
25 16-133.5, a teacher as defined in paragraph (8) of Section
26 16-106 who is serving in that capacity while on leave of

1 absence from another employer under this Article shall not be
2 considered an employee of the employer from which the teacher
3 is on leave.

4 (e) Beginning July 1, 1998, every employer of a teacher
5 shall pay to the System an employer contribution computed as
6 follows:

7 (1) Beginning July 1, 1998 through June 30, 1999, the
8 employer contribution shall be equal to 0.3% of each
9 teacher's salary.

10 (2) Beginning July 1, 1999 and thereafter, the employer
11 contribution shall be equal to 0.58% of each teacher's
12 salary.

13 The school district or other employing unit may pay these
14 employer contributions out of any source of funding available
15 for that purpose and shall forward the contributions to the
16 System on the schedule established for the payment of member
17 contributions.

18 These employer contributions are intended to offset a
19 portion of the cost to the System of the increases in
20 retirement benefits resulting from this amendatory Act of 1998.

21 Each employer of teachers is entitled to a credit against
22 the contributions required under this subsection (e) with
23 respect to salaries paid to teachers for the period January 1,
24 2002 through June 30, 2003, equal to the amount paid by that
25 employer under subsection (a-5) of Section 6.6 of the State
26 Employees Group Insurance Act of 1971 with respect to salaries

1 paid to teachers for that period.

2 The additional 1% employee contribution required under
3 Section 16-152 by this amendatory Act of 1998 is the
4 responsibility of the teacher and not the teacher's employer,
5 unless the employer agrees, through collective bargaining or
6 otherwise, to make the contribution on behalf of the teacher.

7 If an employer is required by a contract in effect on May
8 1, 1998 between the employer and an employee organization to
9 pay, on behalf of all its full-time employees covered by this
10 Article, all mandatory employee contributions required under
11 this Article, then the employer shall be excused from paying
12 the employer contribution required under this subsection (e)
13 for the balance of the term of that contract. The employer and
14 the employee organization shall jointly certify to the System
15 the existence of the contractual requirement, in such form as
16 the System may prescribe. This exclusion shall cease upon the
17 termination, extension, or renewal of the contract at any time
18 after May 1, 1998.

19 (f) If the amount of a teacher's salary for any school year
20 used to determine final average salary exceeds the member's
21 annual full-time salary rate with the same employer for the
22 previous school year by more than 6%, the teacher's employer
23 shall pay to the System, in addition to all other payments
24 required under this Section and in accordance with guidelines
25 established by the System, the present value of the increase in
26 benefits resulting from the portion of the increase in salary

1 that is in excess of 6%. This present value shall be computed
2 by the System on the basis of the actuarial assumptions and
3 tables used in the most recent actuarial valuation of the
4 System that is available at the time of the computation. If a
5 teacher's salary for the 2005-2006 school year is used to
6 determine final average salary under this subsection (f), then
7 the changes made to this subsection (f) by Public Act 94-1057
8 shall apply in calculating whether the increase in his or her
9 salary is in excess of 6%. For the purposes of this Section,
10 change in employment under Section 10-21.12 of the School Code
11 on or after June 1, 2005 shall constitute a change in employer.
12 The System may require the employer to provide any pertinent
13 information or documentation. The changes made to this
14 subsection (f) by this amendatory Act of the 94th General
15 Assembly apply without regard to whether the teacher was in
16 service on or after its effective date.

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

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

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

15 (g) This subsection (g) 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 (f), the System shall exclude salary increases paid to teachers
22 under contracts or collective bargaining agreements entered
23 into, amended, or renewed before June 1, 2005.

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to a
26 teacher at a time when the teacher is 10 or more years from

1 retirement eligibility under Section 16-132 or 16-133.2.

2 When assessing payment for any amount due under subsection
3 (f), the System shall exclude salary increases resulting from
4 overload work, including summer school, when the school
5 district has certified to the System, and the System has
6 approved the certification, that (i) the overload work is for
7 the sole purpose of classroom instruction in excess of the
8 standard number of classes for a full-time teacher in a school
9 district during a school year and (ii) the salary increases are
10 equal to or less than the rate of pay for classroom instruction
11 computed on the teacher's current salary and work schedule.

