



Sen. John J. Cullerton

Filed: 3/13/2013

09800SB0001sam001

LRB098 05457 JDS 42954 a

1 AMENDMENT TO SENATE BILL 1

2 AMENDMENT NO. _____. Amend Senate Bill 1 by replacing
3 everything after the enacting clause with the following:

4 "PART A

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

7 (5 ILCS 315/4) (from Ch. 48, par. 1604)

8 Sec. 4. Management Rights. Employers shall not be required
9 to bargain over matters of inherent managerial policy, which
10 shall include such areas of discretion or policy as the
11 functions of the employer, standards of services, its overall
12 budget, the organizational structure and selection of new
13 employees, examination techniques and direction of employees.
14 Employers, however, shall be required to bargain collectively
15 with regard to policy matters directly affecting wages, hours

1 and terms and conditions of employment as well as the impact
2 thereon upon request by employee representatives, but
3 excluding the changes, the impact of changes, and the
4 implementation of the changes set forth in this amendatory Act
5 of the 98th General Assembly.

6 To preserve the rights of employers and exclusive
7 representatives which have established collective bargaining
8 relationships or negotiated collective bargaining agreements
9 prior to the effective date of this Act, employers shall be
10 required to bargain collectively with regard to any matter
11 concerning wages, hours or conditions of employment about which
12 they have bargained for and agreed to in a collective
13 bargaining agreement prior to the effective date of this Act, but
14 excluding the changes, the impact of changes, and the
15 implementation of the changes set forth in this amendatory Act
16 of the 98th General Assembly.

17 The chief judge of the judicial circuit that employs a
18 public employee who is a court reporter, as defined in the
19 Court Reporters Act, has the authority to hire, appoint,
20 promote, evaluate, discipline, and discharge court reporters
21 within that judicial circuit.

22 Nothing in this amendatory Act of the 94th General Assembly
23 shall be construed to intrude upon the judicial functions of
24 any court. This amendatory Act of the 94th General Assembly
25 applies only to nonjudicial administrative matters relating to
26 the collective bargaining rights of court reporters.

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

2 (5 ILCS 315/15) (from Ch. 48, par. 1615)

3 Sec. 15. Act Takes Precedence.

4 (a) In case of any conflict between the provisions of this
5 Act and any other law (other than Section 5 of the State
6 Employees Group Insurance Act of 1971 and other than the
7 changes made to the Illinois Pension Code by Public Act 96-889
8 and the changes, impact of changes, and the implementation of
9 the changes made to the Illinois Pension Code by this
10 amendatory Act of the 98th ~~96th~~ General Assembly), executive
11 order or administrative regulation relating to wages, hours and
12 conditions of employment and employment relations, the
13 provisions of this Act or any collective bargaining agreement
14 negotiated thereunder shall prevail and control. Nothing in
15 this Act shall be construed to replace or diminish the rights
16 of employees established by Sections 28 and 28a of the
17 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
18 of the Regional Transportation Authority Act. The provisions of
19 this Act are subject to the changes made by this amendatory Act
20 of the 98th General Assembly and Section 5 of the State
21 Employees Group Insurance Act of 1971. Nothing in this Act
22 shall be construed to replace the necessity of complaints
23 against a sworn peace officer, as defined in Section 2(a) of
24 the Uniform Peace Officer Disciplinary Act, from having a
25 complaint supported by a sworn affidavit.

1 (b) Except as provided in subsection (a) above, any
2 collective bargaining contract between a public employer and a
3 labor organization executed pursuant to this Act shall
4 supersede any contrary statutes, charters, ordinances, rules
5 or regulations relating to wages, hours and conditions of
6 employment and employment relations adopted by the public
7 employer or its agents. Any collective bargaining agreement
8 entered into prior to the effective date of this Act shall
9 remain in full force during its duration.

10 (c) It is the public policy of this State, pursuant to
11 paragraphs (h) and (i) of Section 6 of Article VII of the
12 Illinois Constitution, that the provisions of this Act are the
13 exclusive exercise by the State of powers and functions which
14 might otherwise be exercised by home rule units. Such powers
15 and functions may not be exercised concurrently, either
16 directly or indirectly, by any unit of local government,
17 including any home rule unit, except as otherwise authorized by
18 this Act.

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

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

22 (20 ILCS 3005/7) (from Ch. 127, par. 417)

23 Sec. 7. All statements and estimates of expenditures
24 submitted to the Office in connection with the preparation of a

1 State budget, and any other estimates of expenditures,
2 supporting requests for appropriations, shall be formulated
3 according to the various functions and activities for which the
4 respective department, office or institution of the State
5 government (including the elective officers in the executive
6 department and including the University of Illinois and the
7 judicial department) is responsible. All such statements and
8 estimates of expenditures relating to a particular function or
9 activity shall be further formulated or subject to analysis in
10 accordance with the following classification of objects:

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

1 (17) Non-cost Charges-

2 (18) State retirement contribution for annual normal cost

3 (19) State retirement contribution for unfunded accrued
4 liability.

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

6 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

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

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

19 Section A-10. The State Finance Act is amended by changing
20 Section 13 and by adding Sections 24.12 and 24.13 as follows:

21 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

- 1 (1) Personal services;
- 2 (2) State contribution for employee group insurance;
- 3 (3) Contractual services;
- 4 (4) Travel;
- 5 (5) Commodities;
- 6 (6) Equipment;
- 7 (7) Permanent improvements;
- 8 (8) Land;
- 9 (9) Electronic Data Processing;
- 10 (10) Operation of automotive equipment;
- 11 (11) Telecommunications services;
- 12 (12) Contingencies;
- 13 (13) Reserve;
- 14 (14) Interest;
- 15 (15) Awards and Grants;
- 16 (16) Debt Retirement;
- 17 (17) Non-Cost Charges;
- 18 (18) State retirement contribution for annual normal cost;
- 19 (19) State retirement contribution for unfunded accrued
- 20 liability;
- 21 (20) ~~(18)~~ Purchase Contract for Real Estate.

22 When an appropriation is made to an officer, department,
23 institution, board, commission or other agency, or to a private
24 association or corporation, in one or more of the items above
25 specified, such appropriation shall be construed in accordance
26 with the definitions and limitations specified in this Act,

1 unless the appropriation act otherwise provides.

2 An appropriation for a purpose other than one specified and
3 defined in this Act may be made only as an additional, separate
4 and distinct item, specifically stating the object and purpose
5 thereof.

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

7 (30 ILCS 105/24.12 new)

8 Sec. 24.12. "State retirement contribution for annual
9 normal cost" defined. The term "State retirement contribution
10 for annual normal cost" means the portion of the total required
11 State contribution to a retirement system for a fiscal year
12 that represents the State's portion of the System's projected
13 normal cost for that fiscal year, as determined and certified
14 by the board of trustees of the retirement system in
15 conformance with the applicable provisions of the Illinois
16 Pension Code.

17 (30 ILCS 105/24.13 new)

18 Sec. 24.13. "State retirement contribution for unfunded
19 accrued liability" defined. The term "State retirement
20 contribution for unfunded accrued liability" means the portion
21 of the total required State contribution to a retirement system
22 for a fiscal year that is not included in the State retirement
23 contribution for annual normal cost.

1 Section A-15. The Budget Stabilization Act is amended by
2 changing Sections 20 and 25 as follows:

3 (30 ILCS 122/20)

4 Sec. 20. Pension Stabilization Fund.

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

9 (b) For each fiscal year when the General Assembly's
10 appropriations and transfers or diversions as required by law
11 from general funds do not exceed 99% of the estimated general
12 funds revenues pursuant to subsection (a) of Section 10, the
13 Comptroller shall transfer from the General Revenue Fund as
14 provided by this Section a total amount equal to 0.5% of the
15 estimated general funds revenues to the Pension Stabilization
16 Fund.

17 (c) For each fiscal year through State fiscal year 2013,
18 when the General Assembly's appropriations and transfers or
19 diversions as required by law from general funds do not exceed
20 98% of the estimated general funds revenues pursuant to
21 subsection (b) of Section 10, the Comptroller shall transfer
22 from the General Revenue Fund as provided by this Section a
23 total amount equal to 1.0% of the estimated general funds
24 revenues to the Pension Stabilization Fund.

25 (c-10) In State fiscal year 2020 and each fiscal year

1 thereafter, the State Comptroller shall order transferred and
2 the State Treasurer shall transfer \$1,000,000,000 from the
3 General Revenue Fund to the Pension Stabilization Fund.

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

13 (d) The Comptroller shall transfer 1/12 of the total amount
14 to be transferred each fiscal year under this Section into the
15 Pension Stabilization Fund on the first day of each month of
16 that fiscal year or as soon thereafter as possible; except that
17 the final transfer of the fiscal year shall be made as soon as
18 practical after the August 31 following the end of the fiscal
19 year.

20 Until State fiscal year 2014, before ~~Before~~ the final
21 transfer for a fiscal year is made, the Comptroller shall
22 reconcile the estimated general funds revenues used in
23 calculating the other transfers under this Section for that
24 fiscal year with the actual general funds revenues for that
25 fiscal year. The final transfer for the fiscal year shall be
26 adjusted so that the total amount transferred under this

1 Section for that fiscal year is equal to the percentage
2 specified in subsection (b) or (c) of this Section, whichever
3 is applicable, of the actual general funds revenues for that
4 fiscal year. The actual general funds revenues for the fiscal
5 year shall be calculated in a manner consistent with subsection
6 (c) of Section 10 of this Act.

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

8 (30 ILCS 122/25)

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

10 (a) As used in this Section, "designated retirement
11 systems" means:

12 (1) the State Employees' Retirement System of
13 Illinois;

14 (2) the Teachers' Retirement System of the State of
15 Illinois;

16 (3) the State Universities Retirement System;

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

18 (5) the General Assembly Retirement System.

19 (b) As soon as may be practical after any money is
20 deposited into the Pension Stabilization Fund, the State
21 Comptroller shall apportion the deposited amount among the
22 designated retirement systems and the State Comptroller and
23 State Treasurer shall pay the apportioned amounts to the
24 designated retirement systems. The amount deposited shall be
25 apportioned among the designated retirement systems in the same

1 proportion as their respective portions of the total actuarial
2 reserve deficiency of the designated retirement systems, as
3 most recently determined by the Governor's Office of Management
4 and Budget. Amounts received by a designated retirement system
5 under this Section shall be used for funding the unfunded
6 liabilities of the retirement system. Payments under this
7 Section are authorized by the continuing appropriation under
8 Section 1.7 of the State Pension Funds Continuing Appropriation
9 Act.

10 (c) At the request of the State Comptroller, the Governor's
11 Office of Management and Budget shall determine the individual
12 and total actuarial reserve deficiencies of the designated
13 retirement systems. For this purpose, the Governor's Office of
14 Management and Budget shall consider the latest available audit
15 and actuarial reports of each of the retirement systems and the
16 relevant reports and statistics of the Public Pension Division
17 of the Department of Financial and Professional Regulation.

18 (d) Payments to the designated retirement systems under
19 this Section shall be in addition to, and not in lieu of, any
20 State contributions required under Section 2-124, 14-131,
21 15-155, 16-158, or 18-131 of the Illinois Pension Code.

22 Payments to the designated retirement systems under this
23 Section, transferred after the effective date of this
24 amendatory Act of the 98th General Assembly, do not reduce and
25 do not constitute payment of any portion of the required State
26 contribution under Article 2, 14, 15, 16, or 18 of the Illinois

1 Pension Code in that fiscal year. Such amounts shall not
2 reduce, and shall not be included in the calculation of, the
3 required State contribution under Article 2, 14, 15, 16, or 18
4 of the Illinois Pension Code in any future year, until the
5 designated retirement system has received payment of
6 contributions pursuant to this Act.

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

8 Section A-20. The Illinois Pension Code is amended by
9 changing Sections 1-103.3, 2-101, 2-105, 2-107, 2-108, 2-119,
10 2-119.1, 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 7-109,
11 14-103.10, 14-106, 14-107, 14-108, 14-110, 14-114, 14-131,
12 14-132, 14-133, 14-135.08, 14-152.1, 15-106, 15-107, 15-111,
13 15-113.2, 15-135, 15-136, 15-155, 15-156, 15-157, 15-165,
14 15-198, 16-106, 16-121, 16-127, 16-132, 16-133, 16-133.1,
15 16-152, 16-158, 16-158.1, and 16-203 and by adding Sections
16 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2,
17 16-106.4, 16-106.5, and 16-158.2 as follows:

18 (40 ILCS 5/1-103.3)

19 Sec. 1-103.3. Application of 1994 amendment; funding
20 standard.

21 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
22 ~~of 1994~~ that change the method of calculating, certifying, and
23 paying the required State contributions to the retirement
24 systems established under Articles 2, 14, 15, 16, and 18 shall

1 first apply to the State contributions required for State
2 fiscal year 1996.

3 (b) (Blank) ~~The General Assembly declares that a funding~~
4 ~~ratio (the ratio of a retirement system's total assets to its~~
5 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
6 ~~State funded retirement systems in Illinois, and it finds that~~
7 ~~a funding ratio of 90% is now the generally recognized norm~~
8 ~~throughout the nation for public employee retirement systems~~
9 ~~that are considered to be financially secure and funded in an~~
10 ~~appropriate and responsible manner.~~

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

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

22 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

23 Sec. 2-101. Creation of system. A retirement system is
24 created to provide retirement annuities, survivor's annuities
25 and other benefits for certain members of the General Assembly,

1 certain elected state officials, and their beneficiaries.

2 The system shall be known as the "General Assembly
3 Retirement System". All its funds and property shall be a trust
4 separate from all other entities, maintained for the purpose of
5 securing payment of annuities and benefits under this Article.

6 Participation in the retirement system created under this
7 Article is restricted to persons who become participants before
8 January 1, 2014. Beginning on that date, the System shall not
9 accept any new participants.

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

11 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

12 Sec. 2-105. Member. "Member": Members of the General
13 Assembly of this State, including persons who enter military
14 service while a member of the General Assembly, and any person
15 serving as Governor, Lieutenant Governor, Secretary of State,
16 Treasurer, Comptroller, or Attorney General for the period of
17 service in such office.

18 Any person who has served for 10 or more years as Clerk or
19 Assistant Clerk of the House of Representatives, Secretary or
20 Assistant Secretary of the Senate, or any combination thereof,
21 may elect to become a member of this system while thenceforth
22 engaged in such service by filing a written election with the
23 board. Any person so electing shall be deemed an active member
24 of the General Assembly for the purpose of validating and
25 transferring any service credits earned under any of the funds

1 and systems established under Articles 3 through 18 of this
2 Code.

3 However, notwithstanding any other provision of this
4 Article, a person shall not be deemed a member for the purposes
5 of this Article unless he or she became a participant of the
6 System before January 1, 2014.

7 (Source: P.A. 85-1008.)

8 (40 ILCS 5/2-105.1 new)

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

12 (40 ILCS 5/2-105.2 new)

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

16 (40 ILCS 5/2-107) (from Ch. 108 1/2, par. 2-107)

17 Sec. 2-107. Participant. "Participant": Any member who
18 elects to participate; and any former member who elects to
19 continue participation under Section 2-117.1, for the duration
20 of such continued participation. However, notwithstanding any
21 other provision of this Article, a person shall not be deemed a
22 participant for the purposes of this Article unless he or she
23 became a participant of the System before January 1, 2014.

1 (Source: P.A. 86-1488.)

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

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

10 (2) For the State executive officers specified in Section
11 2-105, the total compensation paid to the member for one year
12 of service.

13 (3) For members of the System who are participants under
14 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
15 of the House of Representatives or Secretary or Assistant
16 Secretary of the Senate, the total compensation paid to the
17 member for one year of service, but not to exceed the salary of
18 the highest salaried officer of the General Assembly.