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude a salary increase resulting from
14 a promotion (i) for which the employee is required to hold a
15 certificate or supervisory endorsement issued by the State
16 Teacher Certification Board that is a different certification
17 or supervisory endorsement than is required for the teacher's
18 previous position and (ii) to a position that has existed and
19 been filled by a member for no less than one complete academic
20 year and the salary increase from the promotion is an increase
21 that results in an amount no greater than the lesser of the
22 average salary paid for other similar positions in the district
23 requiring the same certification or the amount stipulated in
24 the collective bargaining agreement for a similar position
25 requiring the same certification.

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude any payment to the teacher from
2 the State of Illinois or the State Board of Education over
3 which the employer does not have discretion, notwithstanding
4 that the payment is included in the computation of final
5 average salary.

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

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

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

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

25 (3) The total amount the System received from each
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

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

9 As of June 30, 2008, the actuarial value of the System's
10 assets shall be equal to the market value of the assets as of
11 that date. In determining the actuarial value of the System's
12 assets for fiscal years after June 30, 2008, any actuarial
13 gains or losses from investment return incurred in a fiscal
14 year shall be recognized in equal annual amounts over the
15 5-year period following that fiscal year.

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

20 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
21 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
22 6-18-12; 97-813, eff. 7-13-12.)

23 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

24 Sec. 16-158.1. Actions to enforce payments by school
25 districts and other employing units other than the State. Any

1 school district or other employing unit, other than the State,
2 that fails ~~ailing~~ to transmit to the System contributions
3 required of it under this Article or contributions required of
4 teachers, for more than 90 days after such contributions are
5 due is subject to the following: after giving notice to the
6 district or other unit, the System may certify to the State
7 Comptroller or the Regional Superintendent of Schools the
8 amounts of such delinquent payments and the State Comptroller
9 or the Regional Superintendent of Schools shall deduct the
10 amounts so certified or any part thereof from any State funds
11 to be remitted to the school district or other employing unit
12 involved and shall pay the amount so deducted to the System. If
13 State funds from which such deductions may be made are not
14 available, the System may proceed against the school district
15 or other employing unit to recover the amounts of such
16 delinquent payments in the appropriate circuit court.

17 The System may provide for an audit of the records of a
18 school district or other employing unit, other than the State,
19 as may be required to establish the amounts of required
20 contributions. The school district or other employing unit
21 shall make its records available to the System for the purpose
22 of such audit. The cost of such audit shall be added to the
23 amount of the delinquent payments and shall be recovered by the
24 System from the school district or other employing unit at the
25 same time and in the same manner as the delinquent payments are
26 recovered.

1 (Source: P.A. 90-448, eff. 8-16-97.)

2 (40 ILCS 5/16-158.2 new)

3 Sec. 16-158.2. Obligations of State; funding guarantee.
4 Beginning July 1, 2013, the State shall be contractually
5 obligated to contribute to the System under Section 16-158 in
6 each State fiscal year an amount not less than the sum of (i)
7 the State's normal cost for that year and (ii) the portion of
8 the unfunded accrued liability assigned to that year by law in
9 accordance with a schedule that distributes payments equitably
10 over a reasonable period of time and in accordance with
11 accepted actuarial practices. The obligations created under
12 this Section are contractual obligations protected and
13 enforceable under Article I, Section 16 and Article XIII,
14 Section 5 of the Illinois Constitution.