19 However, in the event that federal law results in any
20 participant receiving imputed income based on the value of
21 group term life insurance provided by the State, such imputed
22 income shall not be included in salary for the purposes of this
23 Article.

24 Notwithstanding any other provision of this Code, the
25 salary of a Tier I participant for the purposes of this Code

1 shall not exceed, for periods of service in a term of office
2 beginning on or after the effective date of this amendatory Act
3 of the 98th General Assembly, the greater of (i) the annual
4 contribution and benefit base established for the applicable
5 year by the Commissioner of Social Security under the federal
6 Social Security Act or (ii) the annual salary of the
7 participant during the 365 days immediately preceding that
8 effective date.

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

10 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

11 Sec. 2-119. Retirement annuity - conditions for
12 eligibility.

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

17 1. The date the annuity begins does not precede the
18 date of final termination of service, or is not more than
19 30 days before the receipt of the application by the board
20 in the case of annuities based on disability or one year
21 before the receipt of the application in the case of
22 annuities based on attained age;

23 2. The participant meets one of the following
24 eligibility requirements:

25 For a participant who first becomes a participant of

1 this System before January 1, 2011 (the effective date of
2 Public Act 96-889):

3 (A) He or she has attained age 55 and has at least
4 8 years of service credit;

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

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

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

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

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

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

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

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

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

14 (a-5) A participant who first becomes a participant of this
15 System on or after January 1, 2011 (the effective date of
16 Public Act 96-889) who has attained age 62 and has at least 8
17 years of service credit may elect to receive the lower
18 retirement annuity provided in paragraph (c) of Section
19 2-119.01 of this Code.

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

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

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

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

4 (a) Except as provided in subsections (a-1), (a-2), and
5 (a-3) of this Section, a ~~A~~ participant who retires after June
6 30, 1967, and who has not received an initial increase under
7 this Section before the effective date of this amendatory Act
8 of 1991, shall, in January or July next following the first
9 anniversary of retirement, whichever occurs first, and in the
10 same month of each year thereafter, but in no event prior to
11 age 60, have the amount of the originally granted retirement
12 annuity increased as follows: for each year through 1971, 1
13 1/2%; for each year from 1972 through 1979, 2%; and for 1980
14 and each year thereafter, 3%. Annuitants who have received an
15 initial increase under this subsection prior to the effective
16 date of this amendatory Act of 1991 shall continue to receive
17 their annual increases in the same month as the initial
18 increase.

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

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

15 (a-3) Notwithstanding any other provision of this Article,
16 a Tier I retiree is ineligible to receive an automatic annual
17 increase in retirement annuity pursuant to this Section, unless
18 he or she has 20 years of creditable service under this
19 Article. If on the effective date of this amendatory Act of the
20 98th General Assembly a Tier I retiree has already received an
21 annual increase under this Section but does not yet meet the
22 new eligibility requirements of this subsection, the annual
23 increases already received shall continue in force, but no
24 additional annual increase shall be granted until the Tier I
25 retiree meets the new eligibility requirements.

26 (a-4) Notwithstanding Section 1-103.1, subsections (a-1),

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

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

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

23 (b-5) Notwithstanding any other provision of this Article,
24 a participant who first becomes a participant on or after
25 January 1, 2011 (the effective date of Public Act 96-889)
26 shall, in January or July next following the first anniversary

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

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

22 (d) A participant who terminated service prior to July 1,
23 1967, with at least 14 years of service is entitled to an
24 increase in retirement annuity beginning January, 1976, and to
25 additional increases in January of each year thereafter.

26 The initial increase shall be 1 1/2% of the originally

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

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

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

14 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

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

16 (a) A surviving spouse shall be entitled to 66 2/3% of the
17 amount of retirement annuity to which the participant or
18 annuitant was entitled on the date of death, without regard to
19 whether the participant had attained age 55 prior to his or her
20 death, subject to a minimum payment of 10% of salary. If a
21 surviving spouse, regardless of age, has in his or her care at
22 the date of death any eligible child or children of the
23 participant, the survivor's annuity shall be the greater of the
24 following: (1) 66 2/3% of the amount of retirement annuity to
25 which the participant or annuitant was entitled on the date of

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

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

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

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

25 (c) When a child ceases to be an eligible child, the
26 annuity to that child, or to the surviving spouse on account of

1 that child, shall thereupon cease, and the annuity payable to
2 the surviving spouse or other eligible children shall be
3 recalculated if necessary.

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

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

21 (d-5) Notwithstanding any other provision of this Article,
22 the initial survivor's annuity of a survivor of a participant
23 who first becomes a participant on or after January 1, 2011
24 (the effective date of Public Act 96-889) shall be in the
25 amount of 66 2/3% of the amount of the retirement annuity to
26 which the participant or annuitant was entitled on the date of

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

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

21 (f) In the case of a proportional survivor's annuity
22 arising under the Retirement Systems Reciprocal Act where the
23 amount payable by the System on January 1, 1993 is less than
24 \$300 per month, the amount payable by the System shall be
25 increased beginning on that date by a monthly amount equal to
26 \$2 for each full year that has expired since the annuity began.

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

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

3 Sec. 2-124. Contributions by State.

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

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

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

1 fiscal year 2043 and shall be determined under the projected
2 unit credit actuarial cost method.

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

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

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

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

24 For each of State fiscal years 2008 through 2009, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 from the required State contribution for State fiscal year
2 2007, so that by State fiscal year 2011, the State is
3 contributing at the rate otherwise required under this Section.

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

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

25 Beginning in State fiscal year 2044, the minimum State
26 contribution for each fiscal year shall be the amount needed to

1 maintain the total assets of the System at 100% of the total
2 actuarial liabilities of the System.

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

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

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

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

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

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

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

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

10 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

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

20 (c) Beginning July 1, 2013, the State shall be
21 contractually obligated to contribute to the System under
22 Section 2-124 in each State fiscal year an amount not less than
23 the sum of (i) the State's normal cost for that year and (ii)
24 the portion of the unfunded accrued liability assigned to that
25 year by law in accordance with a schedule that distributes

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

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

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

1 accounts of the State related to such bonded obligations,
2 consistent with the payment schedules associated with such
3 obligations.

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

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

6 Sec. 2-126. Contributions by participants.

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

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

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

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

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

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

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

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

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

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

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

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

16 Sec. 2-134. To certify required State contributions and
17 submit vouchers.

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

1 ~~fiscal year.~~

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

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

26 (a-7) On or before May 1, 2004, the Board shall recalculate

1 and recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2005, taking
3 into account the amounts appropriated to and received by the
4 System under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act.

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

11 On or before April 1, 2011, 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 2011, applying
14 the changes made by Public Act 96-889 to the System's assets
15 and liabilities as of June 30, 2009 as though Public Act 96-889
16 was approved on that date.

17 (b) Beginning in State fiscal year 1996, on or as soon as
18 possible after the 15th day of each month the Board shall
19 submit vouchers for payment of State contributions to the
20 System, in a total monthly amount of one-twelfth of the
21 required annual State contribution certified under subsection
22 (a). From the effective date of this amendatory Act of the 93rd
23 General Assembly through June 30, 2004, the Board shall not
24 submit vouchers for the remainder of fiscal year 2004 in excess
25 of the fiscal year 2004 certified contribution amount
26 determined under this Section after taking into consideration

1 the transfer to the System under subsection (d) of Section
2 6z-61 of the State Finance Act. These vouchers shall be paid by
3 the State Comptroller and Treasurer by warrants drawn on the
4 funds appropriated to the System for that fiscal year. If in
5 any month the amount remaining unexpended from all other
6 appropriations to the System for the applicable fiscal year
7 (including the appropriations to the System under Section 8.12
8 of the State Finance Act and Section 1 of the State Pension
9 Funds Continuing Appropriation Act) is less than the amount
10 lawfully vouchered under this Section, the difference shall be
11 paid from the General Revenue Fund under the continuing
12 appropriation authority provided in Section 1.1 of the State
13 Pension Funds Continuing Appropriation Act.

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

21 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
22 97-694, eff. 6-18-12.)

23 (40 ILCS 5/2-162)

24 Sec. 2-162. Application and expiration of new benefit
25 increases.

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

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

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

19 Every new benefit increase is contingent upon the General
20 Assembly providing the additional funding required under this
21 subsection. The Commission on Government Forecasting and
22 Accountability shall analyze whether adequate additional
23 funding has been provided for the new benefit increase and
24 shall report its analysis to the Public Pension Division of the
25 Department of Financial and Professional Regulation. A new
26 benefit increase created by a Public Act that does not include

1 the additional funding required under this subsection is null
2 and void. If the Public Pension Division determines that the
3 additional funding provided for a new benefit increase under
4 this subsection is or has become inadequate, it may so certify
5 to the Governor and the State Comptroller and, in the absence
6 of corrective action by the General Assembly, the new benefit
7 increase shall expire at the end of the fiscal year in which
8 the certification is made.

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

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

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

1 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

2 Sec. 7-109. Employee.

3 (1) "Employee" means any person who:

4 (a) 1. Receives earnings as payment for the performance
5 of personal services or official duties out of the
6 general fund of a municipality, or out of any special
7 fund or funds controlled by a municipality, or by an
8 instrumentality thereof, or a participating
9 instrumentality, including, in counties, the fees or
10 earnings of any county fee office; and

11 2. Under the usual common law rules applicable in
12 determining the employer-employee relationship, has
13 the status of an employee with a municipality, or any
14 instrumentality thereof, or a participating
15 instrumentality, including aldermen, county
16 supervisors and other persons (excepting those
17 employed as independent contractors) who are paid
18 compensation, fees, allowances or other emolument for
19 official duties, and, in counties, the several county
20 fee offices.

21 (b) Serves as a township treasurer appointed under the
22 School Code, as heretofore or hereafter amended, and who
23 receives for such services regular compensation as
24 distinguished from per diem compensation, and any regular
25 employee in the office of any township treasurer whether or
26 not his earnings are paid from the income of the permanent

1 township fund or from funds subject to distribution to the
2 several school districts and parts of school districts as
3 provided in the School Code, or from both such sources; or
4 is the chief executive officer, chief educational officer,
5 chief fiscal officer, or other employee of a Financial
6 Oversight Panel established pursuant to Article 1H of the
7 School Code, other than a superintendent or certified
8 school business official, except that such person shall not
9 be treated as an employee under this Section if that person
10 has negotiated with the Financial Oversight Panel, in
11 conjunction with the school district, a contractual
12 agreement for exclusion from this Section.

13 (c) Holds an elective office in a municipality,
14 instrumentality thereof or participating instrumentality.

15 (2) "Employee" does not include persons who:

16 (a) Are eligible for inclusion under any of the
17 following laws:

18 1. "An Act in relation to an Illinois State
19 Teachers' Pension and Retirement Fund", approved May
20 27, 1915, as amended;

21 2. Articles 15 and 16 of this Code.

22 However, such persons shall be included as employees to
23 the extent of earnings that are not eligible for inclusion
24 under the foregoing laws for services not of an
25 instructional nature of any kind.

26 However, any member of the armed forces who is employed

1 as a teacher of subjects in the Reserve Officers Training
2 Corps of any school and who is not certified under the law
3 governing the certification of teachers shall be included
4 as an employee.

5 (b) Are designated by the governing body of a
6 municipality in which a pension fund is required by law to
7 be established for policemen or firemen, respectively, as
8 performing police or fire protection duties, except that
9 when such persons are the heads of the police or fire
10 department and are not eligible to be included within any
11 such pension fund, they shall be included within this
12 Article; provided, that such persons shall not be excluded
13 to the extent of concurrent service and earnings not
14 designated as being for police or fire protection duties.
15 However, (i) any head of a police department who was a
16 participant under this Article immediately before October
17 1, 1977 and did not elect, under Section 3-109 of this Act,
18 to participate in a police pension fund shall be an
19 "employee", and (ii) any chief of police who elects to
20 participate in this Fund under Section 3-109.1 of this
21 Code, regardless of whether such person continues to be
22 employed as chief of police or is employed in some other
23 rank or capacity within the police department, shall be an
24 employee under this Article for so long as such person is
25 employed to perform police duties by a participating
26 municipality and has not lawfully rescinded that election.

1 (c) After August 26, 2011 (the effective date of Public
2 Act 97-609), are contributors to or eligible to contribute
3 to a Taft-Hartley pension plan established on or before
4 June 1, 2011 and are employees of a theatre, arena, or
5 convention center that is located in a municipality located
6 in a county with a population greater than 5,000,000, and
7 to which the participating municipality is required to
8 contribute as the person's employer based on earnings from
9 the municipality. Nothing in this paragraph shall affect
10 service credit or creditable service for any period of
11 service prior to August 26, 2011, and this paragraph shall
12 not apply to individuals who are participating in the Fund
13 prior to August 26, 2011.

14 (d) Become an employee of any of the following
15 participating instrumentalities on or after the effective
16 date of this amendatory Act of the 98th General Assembly:
17 the Illinois Municipal League; the Illinois Association of
18 Park Districts; the Illinois Supervisors, County
19 Commissioners and Superintendents of Highways Association;
20 an association, or not-for-profit corporation, membership
21 in which is authorized under Section 85-15 of the Township
22 Code; the United Counties Council; or the Will County
23 Governmental League.

24 (3) All persons, including, without limitation, public
25 defenders and probation officers, who receive earnings from
26 general or special funds of a county for performance of

1 personal services or official duties within the territorial
2 limits of the county, are employees of the county (unless
3 excluded by subsection (2) of this Section) notwithstanding
4 that they may be appointed by and are subject to the direction
5 of a person or persons other than a county board or a county
6 officer. It is hereby established that an employer-employee
7 relationship under the usual common law rules exists between
8 such employees and the county paying their salaries by reason
9 of the fact that the county boards fix their rates of
10 compensation, appropriate funds for payment of their earnings
11 and otherwise exercise control over them. This finding and this
12 amendatory Act shall apply to all such employees from the date
13 of appointment whether such date is prior to or after the
14 effective date of this amendatory Act and is intended to
15 clarify existing law pertaining to their status as
16 participating employees in the Fund.

17 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
18 97-813, eff. 7-13-12.)

19 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

20 Sec. 14-103.10. Compensation.

21 (a) For periods of service prior to January 1, 1978, the
22 full rate of salary or wages payable to an employee for
23 personal services performed if he worked the full normal
24 working period for his position, subject to the following
25 maximum amounts: (1) prior to July 1, 1951, \$400 per month or

1 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
2 inclusive, \$625 per month or \$7,500 per year; (3) beginning
3 July 1, 1957, no limitation.

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

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

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

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

23 (d) For periods of service after September 30, 1985,
24 compensation also includes any remuneration for personal
25 services not included as "wages" under the Social Security
26 Enabling Act, which is deducted for purposes of participation

1 in a program established pursuant to Section 125 of the
2 Internal Revenue Code or its successor laws.

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

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

16 (f) Notwithstanding any other provision of this Code, the
17 compensation of a Tier I member for the purposes of this Code
18 shall not exceed, for periods of service on or after the
19 effective date of this amendatory Act of the 98th General
20 Assembly, the greater of (i) the annual contribution and
21 benefit base established for the applicable year by the
22 Commissioner of Social Security under the federal Social
23 Security Act or (ii) the annual compensation of the member
24 during the 365 days immediately preceding that effective date;
25 except that this limitation does not apply to a member's
26 compensation that is determined under an employment contract or

1 collective bargaining agreement that is in effect on the
2 effective date of this amendatory Act of the 98th General
3 Assembly and has not been amended or renewed after that date.

4 (g) Notwithstanding the other provisions of this Section,
5 for an employee who first becomes a participant on or after the
6 effective date of this amendatory Act of the 98th General
7 Assembly, "compensation" does not include any payments or
8 reimbursements for travel vouchers.

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

10 (40 ILCS 5/14-103.40 new)

11 Sec. 14-103.40. Tier I member. "Tier I member": A member of
12 this System who first became a member or participant before
13 January 1, 2011 under any reciprocal retirement system or
14 pension fund established under this Code other than a
15 retirement system or pension fund established under Article 2,
16 3, 4, 5, 6, or 18 of this Code.

17 (40 ILCS 5/14-103.41 new)

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

20 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

21 Sec. 14-106. Membership service credit.

22 (a) After January 1, 1944, all service of a member since he
23 last became a member with respect to which contributions are

1 made shall count as membership service; provided, that for
2 service on and after July 1, 1950, 12 months of service shall
3 constitute a year of membership service, the completion of 15
4 days or more of service during any month shall constitute 1
5 month of membership service, 8 to 15 days shall constitute 1/2
6 month of membership service and less than 8 days shall
7 constitute 1/4 month of membership service. The payroll record
8 of each department shall constitute conclusive evidence of the
9 record of service rendered by a member.

10 (b) For a member who is employed and paid on an
11 academic-year basis rather than on a 12-month annual basis,
12 employment for a full academic year shall constitute a full
13 year of membership service, except that the member shall not
14 receive more than one year of membership service credit (plus
15 any additional service credit granted for unused sick leave)
16 for service during any 12-month period. This subsection (b)
17 applies to all such service for which the member has not begun
18 to receive a retirement annuity before January 1, 2001.

19 (c) A member who first participated in this System before
20 the effective date of this amendatory Act of the 98th General
21 Assembly shall be entitled to additional service credit, under
22 rules prescribed by the Board, for accumulated unused sick
23 leave credited to his account in the last Department on the
24 date of withdrawal from service or for any period for which he
25 would have been eligible to receive benefits under a sick pay
26 plan authorized by law, if he had suffered a sickness or

1 accident on the date of withdrawal from service. It shall be
2 the responsibility of the last Department to certify to the
3 Board the length of time salary or benefits would have been
4 paid to the member based upon the accumulated unused sick leave
5 or the applicable sick pay plan if he had become entitled
6 thereto because of sickness on the date that his status as an
7 employee terminated. This period of service credit granted
8 under this paragraph shall not be considered in determining the
9 date the retirement annuity is to begin, or final average
10 compensation.

11 Service credit is not available for unused sick leave
12 accumulated by a person who first participates in this System
13 on or after the effective date of this amendatory Act of the
14 98th General Assembly.

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

16 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

17 Sec. 14-107. Retirement annuity - service and age -
18 conditions.

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

21 (b) A member who has at least 35 years of creditable
22 service may claim his or her retirement annuity at any age. A
23 member having at least 8 years of creditable service but less
24 than 35 may claim his or her retirement annuity upon or after
25 attainment of age 60 or, beginning January 1, 2001, any lesser

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

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

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

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

24 (3) If the Tier I member is at least 35 but less than
25 40 years old on the effective date of this amendatory Act
26 of the 98th General Assembly, then the references to age 55

1 and 60 in subsection (b) of this Section are increased by 3
2 years and the references to 85 in subsection (b) are
3 increased to 91.

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

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

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

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

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

21 Sec. 14-108. Amount of retirement annuity. A member who has
22 contributed to the System for at least 12 months shall be
23 entitled to a prior service annuity for each year of certified
24 prior service credited to him, except that a member shall
25 receive 1/3 of the prior service annuity for each year of

1 service for which contributions have been made and all of such
2 annuity shall be payable after the member has made
3 contributions for a period of 3 years. Proportionate amounts
4 shall be payable for service of less than a full year after
5 completion of at least 12 months.

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

15 (a) In the case of a member who retires on or after January
16 1, 1998 and is a noncovered employee, the retirement annuity
17 for membership service and prior service shall be 2.2% of final
18 average compensation for each year of service. Any service
19 credit established as a covered employee shall be computed as
20 stated in paragraph (b).

21 (b) In the case of a member who retires on or after January
22 1, 1998 and is a covered employee, the retirement annuity for
23 membership service and prior service shall be computed as
24 stated in paragraph (a) for all service credit established as a
25 noncovered employee; for service credit established as a
26 covered employee it shall be 1.67% of final average

1 compensation for each year of service.

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

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

15 (e) The retirement annuity payable to any covered employee
16 who is a member of the System and in service on January 1,
17 1969, or in service thereafter in 1969 as a result of
18 legislation enacted by the Illinois General Assembly
19 transferring the member to State employment from county
20 employment in a county Department of Public Aid in counties of
21 3,000,000 or more population, under a plan of coordination with
22 the Old Age, Survivors and Disability provisions thereof, if
23 not fully insured for Old Age Insurance payments under the
24 Federal Old Age, Survivors and Disability Insurance provisions
25 at the date of acceptance of a retirement annuity, shall not be
26 less than the amount for which the member would have been

1 eligible if coordination were not applicable.

2 (f) The retirement annuity payable to any covered employee
3 who is a member of the System and in service on January 1,
4 1969, or in service thereafter in 1969 as a result of the
5 legislation designated in the immediately preceding paragraph,
6 if fully insured for Old Age Insurance payments under the
7 Federal Social Security Act at the date of acceptance of a
8 retirement annuity, shall not be less than an amount which when
9 added to the Primary Insurance Benefit payable to the member
10 upon attainment of age 65 under such Federal Act, will equal
11 the annuity which would otherwise be payable if the coordinated
12 plan of coverage were not applicable.

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

26 (h) In the case of a member who is a covered employee, the

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

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

16 (j) The retirement annuity computed pursuant to paragraphs
17 (g) or (h) shall be applicable only to those security employees
18 of the Department of Corrections and security employees of the
19 Department of Human Services who have at least 20 years of
20 membership service and who are not eligible for the alternative
21 retirement annuity provided under Section 14-110. However,
22 persons transferring to this System under Section 14-108.2 or
23 14-108.2c who have service credit under Article 16 of this Code
24 may count such service toward establishing their eligibility
25 under the 20-year service requirement of this subsection; but
26 such service may be used only for establishing such

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

3 (k) (Blank).

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

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

13 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

14 Sec. 14-110. Alternative retirement annuity.

15 (a) Any member who has withdrawn from service with not less
16 than 20 years of eligible creditable service and has attained
17 age 55, and any member who has withdrawn from service with not
18 less than 25 years of eligible creditable service and has
19 attained age 50, regardless of whether the attainment of either
20 of the specified ages occurs while the member is still in
21 service, shall be entitled to receive at the option of the
22 member, in lieu of the regular or minimum retirement annuity, a
23 retirement annuity computed as follows:

24 (i) for periods of service as a noncovered employee: if
25 retirement occurs on or after January 1, 2001, 3% of final

1 average compensation for each year of creditable service;
2 if retirement occurs before January 1, 2001, 2 1/4% of
3 final average compensation for each of the first 10 years
4 of creditable service, 2 1/2% for each year above 10 years
5 to and including 20 years of creditable service, and 2 3/4%
6 for each year of creditable service above 20 years; and

7 (ii) for periods of eligible creditable service as a
8 covered employee: if retirement occurs on or after January
9 1, 2001, 2.5% of final average compensation for each year
10 of creditable service; if retirement occurs before January
11 1, 2001, 1.67% of final average compensation for each of
12 the first 10 years of such service, 1.90% for each of the
13 next 10 years of such service, 2.10% for each year of such
14 service in excess of 20 but not exceeding 30, and 2.30% for
15 each year in excess of 30.

16 Such annuity shall be subject to a maximum of 75% of final
17 average compensation if retirement occurs before January 1,
18 2001 or to a maximum of 80% of final average compensation if
19 retirement occurs on or after January 1, 2001.

20 These rates shall not be applicable to any service
21 performed by a member as a covered employee which is not
22 eligible creditable service. Service as a covered employee
23 which is not eligible creditable service shall be subject to
24 the rates and provisions of Section 14-108.

25 (a-5) Notwithstanding subsection (a) of this Section, for a
26 Tier I member who begins receiving a retirement annuity under

1 this Section after July 1, 2013:

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

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

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

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

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

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

- 1 (1) State policeman;
- 2 (2) fire fighter in the fire protection service of a
- 3 department;
- 4 (3) air pilot;
- 5 (4) special agent;
- 6 (5) investigator for the Secretary of State;
- 7 (6) conservation police officer;
- 8 (7) investigator for the Department of Revenue or the
- 9 Illinois Gaming Board;
- 10 (8) security employee of the Department of Human
- 11 Services;
- 12 (9) Central Management Services security police
- 13 officer;
- 14 (10) security employee of the Department of
- 15 Corrections or the Department of Juvenile Justice;
- 16 (11) dangerous drugs investigator;
- 17 (12) investigator for the Department of State Police;
- 18 (13) investigator for the Office of the Attorney
- 19 General;
- 20 (14) controlled substance inspector;
- 21 (15) investigator for the Office of the State's
- 22 Attorneys Appellate Prosecutor;
- 23 (16) Commerce Commission police officer;
- 24 (17) arson investigator;
- 25 (18) State highway maintenance worker.

26 A person employed in one of the positions specified in this

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

10 (c) For the purposes of this Section:

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

14 (2) The term "fire fighter in the fire protection
15 service of a department" includes all officers in such fire
16 protection service including fire chiefs and assistant
17 fire chiefs.

18 (3) The term "air pilot" includes any employee whose
19 official job description on file in the Department of
20 Central Management Services, or in the department by which
21 he is employed if that department is not covered by the
22 Personnel Code, states that his principal duty is the
23 operation of aircraft, and who possesses a pilot's license;
24 however, the change in this definition made by this
25 amendatory Act of 1983 shall not operate to exclude any
26 noncovered employee who was an "air pilot" for the purposes

1 of this Section on January 1, 1984.

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

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

20 A person who became employed as an investigator for the
21 Secretary of State between January 1, 1967 and December 31,
22 1975, and who has served as such until attainment of age
23 60, either continuously or with a single break in service
24 of not more than 3 years duration, which break terminated
25 before January 1, 1976, shall be entitled to have his
26 retirement annuity calculated in accordance with

1 subsection (a), notwithstanding that he has less than 20
2 years of credit for such service.

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

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

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

24 (8) The term "security employee of the Department of
25 Human Services" means any person employed by the Department
26 of Human Services who (i) is employed at the Chester Mental

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

24 The changes made to this subdivision (c)(8) by Public
25 Act 92-14 apply to persons who retire on or after January
26 1, 2001, notwithstanding Section 1-103.1.

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

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

1 investigator.

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

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

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

22 (14) "Controlled substance inspector" means any person
23 who is employed as such by the Department of Professional
24 Regulation and is vested with such law enforcement duties
25 as render him 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. The term
2 "controlled substance inspector" includes the Program
3 Executive of Enforcement and the Assistant Program
4 Executive of Enforcement.

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

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

16 (17) "Arson investigator" means any person who is
17 employed as such by the Office of the State Fire Marshal
18 and is vested with such law enforcement duties as render
19 the person ineligible for coverage under the Social
20 Security Act by reason of Sections 218(d)(5)(A),
21 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
22 employed as an arson investigator on January 1, 1995 and is
23 no longer in service but not yet receiving a retirement
24 annuity may convert his or her creditable service for
25 employment as an arson investigator into eligible
26 creditable service by paying to the System the difference

1 between the employee contributions actually paid for that
2 service and the amounts that would have been contributed if
3 the applicant were contributing at the rate applicable to
4 persons with the same social security status earning
5 eligible creditable service on the date of application.

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

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

18 (ii) A person employed on a full-time basis by the
19 Illinois State Toll Highway Authority in the position
20 of equipment operator/laborer H-4, equipment
21 operator/laborer H-6, welder H-4, welder H-6,
22 mechanical/electrical H-4, mechanical/electrical H-6,
23 water/sewer H-4, water/sewer H-6, sign maker/hanger
24 H-4, sign maker/hanger H-6, roadway lighting H-4,
25 roadway lighting H-6, structural H-4, structural H-6,
26 painter H-4, or painter H-6; and whose principal

1 responsibility is to perform, on the roadway, the
2 actual maintenance necessary to keep the Authority's
3 tollways in serviceable condition for vehicular
4 traffic.

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

12 (i) 25 years of eligible creditable service and age 55;
13 or

14 (ii) beginning January 1, 1987, 25 years of eligible
15 creditable service and age 54, or 24 years of eligible
16 creditable service and age 55; or

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

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

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

26 (vi) beginning January 1, 1991, 25 years of eligible

1 creditable service and age 50, or 20 years of eligible
2 creditable service and age 55.

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

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

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

23 (f) For purposes of calculating retirement annuities under
24 this Section, periods of service rendered after December 31,
25 1968 and before October 1, 1975 as a covered employee in the
26 position of special agent, conservation police officer, mental

1 health police officer, or investigator for the Secretary of
2 State, shall be deemed to have been service as a noncovered
3 employee, provided that the employee pays to the System prior
4 to retirement an amount equal to (1) the difference between the
5 employee contributions that would have been required for such
6 service as a noncovered employee, and the amount of employee
7 contributions actually paid, plus (2) if payment is made after
8 July 31, 1987, regular interest on the amount specified in item
9 (1) from the date of service to the date of payment.

10 For purposes of calculating retirement annuities under
11 this Section, periods of service rendered after December 31,
12 1968 and before January 1, 1982 as a covered employee in the
13 position of investigator for the Department of Revenue shall be
14 deemed to have been service as a noncovered employee, provided
15 that the employee pays to the System prior to retirement an
16 amount equal to (1) the difference between the employee
17 contributions that would have been required for such service as
18 a noncovered employee, and the amount of employee contributions
19 actually paid, plus (2) if payment is made after January 1,
20 1990, regular interest on the amount specified in item (1) from
21 the date of service to the date of payment.

22 (g) A State policeman may elect, not later than January 1,
23 1990, to establish eligible creditable service for up to 10
24 years of his service as a policeman under Article 3, by filing
25 a written election with the Board, accompanied by payment of an
26 amount to be determined by the Board, equal to (i) the

1 difference between the amount of employee and employer
2 contributions transferred to the System under Section 3-110.5,
3 and the amounts that would have been contributed had such
4 contributions been made at the rates applicable to State
5 policemen, plus (ii) interest thereon at the effective rate for
6 each year, compounded annually, from the date of service to the
7 date of payment.

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

21 (h) Subject to the limitation in subsection (i), a State
22 policeman or investigator for the Secretary of State may elect
23 to establish eligible creditable service for up to 12 years of
24 his service as a policeman under Article 5, by filing a written
25 election with the Board on or before January 31, 1992, and
26 paying to the System by January 31, 1994 an amount to be

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

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

22 Subject to the limitation in subsection (i), a State
23 policeman, conservation police officer, or investigator for
24 the Secretary of State may elect to establish eligible
25 creditable service for up to 5 years of service as a police
26 officer under Article 3, a policeman under Article 5, a

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

13 Subject to the limitation in subsection (i), an
14 investigator for the Office of the Attorney General, or an
15 investigator for the Department of Revenue, may elect to
16 establish eligible creditable service for up to 5 years of
17 service as a police officer under Article 3, a policeman under
18 Article 5, a sheriff's law enforcement employee under Article
19 7, or a member of the county police department under Article 9
20 by filing a written election with the Board within 6 months
21 after August 25, 2009 (the effective date of Public Act 96-745)
22 and paying to the System an amount to be determined by the
23 Board, equal to (i) the difference between the amount of
24 employee and employer contributions transferred to the System
25 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
26 amounts that would have been contributed had such contributions

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

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

25 (i) The total amount of eligible creditable service
26 established by any person under subsections (g), (h), (j), (k),

1 and (l) of this Section shall not exceed 12 years.