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

25 Any payments required to be made by the State pursuant to

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

14 (40 ILCS 5/16-203)

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

17 (a) As used in this Section, "new benefit increase" means
18 an increase in the amount of any benefit provided under this
19 Article, or an expansion of the conditions of eligibility for
20 any benefit under this Article, that results from an amendment
21 to this Code that takes effect after June 1, 2005 (the
22 effective date of Public Act 94-4). "New benefit increase",
23 however, does not include any benefit increase resulting from
24 the changes made to this Article or Article 1 by Public Act
25 95-910 or this amendatory Act of the 98th ~~95th~~ General

1 Assembly.

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

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

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

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

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

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

18 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

19 Sec. 20-121. Calculation of proportional retirement
20 annuities. Upon retirement of the employee, a proportional
21 retirement annuity shall be computed by each participating
22 system in which pension credit has been established on the
23 basis of pension credits under each system. The computation
24 shall be in accordance with the formula or method prescribed by
25 each participating system which is in effect at the date of the

1 employee's latest withdrawal from service covered by any of the
2 systems in which he has pension credits which he elects to have
3 considered under this Article. However, the amount of any
4 retirement annuity payable under the self-managed plan
5 established under Section 15-158.2 of this Code or under the
6 defined-contribution component of a Tier 3 retirement plan
7 established under Section 15-158.5 or 16-152.8 depends solely
8 on the value of the participant's vested account balances and
9 is not subject to any proportional adjustment under this
10 Section.

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

20 Interest on pension credit shall continue to accumulate in
21 accordance with the provisions of the law governing the
22 retirement system in which the same has been established during
23 the time an employee is in the service of another employer, on
24 the assumption such employee, for interest purposes for pension
25 credit, is continuing in the service covered by such retirement
26 system.

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

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

3 Sec. 20-123. Survivor's annuity. The provisions governing
4 a retirement annuity shall be applicable to a survivor's
5 annuity. Appropriate credits shall be established for
6 survivor's annuity purposes in those participating systems
7 which provide survivor's annuities, according to the same
8 conditions and subject to the same limitations and restrictions
9 herein prescribed for a retirement annuity. If a participating
10 system has no survivor's annuity benefit, or if the survivor's
11 annuity benefit under that system is waived, pension credit
12 established in that system shall not be considered in
13 determining eligibility for or the amount of the survivor's
14 annuity which may be payable by any other participating system.

15 For persons who participate in the self-managed plan
16 established under Section 15-158.2 or the portable benefit
17 package established under Section 15-136.4, or in a Tier 3
18 retirement plan established under Section 15-158.5, pension
19 credit established under Article 15 may be considered in
20 determining eligibility for or the amount of the survivor's
21 annuity that is payable by any other participating system, but
22 pension credit established in any other system shall not result
23 in any right to a survivor's annuity under the Article 15
24 system.

25 For persons who participate in the Tier 3 retirement plan

1 established under Section 16-152.8, pension credit established
2 under Article 16 may be considered in determining eligibility
3 for or the amount of the survivor's annuity that is payable by
4 any other participating system, but pension credit established
5 in any other system shall not result in any right to a
6 survivor's annuity under the Article 16 system.

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

8 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

9 Sec. 20-124. Maximum benefits.

10 (a) In no event shall the combined retirement or survivors
11 annuities exceed the highest annuity which would have been
12 payable by any participating system in which the employee has
13 pension credits, if all of his pension credits had been
14 validated in that system.

15 If the combined annuities should exceed the highest maximum
16 as determined in accordance with this Section, the respective
17 annuities shall be reduced proportionately according to the
18 ratio which the amount of each proportional annuity bears to
19 the aggregate of all such annuities.

20 (b) In the case of a participant in the self-managed plan
21 established under Section 15-158.2 of this Code to whom the
22 provisions of this Article apply:

23 (i) For purposes of calculating the combined
24 retirement annuity and the proportionate reduction, if
25 any, in a retirement annuity other than one payable under

1 the self-managed plan, the amount of the Article 15
2 retirement annuity shall be deemed to be the highest
3 annuity to which the annuitant would have been entitled if
4 he or she had participated in the traditional benefit
5 package as defined in Section 15-103.1 rather than the
6 self-managed plan.

7 (ii) For purposes of calculating the combined
8 survivor's annuity and the proportionate reduction, if
9 any, in a survivor's annuity other than one payable under
10 the self-managed plan, the amount of the Article 15
11 survivor's annuity shall be deemed to be the highest
12 survivor's annuity to which the survivor would have been
13 entitled if the deceased employee had participated in the
14 traditional benefit package as defined in Section 15-103.1
15 rather than the self-managed plan.