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

17 (k) Subject to the limitation in subsection (i) of this
18 Section, an alternative formula employee may elect to establish
19 eligible creditable service for periods spent as a full-time
20 law enforcement officer or full-time corrections officer
21 employed by the federal government or by a state or local
22 government located outside of Illinois, for which credit is not
23 held in any other public employee pension fund or retirement
24 system. To obtain this credit, the applicant must file a
25 written application with the Board by March 31, 1998,
26 accompanied by evidence of eligibility acceptable to the Board

1 and payment of an amount to be determined by the Board, equal
2 to (1) employee contributions for the credit being established,
3 based upon the applicant's salary on the first day as an
4 alternative formula employee after the employment for which
5 credit is being established and the rates then applicable to
6 alternative formula employees, plus (2) an amount determined by
7 the Board to be the employer's normal cost of the benefits
8 accrued for the credit being established, plus (3) regular
9 interest on the amounts in items (1) and (2) from the first day
10 as an alternative formula employee after the employment for
11 which credit is being established to the date of payment.

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

26 (m) The amendatory changes to this Section made by this

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

17 (n) A person employed in a position under subsection (b) of
18 this Section who has purchased service credit under subsection
19 (j) of Section 14-104 or subsection (b) of Section 14-105 in
20 any other capacity under this Article may convert up to 5 years
21 of that service credit into service credit covered under this
22 Section by paying to the Fund an amount equal to (1) the
23 additional employee contribution required under Section
24 14-133, plus (2) the additional employer contribution required
25 under Section 14-131, plus (3) interest on items (1) and (2) at
26 the actuarially assumed rate from the date of the service to

1 the date of payment.

2 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;
3 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.
4 7-2-10.)

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

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

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

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

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

17 Beginning January 1, 1990 and except as provided in
18 subsections (a-1), (a-2), and (a-3) of this Section, all
19 automatic annual increases payable under this Section shall be
20 calculated as a percentage of the total annuity payable at the
21 time of the increase, including previous increases granted
22 under this Article.

23 (a-1) Notwithstanding any other provision of this Article,
24 except subsection (a-3) of this Section, for a Tier I retiree,
25 the amount of each automatic annual increase in retirement
26 annuity occurring on or after the effective date of this

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

5 (a-2) Notwithstanding any other provision of this Article,
6 except subsection (a-3) of this Section, for a Tier I retiree,
7 the monthly retirement annuity shall first be subject to annual
8 increases on the January 1 occurring on or next after the
9 attainment of age 67 or the January 1 occurring on or next
10 after the fifth anniversary of the annuity start date,
11 whichever occurs earlier. If on the effective date of this
12 amendatory Act of the 98th General Assembly a Tier I retiree
13 has already received an annual increase under this Section but
14 does not yet meet the new eligibility requirements of this
15 subsection, the annual increases already received shall
16 continue in force, but no additional annual increase shall be
17 granted until the Tier I retiree meets the new eligibility
18 requirements.

19 (a-3) Notwithstanding any other provision of this Article,
20 a Tier I retiree is ineligible to receive an automatic annual
21 increase in retirement annuity pursuant to this Section, unless
22 he or she has 20 years of creditable service under this
23 Article. If on the effective date of this amendatory Act of the
24 98th General Assembly a Tier I retiree has already received an
25 annual increase under this Section but does not yet meet the
26 new eligibility requirements of this subsection, the annual

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

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

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

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

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

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

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

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

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

24 (40 ILCS 5/14-131)

25 Sec. 14-131. Contributions by State.

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

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

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

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

1 employees, and the recommendations of the actuary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 Notwithstanding any other provision of this Article, the

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 this Article.

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

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

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

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

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

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

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

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

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

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

1 annuity;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (40 ILCS 5/14-152.1)

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

16 (a) As used in this Section, "new benefit increase" means
17 an increase in the amount of any benefit provided under this
18 Article, or an expansion of the conditions of eligibility for
19 any benefit under this Article, that results from an amendment
20 to this Code that takes effect after June 1, 2005 (the
21 effective date of Public Act 94-4). "New benefit increase",
22 however, does not include any benefit increase resulting from
23 the changes made to this Article by Public Act 96-37 or by this
24 amendatory Act of the 98th ~~96th~~ General Assembly.

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

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

16 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

17 Sec. 15-106. Employer. "Employer": The University of
18 Illinois, Southern Illinois University, Chicago State
19 University, Eastern Illinois University, Governors State
20 University, Illinois State University, Northeastern Illinois
21 University, Northern Illinois University, Western Illinois
22 University, the State Board of Higher Education, the Illinois
23 Mathematics and Science Academy, the University Civil Service
24 Merit Board, the Board of Trustees of the State Universities
25 Retirement System, the Illinois Community College Board,

1 community college boards, any association of community college
2 boards organized under Section 3-55 of the Public Community
3 College Act, the Board of Examiners established under the
4 Illinois Public Accounting Act, and, only during the period for
5 which employer contributions required under Section 15-155 are
6 paid, the following organizations: the alumni associations,
7 the foundations and the athletic associations which are
8 affiliated with the universities and colleges included in this
9 Section as employers. An individual that begins employment
10 after the effective date of this amendatory Act of the 98th
11 General Assembly with an entity not defined as an employer in
12 this Section shall not be deemed an employee for the purposes
13 of this Article with respect to that employment and shall not
14 be eligible to participate in the System with respect to that
15 employment; provided, however, that those individuals who are
16 employed by such an employer and already participants in the
17 System on the effective date of this amendatory Act of the 98th
18 General Assembly shall be entitled to remain participants in
19 the System for the duration of that employment and continue to
20 earn service credit.

21 Notwithstanding any provision of law to the contrary, an
22 individual who begins employment with any of the following
23 employers on or after the effective date of this amendatory Act
24 of the 98th General Assembly shall not be deemed an employee
25 and shall not be eligible to participate in the System with
26 respect to that employment: any association of community

1 college boards organized under Section 3-55 of the Public
2 Community College Act, the Association of Illinois
3 Middle-Grade Schools, the Illinois Association of School
4 Administrators, the Illinois Association for Supervision and
5 Curriculum Development, the Illinois Principals Association,
6 the Illinois Association of School Business Officials, or the
7 Illinois Special Olympics; provided, however, that those
8 individuals who are employed by the above listed employers and
9 already participants in the System on the effective date of
10 this amendatory Act of the 98th General Assembly shall be
11 entitled to remain participants in the System for the duration
12 of that employment and continue to earn service credit.

13 A department as defined in Section 14-103.04 is an employer
14 for any person appointed by the Governor under the Civil
15 Administrative Code of Illinois who is a participating employee
16 as defined in Section 15-109. The Department of Central
17 Management Services is an employer with respect to persons
18 employed by the State Board of Higher Education in positions
19 with the Illinois Century Network as of June 30, 2004 who
20 remain continuously employed after that date by the Department
21 of Central Management Services in positions with the Illinois
22 Century Network, the Bureau of Communication and Computer
23 Services, or, if applicable, any successor bureau.

24 The cities of Champaign and Urbana shall be considered
25 employers, but only during the period for which contributions
26 are required to be made under subsection (b-1) of Section

1 15-155 and only with respect to individuals described in
2 subsection (h) of Section 15-107.

3 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
4 Sec. 999.)

5 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)
6 Sec. 15-107. Employee.

7 (a) "Employee" means any member of the educational,
8 administrative, secretarial, clerical, mechanical, labor or
9 other staff of an employer whose employment is permanent and
10 continuous or who is employed in a position in which services
11 are expected to be rendered on a continuous basis for at least
12 4 months or one academic term, whichever is less, who (A)
13 receives payment for personal services on a warrant issued
14 pursuant to a payroll voucher certified by an employer and
15 drawn by the State Comptroller upon the State Treasurer or by
16 an employer upon trust, federal or other funds, or (B) is on a
17 leave of absence without pay. Employment which is irregular,
18 intermittent or temporary shall not be considered continuous
19 for purposes of this paragraph.

20 However, a person is not an "employee" if he or she:

21 (1) is a student enrolled in and regularly attending
22 classes in a college or university which is an employer,
23 and is employed on a temporary basis at less than full
24 time;

25 (2) is currently receiving a retirement annuity or a

1 disability retirement annuity under Section 15-153.2 from
2 this System;

3 (3) is on a military leave of absence;

4 (4) is eligible to participate in the Federal Civil
5 Service Retirement System and is currently making
6 contributions to that system based upon earnings paid by an
7 employer;

8 (5) is on leave of absence without pay for more than 60
9 days immediately following termination of disability
10 benefits under this Article;

11 (6) is hired after June 30, 1979 as a public service
12 employment program participant under the Federal
13 Comprehensive Employment and Training Act and receives
14 earnings in whole or in part from funds provided under that
15 Act; or

16 (7) is employed on or after July 1, 1991 to perform
17 services that are excluded by subdivision (a)(7)(f) or
18 (a)(19) of Section 210 of the federal Social Security Act
19 from the definition of employment given in that Section (42
20 U.S.C. 410).

21 (b) Any employer may, by filing a written notice with the
22 board, exclude from the definition of "employee" all persons
23 employed pursuant to a federally funded contract entered into
24 after July 1, 1982 with a federal military department in a
25 program providing training in military courses to federal
26 military personnel on a military site owned by the United

1 States Government, if this exclusion is not prohibited by the
2 federally funded contract or federal laws or rules governing
3 the administration of the contract.

4 (c) Any person appointed by the Governor under the Civil
5 Administrative Code of the State is an employee, if he or she
6 is a participant in this system on the effective date of the
7 appointment.

8 (d) A participant on lay-off status under civil service
9 rules is considered an employee for not more than 120 days from
10 the date of the lay-off.

11 (e) A participant is considered an employee during (1) the
12 first 60 days of disability leave, (2) the period, not to
13 exceed one year, in which his or her eligibility for disability
14 benefits is being considered by the board or reviewed by the
15 courts, and (3) the period he or she receives disability
16 benefits under the provisions of Section 15-152, workers'
17 compensation or occupational disease benefits, or disability
18 income under an insurance contract financed wholly or partially
19 by the employer.

20 (f) Absences without pay, other than formal leaves of
21 absence, of less than 30 calendar days, are not considered as
22 an interruption of a person's status as an employee. If such
23 absences during any period of 12 months exceed 30 work days,
24 the employee status of the person is considered as interrupted
25 as of the 31st work day.

26 (g) A staff member whose employment contract requires

1 services during an academic term is to be considered an
2 employee during the summer and other vacation periods, unless
3 he or she declines an employment contract for the succeeding
4 academic term or his or her employment status is otherwise
5 terminated, and he or she receives no earnings during these
6 periods.

7 (h) An individual who was a participating employee employed
8 in the fire department of the University of Illinois's
9 Champaign-Urbana campus immediately prior to the elimination
10 of that fire department and who immediately after the
11 elimination of that fire department became employed by the fire
12 department of the City of Urbana or the City of Champaign shall
13 continue to be considered as an employee for purposes of this
14 Article for so long as the individual remains employed as a
15 firefighter by the City of Urbana or the City of Champaign. The
16 individual shall cease to be considered an employee under this
17 subsection (h) upon the first termination of the individual's
18 employment as a firefighter by the City of Urbana or the City
19 of Champaign.

20 (i) An individual who is employed on a full-time basis as
21 an officer or employee of a statewide teacher organization that
22 serves System participants or an officer of a national teacher
23 organization that serves System participants may participate
24 in the System and shall be deemed an employee, provided that
25 (1) the individual has previously earned creditable service
26 under this Article, (2) the individual files with the System an

1 irrevocable election to become a participant before the
2 effective date of this amendatory Act of the 97th General
3 Assembly, (3) the individual does not receive credit for that
4 employment under any other Article of this Code, and (4) the
5 individual first became a full-time employee of the teacher
6 organization and becomes a participant before the effective
7 date of this amendatory Act of the 97th General Assembly. An
8 employee under this subsection (i) is responsible for paying to
9 the System both (A) employee contributions based on the actual
10 compensation received for service with the teacher
11 organization and (B) employer contributions equal to the normal
12 costs (as defined in Section 15-155) resulting from that
13 service; all or any part of these contributions may be paid on
14 the employee's behalf or picked up for tax purposes (if
15 authorized under federal law) by the teacher organization.

16 A person who is an employee as defined in this subsection
17 (i) may establish service credit for similar employment prior
18 to becoming an employee under this subsection by paying to the
19 System for that employment the contributions specified in this
20 subsection, plus interest at the effective rate from the date
21 of service to the date of payment. However, credit shall not be
22 granted under this subsection for any such prior employment for
23 which the applicant received credit under any other provision
24 of this Code, or during which the applicant was on a leave of
25 absence under Section 15-113.2.

26 (j) A person employed by the State Board of Higher

1 Education in a position with the Illinois Century Network as of
2 June 30, 2004 shall be considered to be an employee for so long
3 as he or she remains continuously employed after that date by
4 the Department of Central Management Services in a position
5 with the Illinois Century Network, the Bureau of Communication
6 and Computer Services, or, if applicable, any successor bureau
7 and meets the requirements of subsection (a).

8 (k) In the case of doubt as to whether any person is an
9 employee within the meaning of this Section, the decision of
10 the Board shall be final.

11 (Source: P.A. 97-651, eff. 1-5-12.)

12 (40 ILCS 5/15-107.1 new)

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

20 (40 ILCS 5/15-107.2 new)

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

23 A person does not become a Tier I retiree by virtue of
24 receiving a reversionary, survivors, beneficiary, or

1 disability annuity.

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

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

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

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

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

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

10 (f) Notwithstanding any other provision of this Code, the
11 earnings of a Tier I participant for the purposes of this Code
12 shall not exceed, for periods of service on or after the
13 effective date of this amendatory Act of the 98th General
14 Assembly, the greater of (i) the annual contribution and
15 benefit base established for the applicable year by the
16 Commissioner of Social Security under the federal Social
17 Security Act or (ii) the annual earnings of the participant
18 during the 365 days immediately preceding that effective date;
19 except that this limitation does not apply to a participant's
20 earnings that are determined under an employment contract or
21 collective bargaining agreement that is in effect on the
22 effective date of this amendatory Act of the 98th General
23 Assembly and has not been amended or renewed after that date.

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

25 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

1 Sec. 15-113.2. Service for leaves of absence. "Service for
2 leaves of absence" includes those periods of leaves of absence
3 at less than 50% pay, except military leave and periods of
4 disability leave in excess of 60 days, for which the employee
5 pays the contributions required under Section 15-157 in
6 accordance with rules prescribed by the board based upon the
7 employee's basic compensation on the date the leave begins, or
8 in the case of leave for service with a teacher organization,
9 based upon the actual compensation received by the employee for
10 such service after January 26, 1988, if the employee so elects
11 within 30 days of that date or the date the leave for service
12 with a teacher organization begins, whichever is later;
13 provided that the employee (1) returns to employment covered by
14 this system at the expiration of the leave, or within 30 days
15 after the termination of a disability which occurs during the
16 leave and continues this employment at a percentage of time
17 equal to or greater than the percentage of time immediately
18 preceding the leave of absence for at least 8 consecutive
19 months or a period equal to the period of the leave, whichever
20 is less, or (2) is precluded from meeting the foregoing
21 conditions because of disability or death. If service credit is
22 denied because the employee fails to meet these conditions, the
23 contributions covering the leave of absence shall be refunded
24 without interest. The return to employment condition does not
25 apply if the leave of absence is for service with a teacher
26 organization.

1 Service credit provided under this Section shall not exceed
2 3 years in any period of 10 years, unless the employee is on
3 special leave granted by the employer for service with a
4 teacher organization. Commencing with the fourth year in any
5 period of 10 years, a participant on such special leave is also
6 required to pay employer contributions equal to the normal cost
7 as defined in Section 15-155, based upon the employee's basic
8 compensation on the date the leave begins, or based upon the
9 actual compensation received by the employee for service with a
10 teacher organization if the employee has so elected.

11 Notwithstanding any other provision of this Article, a
12 participant shall not be eligible to make contributions or
13 receive service credit for a leave of absence for service with
14 a teacher organization if that leave of absence for service
15 with a teacher organization begins on or after the effective
16 date of this amendatory Act of the 98th General Assembly.

17 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

18 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

20 (a) A participant who retires in one of the following
21 specified years with the specified amount of service is
22 entitled to a retirement annuity at any age under the
23 retirement program applicable to the participant:

24 35 years if retirement is in 1997 or before;

25 34 years if retirement is in 1998;

1 33 years if retirement is in 1999;
2 32 years if retirement is in 2000;
3 31 years if retirement is in 2001;
4 30 years if retirement is in 2002 or later.

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

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

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

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

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

23 (2) If the Tier I participant is at least 40 but less
24 than 45 years old on the effective date of this amendatory
25 Act of the 98th General Assembly, then the reference to
26 retirement with 30 years of service as well as the

1 references to age 50, 55, and 62 in subsection (a) of this
2 Section shall be increased by one year.

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

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

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

20 (b) The annuity payment period shall begin on the date
21 specified by the participant or the recipient of a disability
22 retirement annuity submitting a written application, which
23 date shall not be prior to termination of employment or more
24 than one year before the application is received by the board;
25 however, if the participant is not an employee of an employer
26 participating in this System or in a participating system as

1 defined in Article 20 of this Code on April 1 of the calendar
2 year next following the calendar year in which the participant
3 attains age 70 1/2, the annuity payment period shall begin on
4 that date regardless of whether an application has been filed.

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

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

8 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

9 Sec. 15-136. Retirement annuities - Amount. The provisions
10 of this Section 15-136 apply only to those participants who are
11 participating in the traditional benefit package or the
12 portable benefit package and do not apply to participants who
13 are participating in the self-managed plan.

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

18 Rule 1: The retirement annuity shall be 1.67% of final rate
19 of earnings for each of the first 10 years of service, 1.90%
20 for each of the next 10 years of service, 2.10% for each year
21 of service in excess of 20 but not exceeding 30, and 2.30% for
22 each year in excess of 30; or for persons who retire on or
23 after January 1, 1998, 2.2% of the final rate of earnings for
24 each year of service.

25 Rule 2: The retirement annuity shall be the sum of the

1 following, determined from amounts credited to the participant
2 in accordance with the actuarial tables and the effective rate
3 of interest in effect at the time the retirement annuity
4 begins:

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

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

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

18 For the purpose of calculating an annuity under this Rule
19 2, the contribution required under subsection (c-5) of Section
20 15-157 shall not be considered when determining the
21 participant's accumulated normal contributions under clause
22 (i) or the employer contribution under clause (ii).

23 With respect to a police officer or firefighter who retires
24 on or after August 14, 1998, the accumulated normal
25 contributions taken into account under clauses (i) and (ii) of
26 this Rule 2 shall include the additional normal contributions

1 made by the police officer or firefighter under Section
2 15-157(a).

3 The amount of a retirement annuity calculated under this
4 Rule 2 shall be computed solely on the basis of the
5 participant's accumulated normal contributions, as specified
6 in this Rule and defined in Section 15-116. Neither an employee
7 or employer contribution for early retirement under Section
8 15-136.2 nor any other employer contribution shall be used in
9 the calculation of the amount of a retirement annuity under
10 this Rule 2.

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

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

17 Rule 3: The retirement annuity of a participant who is
18 employed at least one-half time during the period on which his
19 or her final rate of earnings is based, shall be equal to the
20 participant's years of service not to exceed 30, multiplied by
21 (1) \$96 if the participant's final rate of earnings is less
22 than \$3,500, (2) \$108 if the final rate of earnings is at least
23 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
24 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
25 the final rate of earnings is at least \$5,500 but less than
26 \$6,500, (5) \$144 if the final rate of earnings is at least

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

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

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

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

24 (ii) in the case of an individual who was a
25 participating employee employed in the fire department of
26 the University of Illinois's Champaign-Urbana campus

1 immediately prior to the elimination of that fire
2 department and who immediately after the elimination of
3 that fire department transferred to another job with the
4 University of Illinois, service performed as an employee of
5 the University of Illinois in a position other than police
6 officer or firefighter, from the date of that transfer
7 until the employee's next termination of service with the
8 University of Illinois.

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

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

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

1 and

2 (iii) an annuity which can be provided on an
3 actuarially equivalent basis from the employee
4 contribution for early retirement under Section 15-136.2,
5 and an annuity from employer contributions of an amount
6 equal to that which can be provided on an actuarially
7 equivalent basis from the employee contribution for early
8 retirement under Section 15-136.2.

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

18 With respect to a participant who is qualified for a
19 retirement annuity under this Rule 5 whose retirement annuity
20 began before the effective date of this amendatory Act of the
21 91st General Assembly, and for whom an employee contribution
22 was made under Section 15-136.2, the System shall recalculate
23 the retirement annuity under this Rule 5 and shall pay any
24 additional amounts due in the manner provided in Section
25 15-186.1 for benefits mistakenly set too low.

26 The amount of a retirement annuity calculated under this

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

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

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

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

26 (1) For a disabled participant whose disability

1 benefits have been discontinued because he or she has
2 exhausted eligibility for disability benefits under clause
3 (6) of Section 15-152;

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

7 (3) For that portion of a retirement annuity which has
8 been provided on account of service of the participant
9 during periods when he or she performed the duties of a
10 police officer or firefighter, if these duties were
11 performed for at least 5 years immediately preceding the
12 date the retirement annuity is to begin.

13 (c) The maximum retirement annuity provided under Rules 1,
14 2, 4, and 5 shall be the lesser of (1) the annual limit of
15 benefits as specified in Section 415 of the Internal Revenue
16 Code of 1986, as such Section may be amended from time to time
17 and as such benefit limits shall be adjusted by the
18 Commissioner of Internal Revenue, and (2) 80% of final rate of
19 earnings.

20 (d) Subject to the provisions of subsections (d-1), (d-2),
21 and (d-3) of this Section, an ~~An~~ annuitant whose status as an
22 employee terminates after August 14, 1969 shall receive
23 automatic increases in his or her retirement annuity as
24 follows:

25 Effective January 1 immediately following the date the
26 retirement annuity begins, the annuitant shall receive an

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

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

21 Beginning January 1, 1990 and except as provided in
22 subsections (d-1), (d-2), and (d-3) of this Section, all
23 automatic annual increases payable under this Section shall be
24 calculated as a percentage of the total annuity payable at the
25 time of the increase, including all increases previously
26 granted under this Article.

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

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

11 (d-2) Notwithstanding any other provision of this Article,
12 except subsection (d-3) of this Section, for a Tier I retiree,
13 the monthly retirement annuity shall first be subject to annual
14 increases on the January 1 occurring on or next after the
15 attainment of age 67 or the January 1 occurring on or next
16 after the fifth anniversary of the annuity start date,
17 whichever occurs earlier. If on the effective date of this
18 amendatory Act of the 98th General Assembly a Tier I retiree
19 has already received an annual increase under this Section but
20 does not yet meet the new eligibility requirements of this
21 subsection, the annual increases already received shall
22 continue in force, but no additional annual increase shall be
23 granted until the Tier I retiree meets the new eligibility
24 requirements.

25 (d-3) Notwithstanding any other provision of this Article,
26 a Tier I retiree is ineligible to receive an automatic annual

1 increase in retirement annuity pursuant to this Section, unless
2 he or she has 20 years of creditable service under this
3 Article. If on the effective date of this amendatory Act of the
4 98th General Assembly a Tier I retiree has already received an
5 annual increase under this Section but does not yet meet the
6 new eligibility requirements of this subsection, the annual
7 increases already received shall continue in force, but no
8 additional annual increase shall be granted until the Tier I
9 retiree meets the new eligibility requirements.

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

15 (e) If, on January 1, 1987, or the date the retirement
16 annuity payment period begins, whichever is later, the sum of
17 the retirement annuity provided under Rule 1 or Rule 2 of this
18 Section and the automatic annual increases provided under the
19 preceding subsection or Section 15-136.1, amounts to less than
20 the retirement annuity which would be provided by Rule 3, the
21 retirement annuity shall be increased as of January 1, 1987, or
22 the date the retirement annuity payment period begins,
23 whichever is later, to the amount which would be provided by
24 Rule 3 of this Section. Such increased amount shall be
25 considered as the retirement annuity in determining benefits
26 provided under other Sections of this Article. This paragraph

1 applies without regard to whether status as an employee
2 terminated before the effective date of this amendatory Act of
3 1987, provided that the annuitant was employed at least
4 one-half time during the period on which the final rate of
5 earnings was based.

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

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

1 Section 20-109 had been validated under this system, a
2 supplemental annuity equal to the difference in such amounts
3 shall be payable to the participant.

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

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

17 (j) For participants to whom subsection (a-5) of Section
18 15-135 applies, the references to age 50, 55, and 62 in this
19 Section are increased as provided in subsection (a-5) of
20 Section 15-135.

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

22 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

23 Sec. 15-155. Employer contributions.

24 (a) The State of Illinois shall make contributions by
25 appropriations of amounts which, together with the ~~other~~

1 employer contributions ~~from trust, federal, and other funds,~~
2 employee contributions, income from investments, and other
3 income of this System, will be sufficient to meet the cost of
4 maintaining and administering the System on a 100% ~~90%~~ funded
5 basis in accordance with actuarial recommendations by the end
6 of State fiscal year 2043.

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

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

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

1 actuarial liabilities of the System.

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

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2006 is
19 \$166,641,900.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$252,064,100.

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

1 2007, so that by State fiscal year 2011, the State is
2 contributing at the rate otherwise required under this Section.

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

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

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

1 ~~actuarial liabilities of the System.~~

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

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

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

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

1 Article.

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

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

26 (d) Beginning in State fiscal year 1996, the required State

1 contributions to the System shall be appropriated directly to
2 the System and shall be payable through vouchers issued in
3 accordance with subsection (c) of Section 15-165, except as
4 provided in subsection (g).

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

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

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

1 of 6%. This present value shall be computed by the System on
2 the basis of the actuarial assumptions and tables used in the
3 most recent actuarial valuation of the System that is available
4 at the time of the computation. The System may require the
5 employer to provide any pertinent information or
6 documentation.

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

22 The employer contributions required under this subsection
23 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days
24 after receipt of the bill. If the employer contributions are
25 not paid within 90 days after receipt of the bill, then
26 interest will be charged at a rate equal to the System's annual

1 actuarially assumed rate of return on investment compounded
2 annually from the 91st day after receipt of the bill. Payments
3 must be concluded within 3 years after the employer's receipt
4 of the bill.

5 (h) This subsection (h) applies only to payments made or
6 salary increases given on or after June 1, 2005 but before July
7 1, 2011. The changes made by Public Act 94-1057 shall not
8 require the System to refund any payments received before July
9 31, 2006 (the effective date of Public Act 94-1057).

10 When assessing payment for any amount due under subsection
11 (g), the System shall exclude earnings increases paid to
12 participants under contracts or collective bargaining
13 agreements entered into, amended, or renewed before June 1,
14 2005.

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

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

1 academic year that the overload is paid and (B) the earnings
2 increases are equal to or less than the rate of pay for
3 academic instruction computed using the participant's current
4 salary rate and work schedule; and (ii) in the case of
5 overtime, the overtime was necessary for the educational
6 mission.

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

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

1 Notwithstanding any other provision of this Section, any
2 payments made or salary increases given after June 30, 2014
3 shall be used in assessing payment for any amount due under
4 subsection (g) of this Section.

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

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

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

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

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

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

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

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

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

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

24 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
25 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
26 7-13-12; revised 10-17-12.)

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

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

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

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

22 Notwithstanding any other provision of law, if the State
23 fails to pay in a State fiscal year the amount guaranteed under
24 this subsection, the System may bring a mandamus action in the
25 Circuit Court of Sangamon or Champaign County to compel the

1 State to make that payment, irrespective of other remedies that
2 may be available to the System. In ordering the State to make
3 the required payment, the court may order a reasonable payment
4 schedule to enable the State to make the required payment
5 without significantly imperiling the public health, safety, or
6 welfare.

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

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

22 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

23 Sec. 15-157. Employee Contributions.

24 (a) Each participating employee shall make contributions
25 towards the retirement benefits payable under the retirement

1 program applicable to the employee from each payment of
2 earnings applicable to employment under this system on and
3 after the date of becoming a participant as follows: Prior to
4 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
5 to August 31, 1955, 5%; from September 1, 1955 to August 31,
6 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
7 are to be considered as normal contributions for purposes of
8 this Article.

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

1 15-136. While performing service described in clause (i) or
2 (ii) of Rule 4 of Section 15-136, a participating employee
3 shall be deemed to be employed as a firefighter for the purpose
4 of determining the rate of employee contributions under this
5 Section.

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

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

1 1971 shall be considered as additional contributions for
2 purposes of this Article.

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

9 (1) beginning July 1, 2013 and through June 30, 2014,
10 1% of earnings; and

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

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

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

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

1 annuity and the adjustment in contributions required by this
2 provision shall be made as of the date of the participant's
3 retirement.

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

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

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

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

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

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

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

7 On or before July 1, 2005, 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 2006, taking
10 into account the changes in required State contributions made
11 by this amendatory Act of the 94th General Assembly.

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

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

1 identifying, if necessary, recommended changes in actuarial
2 assumptions that the Board must consider before finalizing its
3 certification of the required State contributions.

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

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

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

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

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

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

1 System.

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

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

15 (40 ILCS 5/15-198)

16 Sec. 15-198. Application and expiration of new benefit
17 increases.

18 (a) As used in this Section, "new benefit increase" means
19 an increase in the amount of any benefit provided under this
20 Article, or an expansion of the conditions of eligibility for
21 any benefit under this Article, that results from an amendment
22 to this Code that takes effect after the effective date of this
23 amendatory Act of the 94th General Assembly. "New benefit
24 increase", however, does not include any benefit increase
25 resulting from the changes made to this Article by this

1 amendatory Act of the 98th General 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.)