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

18 (c) In the case of a participant in a Tier 3 retirement
19 plan established under Section 15-158.5 of this Code to whom
20 the provisions of this Article apply:

21 (i) For purposes of calculating the combined
22 retirement annuity and the proportionate reduction, if
23 any, in a retirement annuity other than one payable under
24 Article 15 of this Code, the amount of the Article 15
25 retirement annuity shall be deemed to be the amount of the
26 retirement annuity payable under the defined-benefit

1 component of the Tier 3 retirement plan, but shall not
2 include any benefit payable under the defined-contribution
3 component of the Tier 3 retirement plan.

4 (ii) For purposes of calculating the combined
5 survivor's annuity and the proportionate reduction, if
6 any, in a survivor's annuity other than one payable under
7 Article 15 of this Code, the amount of the Article 15
8 survivor's annuity shall be deemed to be the amount of the
9 survivor's annuity payable under the defined benefit
10 portion of the Tier 3 retirement plan, but shall not
11 include any benefit payable under the defined-contribution
12 component of the Tier 3 retirement plan.

13 (iii) Benefits payable under the defined-contribution
14 component of the Tier 3 retirement plan established under
15 Section 15-158.5 are not subject to proportionate
16 reduction under this Section.

17 (d) In the case of a participant in a Tier 3 retirement
18 plan established under Section 16-152.8 of this Code to whom
19 the provisions of this Article apply:

20 (i) For purposes of calculating the combined
21 retirement annuity and the proportionate reduction, if
22 any, in a retirement annuity other than one payable under
23 Article 16 of this Code, the amount of the Article 16
24 retirement annuity shall be deemed to be the amount of the
25 retirement annuity payable under the defined-benefit
26 component of the Tier 3 retirement plan, but shall not

1 include any benefit payable under the defined-contribution
2 component of the Tier 3 retirement plan.

3 (ii) For purposes of calculating the combined
4 survivor's annuity and the proportionate reduction, if
5 any, in a survivor's annuity other than one payable under
6 Article 16 of this Code, the amount of the Article 16
7 survivor's annuity shall be deemed to be the amount of the
8 survivor's annuity payable under the defined benefit
9 portion of the Tier 3 retirement plan, but shall not
10 include any benefit payable under the defined-contribution
11 component of the Tier 3 retirement plan.

12 (iii) Benefits payable under the defined-contribution
13 component of the Tier 3 retirement plan established under
14 Section 16-152.8 are not subject to proportionate
15 reduction under this Section.

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

17 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

18 Sec. 20-125. Return to employment - suspension of benefits.
19 If a retired employee returns to employment which is covered by
20 a system from which he is receiving a proportional annuity
21 under this Article, his proportional annuity from all
22 participating systems shall be suspended during the period of
23 re-employment, except that this suspension does not apply to
24 any distributions payable under the self-managed plan
25 established under Section 15-158.2 or under the

1 defined-contribution component of a Tier 3 retirement plan
2 established under Section 15-158.5 or 16-152.8 of this Code.

3 The provisions of the Article under which such employment
4 would be covered shall govern the determination of whether the
5 employee has returned to employment, and if applicable the
6 exemption of temporary employment or employment not exceeding a
7 specified duration or frequency, for all participating systems
8 from which the retired employee is receiving a proportional
9 annuity under this Article, notwithstanding any contrary
10 provisions in the other Articles governing such systems.

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

12 Section 90. The State Mandates Act is amended by adding
13 Section 8.37 as follows:

14 (30 ILCS 805/8.37 new)

15 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
16 of this Act, no reimbursement by the State is required for the
17 implementation of any mandate created by this amendatory Act of
18 the 98th General Assembly.

19 Section 97. Inseverability. The provisions of this Act are
20 inseverable.

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.