18 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

19 Sec. 16-106. Teacher. "Teacher": The following
20 individuals, provided that, for employment prior to July 1,
21 1990, they are employed on a full-time basis, or if not
22 full-time, on a permanent and continuous basis in a position in
23 which services are expected to be rendered for at least one
24 school term:

25 (1) Any educational, administrative, professional or

1 other staff employed in the public common schools included
2 within this system in a position requiring certification
3 under the law governing the certification of teachers;

4 (2) Any educational, administrative, professional or
5 other staff employed in any facility of the Department of
6 Children and Family Services or the Department of Human
7 Services, in a position requiring certification under the
8 law governing the certification of teachers, and any person
9 who (i) works in such a position for the Department of
10 Corrections, (ii) was a member of this System on May 31,
11 1987, and (iii) did not elect to become a member of the
12 State Employees' Retirement System pursuant to Section
13 14-108.2 of this Code; except that "teacher" does not
14 include any person who (A) becomes a security employee of
15 the Department of Human Services, as defined in Section
16 14-110, after June 28, 2001 (the effective date of Public
17 Act 92-14), or (B) becomes a member of the State Employees'
18 Retirement System pursuant to Section 14-108.2c of this
19 Code;

20 (3) Any regional superintendent of schools, assistant
21 regional superintendent of schools, State Superintendent
22 of Education; any person employed by the State Board of
23 Education as an executive; any executive of the boards
24 engaged in the service of public common school education in
25 school districts covered under this system of which the
26 State Superintendent of Education is an ex-officio member;

1 (4) Any employee of a school board association
2 operating in compliance with Article 23 of the School Code
3 who is certificated under the law governing the
4 certification of teachers, provided that he or she becomes
5 such an employee before the effective date of this
6 amendatory Act of the 98th General Assembly;

7 (5) Any person employed by the retirement system who:

8 (i) was an employee of and a participant in the
9 system on August 17, 2001 (the effective date of Public
10 Act 92-416), or

11 (ii) becomes an employee of the system on or after
12 August 17, 2001;

13 (6) Any educational, administrative, professional or
14 other staff employed by and under the supervision and
15 control of a regional superintendent of schools, provided
16 such employment position requires the person to be
17 certificated under the law governing the certification of
18 teachers and is in an educational program serving 2 or more
19 districts in accordance with a joint agreement authorized
20 by the School Code or by federal legislation;

21 (7) Any educational, administrative, professional or
22 other staff employed in an educational program serving 2 or
23 more school districts in accordance with a joint agreement
24 authorized by the School Code or by federal legislation and
25 in a position requiring certification under the laws
26 governing the certification of teachers;

1 (8) Any officer or employee of a statewide teacher
2 organization or officer of a national teacher organization
3 who is certified under the law governing certification of
4 teachers, provided: (i) the individual had previously
5 established creditable service under this Article, (ii)
6 the individual files with the system an irrevocable
7 election to become a member before the effective date of
8 this amendatory Act of the 97th General Assembly, (iii) the
9 individual does not receive credit for such service under
10 any other Article of this Code, and (iv) the individual
11 first became an officer or employee of the teacher
12 organization and becomes a member before the effective date
13 of this amendatory Act of the 97th General Assembly;

14 (9) Any educational, administrative, professional, or
15 other staff employed in a charter school operating in
16 compliance with the Charter Schools Law who is certificated
17 under the law governing the certification of teachers; i -

18 (10) Any person employed, on the effective date of this
19 amendatory Act of the 94th General Assembly, by the
20 Macon-Piatt Regional Office of Education in a
21 birth-through-age-three pilot program receiving funds
22 under Section 2-389 of the School Code who is required by
23 the Macon-Piatt Regional Office of Education to hold a
24 teaching certificate, provided that the Macon-Piatt
25 Regional Office of Education makes an election, within 6
26 months after the effective date of this amendatory Act of

1 the 94th General Assembly, to have the person participate
2 in the system. Any service established prior to the
3 effective date of this amendatory Act of the 94th General
4 Assembly for service as an employee of the Macon-Piatt
5 Regional Office of Education in a birth-through-age-three
6 pilot program receiving funds under Section 2-389 of the
7 School Code shall be considered service as a teacher if
8 employee and employer contributions have been received by
9 the system and the system has not refunded those
10 contributions.

11 An annuitant receiving a retirement annuity under this
12 Article or under Article 17 of this Code who is employed by a
13 board of education or other employer as permitted under Section
14 16-118 or 16-150.1 is not a "teacher" for purposes of this
15 Article. A person who has received a single-sum retirement
16 benefit under Section 16-136.4 of this Article is not a
17 "teacher" for purposes of this Article.

18 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

19 (40 ILCS 5/16-106.4 new)

20 Sec. 16-106.4. Tier I member. "Tier I member": A member
21 under this Article who first became a member or participant
22 before January 1, 2011 under any reciprocal retirement system
23 or pension fund established under this Code other than a
24 retirement system or pension fund established under Article 2,
25 3, 4, 5, 6, or 18 of this Code.

1 (40 ILCS 5/16-106.5 new)

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

4 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

11 Notwithstanding any other provision of this Code, the
12 salary of a Tier I member for the purposes of this Code shall
13 not exceed, for periods of service on or after the effective
14 date of this amendatory Act of the 98th General Assembly, the
15 greater of (i) the annual contribution and benefit base
16 established for the applicable year by the Commissioner of
17 Social Security under the federal Social Security Act or (ii)
18 the annual salary of the member during the 365 days immediately
19 preceding that effective date; except that this limitation does
20 not apply to a member's salary that is determined under an
21 employment contract or collective bargaining agreement that is
22 in effect on the effective date of this amendatory Act of the
23 98th General Assembly and has not been amended or renewed after
24 that date.

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

2 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

3 Sec. 16-127. Computation of creditable service.

4 (a) Each member shall receive regular credit for all
5 service as a teacher from the date membership begins, for which
6 satisfactory evidence is supplied and all contributions have
7 been paid.

8 (b) The following periods of service shall earn optional
9 credit and each member shall receive credit for all such
10 service for which satisfactory evidence is supplied and all
11 contributions have been paid as of the date specified:

12 (1) Prior service as a teacher.

13 (2) Service in a capacity essentially similar or
14 equivalent to that of a teacher, in the public common
15 schools in school districts in this State not included
16 within the provisions of this System, or of any other
17 State, territory, dependency or possession of the United
18 States, or in schools operated by or under the auspices of
19 the United States, or under the auspices of any agency or
20 department of any other State, and service during any
21 period of professional speech correction or special
22 education experience for a public agency within this State
23 or any other State, territory, dependency or possession of
24 the United States, and service prior to February 1, 1951 as
25 a recreation worker for the Illinois Department of Public

1 Safety, for a period not exceeding the lesser of 2/5 of the
2 total creditable service of the member or 10 years. The
3 maximum service of 10 years which is allowable under this
4 paragraph shall be reduced by the service credit which is
5 validated by other retirement systems under paragraph (i)
6 of Section 15-113 and paragraph 1 of Section 17-133. Credit
7 granted under this paragraph may not be used in
8 determination of a retirement annuity or disability
9 benefits unless the member has at least 5 years of
10 creditable service earned subsequent to this employment
11 with one or more of the following systems: Teachers'
12 Retirement System of the State of Illinois, State
13 Universities Retirement System, and the Public School
14 Teachers' Pension and Retirement Fund of Chicago. Whenever
15 such service credit exceeds the maximum allowed for all
16 purposes of this Article, the first service rendered in
17 point of time shall be considered. The changes to this
18 subdivision (b)(2) made by Public Act 86-272 shall apply
19 not only to persons who on or after its effective date
20 (August 23, 1989) are in service as a teacher under the
21 System, but also to persons whose status as such a teacher
22 terminated prior to such effective date, whether or not
23 such person is an annuitant on that date.

24 (3) Any periods immediately following teaching
25 service, under this System or under Article 17, (or
26 immediately following service prior to February 1, 1951 as

1 a recreation worker for the Illinois Department of Public
2 Safety) spent in active service with the military forces of
3 the United States; periods spent in educational programs
4 that prepare for return to teaching sponsored by the
5 federal government following such active military service;
6 if a teacher returns to teaching service within one
7 calendar year after discharge or after the completion of
8 the educational program, a further period, not exceeding
9 one calendar year, between time spent in military service
10 or in such educational programs and the return to
11 employment as a teacher under this System; and a period of
12 up to 2 years of active military service not immediately
13 following employment as a teacher.

14 The changes to this Section and Section 16-128 relating
15 to military service made by P.A. 87-794 shall apply not
16 only to persons who on or after its effective date are in
17 service as a teacher under the System, but also to persons
18 whose status as a teacher terminated prior to that date,
19 whether or not the person is an annuitant on that date. In
20 the case of an annuitant who applies for credit allowable
21 under this Section for a period of military service that
22 did not immediately follow employment, and who has made the
23 required contributions for such credit, the annuity shall
24 be recalculated to include the additional service credit,
25 with the increase taking effect on the date the System
26 received written notification of the annuitant's intent to

1 purchase the credit, if payment of all the required
2 contributions is made within 60 days of such notice, or
3 else on the first annuity payment date following the date
4 of payment of the required contributions. In calculating
5 the automatic annual increase for an annuity that has been
6 recalculated under this Section, the increase attributable
7 to the additional service allowable under P.A. 87-794 shall
8 be included in the calculation of automatic annual
9 increases accruing after the effective date of the
10 recalculation.

11 Credit for military service shall be determined as
12 follows: if entry occurs during the months of July, August,
13 or September and the member was a teacher at the end of the
14 immediately preceding school term, credit shall be granted
15 from July 1 of the year in which he or she entered service;
16 if entry occurs during the school term and the teacher was
17 in teaching service at the beginning of the school term,
18 credit shall be granted from July 1 of such year. In all
19 other cases where credit for military service is allowed,
20 credit shall be granted from the date of entry into the
21 service.

22 The total period of military service for which credit
23 is granted shall not exceed 5 years for any member unless
24 the service: (A) is validated before July 1, 1964, and (B)
25 does not extend beyond July 1, 1963. Credit for military
26 service shall be granted under this Section only if not

1 more than 5 years of the military service for which credit
2 is granted under this Section is used by the member to
3 qualify for a military retirement allotment from any branch
4 of the armed forces of the United States. The changes to
5 this subdivision (b)(3) made by Public Act 86-272 shall
6 apply not only to persons who on or after its effective
7 date (August 23, 1989) are in service as a teacher under
8 the System, but also to persons whose status as such a
9 teacher terminated prior to such effective date, whether or
10 not such person is an annuitant on that date.

11 (4) Any periods served as a member of the General
12 Assembly.

13 (5) (i) Any periods for which a teacher, as defined in
14 Section 16-106, is granted a leave of absence, provided he
15 or she returns to teaching service creditable under this
16 System or the State Universities Retirement System
17 following the leave; (ii) periods during which a teacher is
18 involuntarily laid off from teaching, provided he or she
19 returns to teaching following the lay-off; (iii) periods
20 prior to July 1, 1983 during which a teacher ceased covered
21 employment due to pregnancy, provided that the teacher
22 returned to teaching service creditable under this System
23 or the State Universities Retirement System following the
24 pregnancy and submits evidence satisfactory to the Board
25 documenting that the employment ceased due to pregnancy;
26 and (iv) periods prior to July 1, 1983 during which a

1 teacher ceased covered employment for the purpose of
2 adopting an infant under 3 years of age or caring for a
3 newly adopted infant under 3 years of age, provided that
4 the teacher returned to teaching service creditable under
5 this System or the State Universities Retirement System
6 following the adoption and submits evidence satisfactory
7 to the Board documenting that the employment ceased for the
8 purpose of adopting an infant under 3 years of age or
9 caring for a newly adopted infant under 3 years of age.
10 However, total credit under this paragraph (5) may not
11 exceed 3 years.

12 Any qualified member or annuitant may apply for credit
13 under item (iii) or (iv) of this paragraph (5) without
14 regard to whether service was terminated before the
15 effective date of this amendatory Act of 1997. In the case
16 of an annuitant who establishes credit under item (iii) or
17 (iv), the annuity shall be recalculated to include the
18 additional service credit. The increase in annuity shall
19 take effect on the date the System receives written
20 notification of the annuitant's intent to purchase the
21 credit, if the required evidence is submitted and the
22 required contribution paid within 60 days of that
23 notification, otherwise on the first annuity payment date
24 following the System's receipt of the required evidence and
25 contribution. The increase in an annuity recalculated
26 under this provision shall be included in the calculation

1 of automatic annual increases in the annuity accruing after
2 the effective date of the recalculation.

3 Optional credit may be purchased under this subsection
4 (b) (5) for periods during which a teacher has been granted
5 a leave of absence pursuant to Section 24-13 of the School
6 Code. A teacher whose service under this Article terminated
7 prior to the effective date of P.A. 86-1488 shall be
8 eligible to purchase such optional credit. If a teacher who
9 purchases this optional credit is already receiving a
10 retirement annuity under this Article, the annuity shall be
11 recalculated as if the annuitant had applied for the leave
12 of absence credit at the time of retirement. The difference
13 between the entitled annuity and the actual annuity shall
14 be credited to the purchase of the optional credit. The
15 remainder of the purchase cost of the optional credit shall
16 be paid on or before April 1, 1992.

17 The change in this paragraph made by Public Act 86-273
18 shall be applicable to teachers who retire after June 1,
19 1989, as well as to teachers who are in service on that
20 date.

21 (6) Any days of unused and uncompensated accumulated
22 sick leave earned by a teacher who first became a
23 participant in the System before the effective date of this
24 amendatory Act of the 98th General Assembly. The service
25 credit granted under this paragraph shall be the ratio of
26 the number of unused and uncompensated accumulated sick

1 leave days to 170 days, subject to a maximum of 2 years of
2 service credit. Prior to the member's retirement, each
3 former employer shall certify to the System the number of
4 unused and uncompensated accumulated sick leave days
5 credited to the member at the time of termination of
6 service. The period of unused sick leave shall not be
7 considered in determining the effective date of
8 retirement. A member is not required to make contributions
9 in order to obtain service credit for unused sick leave.

10 Credit for sick leave shall, at retirement, be granted
11 by the System for any retiring regional or assistant
12 regional superintendent of schools who first became a
13 participant in this System before the effective date of
14 this amendatory Act of the 98th General Assembly at the
15 rate of 6 days per year of creditable service or portion
16 thereof established while serving as such superintendent
17 or assistant superintendent.

18 Service credit is not available for unused sick leave
19 accumulated by a teacher who first becomes a participant in
20 this System on or after the effective date of this amendatory
21 Act of the 98th General Assembly.

22 (7) Periods prior to February 1, 1987 served as an
23 employee of the Illinois Mathematics and Science Academy
24 for which credit has not been terminated under Section
25 15-113.9 of this Code.

26 (8) Service as a substitute teacher for work performed

1 prior to July 1, 1990.

2 (9) Service as a part-time teacher for work performed
3 prior to July 1, 1990.

4 (10) Up to 2 years of employment with Southern Illinois
5 University - Carbondale from September 1, 1959 to August
6 31, 1961, or with Governors State University from September
7 1, 1972 to August 31, 1974, for which the teacher has no
8 credit under Article 15. To receive credit under this item
9 (10), a teacher must apply in writing to the Board and pay
10 the required contributions before May 1, 1993 and have at
11 least 12 years of service credit under this Article.

12 (b-1) A member may establish optional credit for up to 2
13 years of service as a teacher or administrator employed by a
14 private school recognized by the Illinois State Board of
15 Education, provided that the teacher (i) was certified under
16 the law governing the certification of teachers at the time the
17 service was rendered, (ii) applies in writing on or after
18 August 1, 2009 and on or before August 1, 2012, (iii) supplies
19 satisfactory evidence of the employment, (iv) completes at
20 least 10 years of contributing service as a teacher as defined
21 in Section 16-106, and (v) pays the contribution required in
22 subsection (d-5) of Section 16-128. The member may apply for
23 credit under this subsection and pay the required contribution
24 before completing the 10 years of contributing service required
25 under item (iv), but the credit may not be used until the item
26 (iv) contributing service requirement has been met.

1 (c) The service credits specified in this Section shall be
2 granted only if: (1) such service credits are not used for
3 credit in any other statutory tax-supported public employee
4 retirement system other than the federal Social Security
5 program; and (2) the member makes the required contributions as
6 specified in Section 16-128. Except as provided in subsection
7 (b-1) of this Section, the service credit shall be effective as
8 of the date the required contributions are completed.

9 Any service credits granted under this Section shall
10 terminate upon cessation of membership for any cause.

11 Credit may not be granted under this Section covering any
12 period for which an age retirement or disability retirement
13 allowance has been paid.

14 (Source: P.A. 96-546, eff. 8-17-09.)

15 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

16 Sec. 16-132. Retirement annuity eligibility.

17 (a) A member who has at least 20 years of creditable
18 service is entitled to a retirement annuity upon or after
19 attainment of age 55. A member who has at least 10 but less
20 than 20 years of creditable service is entitled to a retirement
21 annuity upon or after attainment of age 60. A member who has at
22 least 5 but less than 10 years of creditable service is
23 entitled to a retirement annuity upon or after attainment of
24 age 62. A member who (i) has earned during the period
25 immediately preceding the last day of service at least one year

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

10 A member who is eligible to receive a retirement annuity of
11 at least 74.6% of final average salary and will attain age 55
12 on or before December 31 during the year which commences on
13 July 1 shall be deemed to attain age 55 on the preceding June
14 1.

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

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

24 (2) If the Tier I member is at least 40 but less than
25 45 years old on the effective date of this amendatory Act
26 of the 98th General Assembly, then the references to age

1 55, 60, and 62 in subsection (a) of this Section are
2 increased by one year and the reference to 85 in subsection
3 (a) is increased to 87.

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

10 (4) If the Tier I member is less than 35 years old on
11 the effective date of this amendatory Act of the 98th
12 General Assembly, then the references to age 55, 60, and 62
13 in subsection (a) of this Section are increased by 5 years
14 and the reference to 85 in subsection (a) is increased to
15 95.

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

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

1 (d) To be eligible for a retirement annuity, a member shall
2 not be employed as a teacher in the schools included under this
3 System or under Article 17, except (i) as provided in Section
4 16-118 or 16-150.1, (ii) if the member is disabled (in which
5 event, eligibility for salary must cease), or (iii) if the
6 System is required by federal law to commence payment due to
7 the member's age; the changes to this sentence made by Public
8 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~
9 apply without regard to whether the member terminated
10 employment before or after its effective date.

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

12 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

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

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

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

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

21 This paragraph (A) does not apply to a person who first
22 becomes a teacher under this Article on or after July 1,
23 2005.

24 (B) An amount consisting of the greater of the
25 following:

26 (1) For creditable service earned before July 1,

1 1998 that has not been augmented under Section
2 16-129.1: 1.67% of final average salary for each of the
3 first 10 years of creditable service, 1.90% of final
4 average salary for each year in excess of 10 but not
5 exceeding 20, 2.10% of final average salary for each
6 year in excess of 20 but not exceeding 30, and 2.30% of
7 final average salary for each year in excess of 30; and

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

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

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

24 The amount of the retirement annuity determined under this
25 paragraph (B) shall be reduced by 1/2 of 1% for each month
26 that the member is less than age 60 at the time the

1 retirement annuity begins. However, this reduction shall
2 not apply (i) if the member has at least 35 years of
3 creditable service, or (ii) if the member retires on
4 account of disability under Section 16-149.2 of this
5 Article with at least 20 years of creditable service, or
6 (iii) if the member (1) has earned during the period
7 immediately preceding the last day of service at least one
8 year of contributing creditable service as an employee of a
9 department as defined in Section 14-103.04, (2) has earned
10 at least 5 years of contributing creditable service as an
11 employee of a department as defined in Section 14-103.04,
12 (3) retires on or after January 1, 2001, and (4) retires
13 having attained an age which, when added to the number of
14 years of his or her total creditable service, equals at
15 least 85. Portions of years shall be counted as decimal
16 equivalents. For participants to whom subsection (b) of
17 Section 16-132 applies, the reference to age 60 in this
18 paragraph and the reference to 85 in this paragraph are
19 increased as provided in subsection (b) of Section 16-132.

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

25 In the determination of final average salary for members
26 other than elected officials and their appointees when such

1 appointees are allowed by statute, that part of a member's
2 salary for any year beginning after June 30, 1979 which exceeds
3 the member's annual full-time salary rate with the same
4 employer for the preceding year by more than 20% shall be
5 excluded. The exclusion shall not apply in any year in which
6 the member's creditable earnings are less than 50% of the
7 preceding year's mean salary for downstate teachers as
8 determined by the survey of school district salaries provided
9 in Section 2-3.103 of the School Code.

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

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

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

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

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

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

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

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

9 An annuitant shall first be entitled to an initial increase
10 under this Section on the January 1 next following the first
11 anniversary of retirement, or January 1 of the year next
12 following attainment of age 61, whichever is later. At such
13 time, the system shall pay an initial increase determined as
14 follows or as provided in subsections (a-1), (a-2), and (a-3)
15 of this Section:

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

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

24 (3) 3% of the originally granted annuity multiplied by
25 the number of years elapsed from the date of retirement or

1 January 1, 1978, whichever is later, until the effective
2 date of the initial increase.

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

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

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

1 increase, including previous increases granted.

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

16 (a-3) Notwithstanding any other provision of this Article,
17 a Tier I retiree is ineligible to receive an automatic annual
18 increase in retirement annuity pursuant to this Section, unless
19 he or she has 20 years of creditable service under this
20 Article. If on the effective date of this amendatory Act of the
21 98th General Assembly a Tier I retiree has already received an
22 annual increase under this Section but does not yet meet the
23 new eligibility requirements of this subsection, the annual
24 increases already received shall continue in force, but no
25 additional annual increase shall be granted until the Tier I
26 retiree meets the new eligibility requirements.

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

6 (b) The automatic annual increases in annuity provided
7 under this Section shall not be applicable unless a member has
8 made contributions toward such increases for a period
9 equivalent to one full year of creditable service. If a member
10 contributes for service performed after August 26, 1969 but the
11 member becomes an annuitant before such contributions amount to
12 one full year's contributions based on the salary at the date
13 of retirement, he or she may pay the necessary balance of the
14 contributions to the system and be eligible for the automatic
15 annual increases in annuity provided under this Section.

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

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

25 (e) In addition to the automatic annual increases in
26 annuity provided under this Section, an annuitant who meets the

1 service requirements of this Section and whose retirement
2 annuity or disability retirement annuity began on or before
3 January 1, 1971 shall receive, on January 1, 1981, an increase
4 in the annuity then being paid of one dollar per month for each
5 year of creditable service. On January 1, 1982, an annuitant
6 whose retirement annuity or disability retirement annuity
7 began on or before January 1, 1977 shall receive an increase in
8 the annuity then being paid of one dollar per month for each
9 year of creditable service.

10 On January 1, 1987, any annuitant whose retirement annuity
11 began on or before January 1, 1977, shall receive an increase
12 in the monthly retirement annuity equal to 8¢ per year of
13 creditable service times the number of years that have elapsed
14 since the annuity began.

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

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

17 Sec. 16-152. Contributions by members.

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

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

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

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

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

12 (a-5) In addition to the contributions otherwise required
13 under this Article, each Tier I member shall also make the
14 following contributions toward the cost of the retirement
15 annuity from each payment of salary:

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 Except as otherwise specified, these contributions are to
20 be considered as normal contributions for purposes of this
21 Article.

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

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

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

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

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

24 (2) The contributions shall be included, without
25 interest, in any refund claimed by the member under Section
26 16-151.

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

6 (4) The contributions shall be refunded to the member,
7 without interest, within 120 days after the early
8 retirement without discount option provided under Section
9 16-133.2 is terminated under Section 16-176.

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

11 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

12 Sec. 16-158. Contributions by State and other employing
13 units.

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

22 The Board shall determine the amount of State contributions
23 required for each fiscal year on the basis of the actuarial
24 tables and other assumptions adopted by the Board and the
25 recommendations of the actuary, using the formula in subsection

1 (b-3).

2 (a-1) Annually, on or before November 15 through ~~until~~
3 November 15, 2011, the Board shall certify to the Governor the
4 amount of the required State contribution for the coming fiscal
5 year. The certification under this subsection (a-1) shall
6 include a copy of the actuarial recommendations upon which it
7 is based ~~and shall specifically identify the System's projected~~
8 ~~State normal cost for that fiscal year.~~

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

15 On or before July 1, 2005, 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 2006, taking
18 into account the changes in required State contributions made
19 by this amendatory Act of the 94th General Assembly.

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

26 (a-5) On or before November 1 of each year, beginning

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

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

24 (b) Through State fiscal year 1995, the State contributions
25 shall be paid to the System in accordance with Section 18-7 of
26 the School Code.

1 (b-1) Beginning in State fiscal year 1996, on the 15th day
2 of each month, or as soon thereafter as may be practicable, the
3 Board shall submit vouchers for payment of State contributions
4 to the System, in a total monthly amount of one-twelfth of the
5 required annual State contribution certified under subsection
6 (a-1). From the effective date of this amendatory Act of the
7 93rd General Assembly through June 30, 2004, the Board shall
8 not submit vouchers for the remainder of fiscal year 2004 in
9 excess of the fiscal year 2004 certified contribution amount
10 determined under this Section after taking into consideration
11 the transfer to the System under subsection (a) of Section
12 6z-61 of the State Finance Act. These vouchers shall be paid by
13 the State Comptroller and Treasurer by warrants drawn on the
14 funds appropriated to the System for that fiscal year.

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

24 (b-2) Allocations from the Common School Fund apportioned
25 to school districts not coming under this System shall not be
26 diminished or affected by the provisions of this Article.

1 **(b-3) For State fiscal years 2014 through 2043, 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 **equal to the sum of (1) the State's portion of the projected**
5 **normal cost for that fiscal year, plus (2) an amount sufficient**
6 **to bring the total assets of the System up to 100% of the total**
7 **actuarial liabilities of the System by the end of State fiscal**
8 **year 2043. In making these determinations, the required State**
9 **contribution shall be calculated each year as a level**
10 **percentage of payroll over the years remaining to and including**
11 **fiscal year 2043 and shall be determined under the projected**
12 **unit credit actuarial cost method.**

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

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

1 For State fiscal years 1996 through 2005, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 so that by State fiscal year 2011, the State is contributing at
5 the rate required under this Section; except that in the
6 following specified State fiscal years, the State contribution
7 to the System shall not be less than the following indicated
8 percentages of the applicable employee payroll, even if the
9 indicated percentage will produce a State contribution in
10 excess of the amount otherwise required under this subsection
11 and subsection (a), and notwithstanding any contrary
12 certification made under subsection (a-1) before the effective
13 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
14 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
15 2003; and 13.56% in FY 2004.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2006 is
18 \$534,627,700.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2007 is
21 \$738,014,500.

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

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2010 is
4 \$2,089,268,000 and shall be made from the proceeds of bonds
5 sold in fiscal year 2010 pursuant to Section 7.2 of the General
6 Obligation Bond Act, less (i) the pro rata share of bond sale
7 expenses determined by the System's share of total bond
8 proceeds, (ii) any amounts received from the Common School Fund
9 in fiscal year 2010, and (iii) any reduction in bond proceeds
10 due to the issuance of discounted bonds, if 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 subsection (a-1) of this Section and shall be made
15 from the proceeds of bonds sold in fiscal year 2011 pursuant to
16 Section 7.2 of the General Obligation Bond Act, less (i) the
17 pro rata share of bond sale expenses determined by the System's
18 share of total bond proceeds, (ii) any amounts received from
19 the Common School Fund in fiscal year 2011, and (iii) any
20 reduction in bond proceeds due to the issuance of discounted
21 bonds, if applicable. This amount shall include, in addition to
22 the amount certified by the System, an amount necessary to meet
23 employer contributions required by the State as an employer
24 under paragraph (e) of this Section, which may also be used by
25 the System for contributions required by paragraph (a) of
26 Section 16-127.

1 ~~Beginning in State fiscal year 2046, the minimum State~~
2 ~~contribution for each fiscal year shall be the amount needed to~~
3 ~~maintain the total assets of the System at 90% of the total~~
4 ~~actuarial liabilities of the System.~~

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

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter through State
20 fiscal year 2013, as calculated under this Section and
21 certified under subsection (a-1), shall not exceed an amount
22 equal to (i) the amount of the required State contribution that
23 would have been calculated under this Section for that fiscal
24 year if the System had not received any payments under
25 subsection (d) of Section 7.2 of the General Obligation Bond
26 Act, minus (ii) the portion of the State's total debt service

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

16 (c) Payment of the required State contributions and of all
17 pensions, retirement annuities, death benefits, refunds, and
18 other benefits granted under or assumed by this System, and all
19 expenses in connection with the administration and operation
20 thereof, are obligations of the State.

21 If members are paid from special trust or federal funds
22 which are administered by the employing unit, whether school
23 district or other unit, the employing unit shall pay to the
24 System from such funds the full accruing retirement costs based
25 upon that service, as determined by the System. Employer
26 contributions, based on salary paid to members from federal

1 funds, may be forwarded by the distributing agency of the State
2 of Illinois to the System prior to allocation, in an amount
3 determined in accordance with guidelines established by such
4 agency and the System.

5 (d) Effective July 1, 1986, any employer of a teacher as
6 defined in paragraph (8) of Section 16-106 shall pay the
7 employer's normal cost of benefits based upon the teacher's
8 service, in addition to employee contributions, as determined
9 by the System. Such employer contributions shall be forwarded
10 monthly in accordance with guidelines established by the
11 System.

12 However, with respect to benefits granted under Section
13 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
14 of Section 16-106, the employer's contribution shall be 12%
15 (rather than 20%) of the member's highest annual salary rate
16 for each year of creditable service granted, and the employer
17 shall also pay the required employee contribution on behalf of
18 the teacher. For the purposes of Sections 16-133.4 and
19 16-133.5, a teacher as defined in paragraph (8) of Section
20 16-106 who is serving in that capacity while on leave of
21 absence from another employer under this Article shall not be
22 considered an employee of the employer from which the teacher
23 is on leave.

24 (e) Beginning July 1, 1998, every employer of a teacher
25 shall pay to the System an employer contribution computed as
26 follows:

1 (1) Beginning July 1, 1998 through June 30, 1999, the
2 employer contribution shall be equal to 0.3% of each
3 teacher's salary.

4 (2) Beginning July 1, 1999 and thereafter, the employer
5 contribution shall be equal to 0.58% of each teacher's
6 salary.

7 The school district or other employing unit may pay these
8 employer contributions out of any source of funding available
9 for that purpose and shall forward the contributions to the
10 System on the schedule established for the payment of member
11 contributions.

12 These employer contributions are intended to offset a
13 portion of the cost to the System of the increases in
14 retirement benefits resulting from this amendatory Act of 1998.

15 Each employer of teachers is entitled to a credit against
16 the contributions required under this subsection (e) with
17 respect to salaries paid to teachers for the period January 1,
18 2002 through June 30, 2003, equal to the amount paid by that
19 employer under subsection (a-5) of Section 6.6 of the State
20 Employees Group Insurance Act of 1971 with respect to salaries
21 paid to teachers for that period.

22 The additional 1% employee contribution required under
23 Section 16-152 by this amendatory Act of 1998 is the
24 responsibility of the teacher and not the teacher's employer,
25 unless the employer agrees, through collective bargaining or
26 otherwise, to make the contribution on behalf of the teacher.

1 If an employer is required by a contract in effect on May
2 1, 1998 between the employer and an employee organization to
3 pay, on behalf of all its full-time employees covered by this
4 Article, all mandatory employee contributions required under
5 this Article, then the employer shall be excused from paying
6 the employer contribution required under this subsection (e)
7 for the balance of the term of that contract. The employer and
8 the employee organization shall jointly certify to the System
9 the existence of the contractual requirement, in such form as
10 the System may prescribe. This exclusion shall cease upon the
11 termination, extension, or renewal of the contract at any time
12 after May 1, 1998.