1

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2

Statutes amended in order of appearance

3	5 ILCS 315/4	from Ch. 48, par. 1604
4	5 ILCS 315/15	from Ch. 48, par. 1615
5	20 ILCS 3005/7	from Ch. 127, par. 417
6	20 ILCS 3005/8	from Ch. 127, par. 418
7	30 ILCS 105/13	from Ch. 127, par. 149
8	30 ILCS 105/24.12 new	
9	30 ILCS 105/24.13 new	
10	30 ILCS 122/20	
11	30 ILCS 122/25	
12	40 ILCS 5/1-103.3	
13	40 ILCS 5/1-160	
14	40 ILCS 5/2-105.1 new	
15	40 ILCS 5/2-105.2 new	
16	40 ILCS 5/2-108	from Ch. 108 1/2, par. 2-108
17	40 ILCS 5/2-119	from Ch. 108 1/2, par. 2-119
18	40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
19	40 ILCS 5/2-121.1	from Ch. 108 1/2, par. 2-121.1
20	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
21	40 ILCS 5/2-125	from Ch. 108 1/2, par. 2-125
22	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
23	40 ILCS 5/2-134	from Ch. 108 1/2, par. 2-134
24	40 ILCS 5/2-162	
25	40 ILCS 5/14-103.10	from Ch. 108 1/2, par. 14-103.10

1	40 ILCS 5/14-103.40 new	
2	40 ILCS 5/14-103.41 new	
3	40 ILCS 5/14-107	from Ch. 108 1/2, par. 14-107
4	40 ILCS 5/14-108	from Ch. 108 1/2, par. 14-108
5	40 ILCS 5/14-110	from Ch. 108 1/2, par. 14-110
6	40 ILCS 5/14-114	from Ch. 108 1/2, par. 14-114
7	40 ILCS 5/14-131	
8	40 ILCS 5/14-132	from Ch. 108 1/2, par. 14-132
9	40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
10	40 ILCS 5/14-135.08	from Ch. 108 1/2, par. 14-135.08
11	40 ILCS 5/14-152.1	
12	40 ILCS 5/15-103.4 new	
13	40 ILCS 5/15-107.1 new	
14	40 ILCS 5/15-107.2 new	
15	40 ILCS 5/15-107.3 new	
16	40 ILCS 5/15-111	from Ch. 108 1/2, par. 15-111
17	40 ILCS 5/15-113.6	from Ch. 108 1/2, par. 15-113.6
18	40 ILCS 5/15-113.7	from Ch. 108 1/2, par. 15-113.7
19	40 ILCS 5/15-135	from Ch. 108 1/2, par. 15-135
20	40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
21	40 ILCS 5/15-139	from Ch. 108 1/2, par. 15-139
22	40 ILCS 5/15-153.2	from Ch. 108 1/2, par. 15-153.2
23	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
24	40 ILCS 5/15-155.1 new	
25	40 ILCS 5/15-156	from Ch. 108 1/2, par. 15-156
26	40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157

1	40 ILCS 5/15-158.5 new	
2	40 ILCS 5/15-165	from Ch. 108 1/2, par. 15-165
3	40 ILCS 5/15-198	
4	40 ILCS 5/16-106.4 new	
5	40 ILCS 5/16-106.5 new	
6	40 ILCS 5/16-106.6 new	
7	40 ILCS 5/16-121	from Ch. 108 1/2, par. 16-121
8	40 ILCS 5/16-132	from Ch. 108 1/2, par. 16-132
9	40 ILCS 5/16-133	from Ch. 108 1/2, par. 16-133
10	40 ILCS 5/16-133.1	from Ch. 108 1/2, par. 16-133.1
11	40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
12	40 ILCS 5/16-152.8 new	
13	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
14	40 ILCS 5/16-158.1	from Ch. 108 1/2, par. 16-158.1
15	40 ILCS 5/16-158.2 new	
16	40 ILCS 5/16-203	
17	40 ILCS 5/20-121	from Ch. 108 1/2, par. 20-121
18	40 ILCS 5/20-123	from Ch. 108 1/2, par. 20-123
19	40 ILCS 5/20-124	from Ch. 108 1/2, par. 20-124
20	40 ILCS 5/20-125	from Ch. 108 1/2, par. 20-125
21	30 ILCS 805/8.37 new	