13 (f) If the amount of a teacher's salary for any school year
14 used to determine final average salary exceeds the member's
15 annual full-time salary rate with the same employer for the
16 previous school year by more than 6%, the teacher's employer
17 shall pay to the System, in addition to all other payments
18 required under this Section and in accordance with guidelines
19 established by the System, the present value of the increase in
20 benefits resulting from the portion of the increase in salary
21 that is in excess of 6%. This present value shall be computed
22 by the System on the basis of the actuarial assumptions and
23 tables used in the most recent actuarial valuation of the
24 System that is available at the time of the computation. If a
25 teacher's salary for the 2005-2006 school year is used to
26 determine final average salary under this subsection (f), then

1 the changes made to this subsection (f) by Public Act 94-1057
2 shall apply in calculating whether the increase in his or her
3 salary is in excess of 6%. For the purposes of this Section,
4 change in employment under Section 10-21.12 of the School Code
5 on or after June 1, 2005 shall constitute a change in employer.
6 The System may require the employer to provide any pertinent
7 information or documentation. The changes made to this
8 subsection (f) by this amendatory Act of the 94th General
9 Assembly apply without regard to whether the teacher was in
10 service on or after its effective date.

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

26 The employer contributions required under this subsection

1 (f) may be paid in the form of a lump sum within 90 days after
2 receipt of the bill. If the employer contributions are not paid
3 within 90 days after receipt of the bill, then interest will be
4 charged at a rate equal to the System's annual actuarially
5 assumed rate of return on investment compounded annually from
6 the 91st day after receipt of the bill. Payments must be
7 concluded within 3 years after the employer's receipt of the
8 bill.

9 (g) This subsection (g) applies only to payments made or
10 salary increases given on or after June 1, 2005 but before July
11 1, 2011. The changes made by Public Act 94-1057 shall not
12 require the System to refund any payments received before July
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection
15 (f), the System shall exclude salary increases paid to teachers
16 under contracts or collective bargaining agreements entered
17 into, amended, or renewed before June 1, 2005.

18 When assessing payment for any amount due under subsection
19 (f), the System shall exclude salary increases paid to a
20 teacher at a time when the teacher is 10 or more years from
21 retirement eligibility under Section 16-132 or 16-133.2.

22 When assessing payment for any amount due under subsection
23 (f), the System shall exclude salary increases resulting from
24 overload work, including summer school, when the school
25 district has certified to the System, and the System has
26 approved the certification, that (i) the overload work is for

1 the sole purpose of classroom instruction in excess of the
2 standard number of classes for a full-time teacher in a school
3 district during a school year and (ii) the salary increases are
4 equal to or less than the rate of pay for classroom instruction
5 computed on the teacher's current salary and work schedule.

6 When assessing payment for any amount due under subsection
7 (f), the System shall exclude a salary increase resulting from
8 a promotion (i) for which the employee is required to hold a
9 certificate or supervisory endorsement issued by the State
10 Teacher Certification Board that is a different certification
11 or supervisory endorsement than is required for the teacher's
12 previous position and (ii) to a position that has existed and
13 been filled by a member for no less than one complete academic
14 year and the salary increase from the promotion is an increase
15 that results in an amount no greater than the lesser of the
16 average salary paid for other similar positions in the district
17 requiring the same certification or the amount stipulated in
18 the collective bargaining agreement for a similar position
19 requiring the same certification.

20 When assessing payment for any amount due under subsection
21 (f), the System shall exclude any payment to the teacher from
22 the State of Illinois or the State Board of Education over
23 which the employer does not have discretion, notwithstanding
24 that the payment is included in the computation of final
25 average salary.

26 (h) When assessing payment for any amount due under

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

10 (i) The System shall prepare a report and file copies of
11 the report with the Governor and the General Assembly by
12 January 1, 2007 that contains all of the following information:

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

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

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

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

25 (j) For purposes of determining the required State
26 contribution to the System, the value of the System's assets

1 shall be equal to the actuarial value of the System's assets,
2 which shall be calculated as follows:

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

10 (k) For purposes of determining the required State
11 contribution to the system for a particular year, the actuarial
12 value of assets shall be assumed to earn a rate of return equal
13 to the system's actuarially assumed rate of return.

14 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
15 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
16 6-18-12; 97-813, eff. 7-13-12.)

17 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

18 Sec. 16-158.1. Actions to enforce payments by school
19 districts and other employing units other than the State. Any
20 school district or other employing unit, other than the State,
21 that fails ~~failing~~ to transmit to the System contributions
22 required of it under this Article or contributions required of
23 teachers, for more than 90 days after such contributions are
24 due is subject to the following: after giving notice to the
25 district or other unit, the System may certify to the State

1 Comptroller or the Regional Superintendent of Schools the
2 amounts of such delinquent payments and the State Comptroller
3 or the Regional Superintendent of Schools shall deduct the
4 amounts so certified or any part thereof from any State funds
5 to be remitted to the school district or other employing unit
6 involved and shall pay the amount so deducted to the System. If
7 State funds from which such deductions may be made are not
8 available, the System may proceed against the school district
9 or other employing unit to recover the amounts of such
10 delinquent payments in the appropriate circuit court.

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

21 (Source: P.A. 90-448, eff. 8-16-97.)

22 (40 ILCS 5/16-158.2 new)

23 Sec. 16-158.2. Obligations of State; funding guarantee.
24 Beginning July 1, 2013, the State shall be contractually
25 obligated to contribute to the System under Section 16-158 in

1 each State fiscal year an amount not less than the sum of (i)
2 the State's normal cost for that year and (ii) the portion of
3 the unfunded accrued liability assigned to that year by law in
4 accordance with a schedule that distributes payments equitably
5 over a reasonable period of time and in accordance with
6 accepted actuarial practices. The obligations created under
7 this Section are contractual obligations protected and
8 enforceable under Article I, Section 16 and Article XIII,
9 Section 5 of the Illinois Constitution.

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

20 Any payments required to be made by the State pursuant to
21 this Section are expressly subordinated to the payment of the
22 principal, interest, and premium, if any, on any bonded debt
23 obligation of the State or any other State-created entity,
24 either currently outstanding or to be issued, for which the
25 source of repayment or security thereon is derived directly or
26 indirectly from tax revenues collected by the State or any

1 other State-created entity. Payments on such bonded
2 obligations include any statutory fund transfers or other
3 prefunding mechanisms or formulas set forth, now or hereafter,
4 in State law or bond indentures, into debt service funds or
5 accounts of the State related to such bonded obligations,
6 consistent with the payment schedules associated with such
7 obligations.

8 (40 ILCS 5/16-203)

9 Sec. 16-203. Application and expiration of new benefit
10 increases.

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

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

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

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

11 Section A-25. The Illinois Educational Labor Relations Act
12 is amended by changing Sections 4 and 17 as follows:

13 (115 ILCS 5/4) (from Ch. 48, par. 1704)

14 Sec. 4. Employer rights. Employers shall not be required to
15 bargain over matters of inherent managerial policy, which shall
16 include such areas of discretion or policy as the functions of
17 the employer, standards of services, its overall budget, the
18 organizational structure and selection of new employees and
19 direction of employees. Employers, however, shall be required
20 to bargain collectively with regard to policy matters directly
21 affecting wages, hours and terms and conditions of employment
22 as well as the impact thereon upon request by employee
23 representatives, but excluding the changes, the impact of
24 changes, and the implementation of the changes set forth in

1 this amendatory Act of the 98th General Assembly. To preserve
2 the rights of employers and exclusive representatives which
3 have established collective bargaining relationships or
4 negotiated collective bargaining agreements prior to the
5 effective date of this Act, employers shall be required to
6 bargain collectively with regard to any matter concerning
7 wages, hours or conditions of employment about which they have
8 bargained for and agreed to in a collective bargaining
9 agreement prior to the effective date of this Act, but
10 excluding the changes, the impact of changes, and the
11 implementation of the changes set forth in this amendatory Act
12 of the 98th General Assembly.

13 (Source: P.A. 83-1014.)

14 (115 ILCS 5/17) (from Ch. 48, par. 1717)

15 Sec. 17. Effect on other laws. In case of any conflict
16 between the provisions of this Act and any other law (other
17 than the changes, the impact of changes, and the implementation
18 of the changes made to the Illinois Pension Code by this
19 amendatory Act of the 98th General Assembly), executive order
20 or administrative regulation, the provisions of this Act shall
21 prevail and control. The provisions of this Act are subject to
22 the changes made by this amendatory Act of the 98th General
23 Assembly. Nothing in this Act shall be construed to replace or
24 diminish the rights of employees established by Section 36d of
25 "An Act to create the State Universities Civil Service System",

1 approved May 11, 1905, as amended or modified.

2 (Source: P.A. 83-1014.)

3 Section A-90. The State Mandates Act is amended by adding
4 Section 8.37 as follows:

5 (30 ILCS 805/8.37 new)

6 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
7 of this Act, no reimbursement by the State is required for the
8 implementation of any mandate created by this amendatory Act of
9 the 98th General Assembly.

10 Section A-97. Severability and inseverability. The changes
11 made by this Part A to Acts other than the Illinois Pension
12 Code are severable from the other changes made by this Act. The
13 changes made by this Part A to an Article of the Illinois
14 Pension Code are severable from the changes made by this Part A
15 to another Article of the Illinois Pension Code. However, the
16 changes made by this Part A in an Article of the Illinois
17 Pension Code that relate to (i) automatic annual increases,
18 (ii) employee or member contributions, (iii) State or employer
19 contributions, (iv) State funding guarantees, or (v) salary,
20 earnings, or compensation are mutually dependent and
21 inseverable.

22

PART B

1 Section B-1. The Illinois Pension Code is amended by adding
2 Section 1-103.5 as follows:

3 (40 ILCS 5/1-103.5 new)

4 Sec. 1-103.5. Explanation of Senate Bill 1.

5 (a) Part A of Senate Bill 1 is intended by the General
6 Assembly as a stand-alone reform of certain Articles of this
7 Code, which takes effect upon becoming law. Part B of Senate
8 Bill 1 contains alternative provisions that take effect only if
9 and when a corresponding portion of Part A is determined to be
10 unconstitutional or otherwise invalid or unenforceable.

11 (b) If one or more of the changes made in Part A to
12 portions of a specific Article of the Illinois Pension Code
13 that are designated as inseverable under Section 97 of Part A
14 are determined to be unconstitutional or otherwise invalid by a
15 final judgment of the Illinois Supreme Court or by a final
16 unappealable judgment of the Illinois Appellate Court or a
17 court of competent jurisdiction, then the invalid provisions of
18 Part A and the provisions of Part A that are inseverable from
19 those provisions shall be superseded by the Sections of Part B
20 that take effect due to that invalidity.

21 Section B-5. If and only if Section B-30, B-35, B-40, or
22 B-45 of this Part B takes effect, then the Illinois Public
23 Labor Relations Act is amended by changing Sections 4 and 15 as

1 follows:

2 (5 ILCS 315/4) (from Ch. 48, par. 1604)

3 Sec. 4. Management Rights. Employers shall not be required
4 to bargain over matters of inherent managerial policy, which
5 shall include such areas of discretion or policy as the
6 functions of the employer, standards of services, its overall
7 budget, the organizational structure and selection of new
8 employees, examination techniques and direction of employees.
9 Employers, however, shall be required to bargain collectively
10 with regard to policy matters directly affecting wages (but
11 subject to any applicable restrictions in Section 14-106.5,
12 15-132.9, or 16-122.9 of the Illinois Pension Code), hours and
13 terms and conditions of employment as well as the impact
14 thereon upon request by employee representatives, but
15 excluding the changes, the impact of changes, and the
16 implementation of the changes set forth in this amendatory Act
17 of the 98th General Assembly.

18 To preserve the rights of employers and exclusive
19 representatives which have established collective bargaining
20 relationships or negotiated collective bargaining agreements
21 prior to the effective date of this Act, employers shall be
22 required to bargain collectively with regard to any matter
23 concerning wages (but subject to any applicable restrictions in
24 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension
25 Code), hours or conditions of employment about which they have

1 bargained for and agreed to in a collective bargaining
2 agreement prior to the effective date of this Act, but
3 excluding the changes, the impact of changes, and the
4 implementation of the changes set forth in this amendatory Act
5 of the 98th General Assembly.

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

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

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

17 (5 ILCS 315/15) (from Ch. 48, par. 1615)

18 Sec. 15. Act Takes Precedence.

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

1 the 98th ~~96th~~ General Assembly), executive order or
2 administrative regulation relating to wages, hours and
3 conditions of employment and employment relations, the
4 provisions of this Act or any collective bargaining agreement
5 negotiated thereunder shall prevail and control. Nothing in
6 this Act shall be construed to replace or diminish the rights
7 of employees established by Sections 28 and 28a of the
8 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
9 of the Regional Transportation Authority Act. The provisions of
10 this Act are subject to the changes made by this amendatory Act
11 of the 98th General Assembly, including Sections 14-106.5,
12 15-132.9, and 16-122.9 of the Illinois Pension Code, and
13 Section 5 of the State Employees Group Insurance Act of 1971.
14 Nothing in this Act shall be construed to replace the necessity
15 of complaints against a sworn peace officer, as defined in
16 Section 2(a) of the Uniform Peace Officer Disciplinary Act,
17 from having a 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 B-10. If and only if any of the changes made by
12 Part A of this Act to provisions in Article 15 of the Illinois
13 Pension Code concerning (i) automatic annual increases, (ii)
14 employee or member contributions, (iii) State or employer
15 contributions, (iv) State funding guarantees, or (v) salary,
16 earnings, or compensation is declared to be unconstitutional or
17 otherwise invalid, then the State Employees Group Insurance Act
18 of 1971 is amended by changing Sections 6.9 and 6.10 and by
19 adding 6.10A as follows:

20 (5 ILCS 375/6.9)

21 Sec. 6.9. Health benefits for community college benefit
22 recipients and community college dependent beneficiaries.

23 (a) Purpose. It is the purpose of this amendatory Act of
24 1997 to establish a uniform program of health benefits for

1 community college benefit recipients and their dependent
2 beneficiaries under the administration of the Department of
3 Central Management Services.

4 (b) Creation of program. Beginning July 1, 1999, the
5 Department of Central Management Services shall be responsible
6 for administering a program of health benefits for community
7 college benefit recipients and community college dependent
8 beneficiaries under this Section. The State Universities
9 Retirement System and the boards of trustees of the various
10 community college districts shall cooperate with the
11 Department in this endeavor.

12 (c) Eligibility. All community college benefit recipients
13 and community college dependent beneficiaries shall be
14 eligible to participate in the program established under this
15 Section, without any interruption or delay in coverage or
16 limitation as to pre-existing medical conditions. Eligibility
17 to participate shall be determined by the State Universities
18 Retirement System. Eligibility information shall be
19 communicated to the Department of Central Management Services
20 in a format acceptable to the Department.

21 (d) Coverage. The health benefit coverage provided under
22 this Section shall be a program of health, dental, and vision
23 benefits.

24 The program of health benefits under this Section may
25 include any or all of the benefit limitations, including but
26 not limited to a reduction in benefits based on eligibility for

1 federal medicare benefits, that are provided under subsection
2 (a) of Section 6 of this Act for other health benefit programs
3 under this Act.

4 (e) Insurance rates and premiums. The Director shall
5 determine the insurance rates and premiums for community
6 college benefit recipients and community college dependent
7 beneficiaries. Rates and premiums may be based in part on age
8 and eligibility for federal Medicare coverage. The Director
9 shall also determine premiums that will allow for the
10 establishment of an actuarially sound reserve for this program.

11 The cost of health benefits under the program shall be paid
12 as follows:

13 (1) For a community college benefit recipient, costs
14 shall be an amount equal to the difference between the
15 projected costs of health benefits under the program and
16 projected contributions from community college districts,
17 active contributors, and other income of the program. Other
18 income of the program shall exclude contributions made by
19 the State to retire unpaid claims of the program ~~up to 75%~~
20 ~~of the total insurance rate shall be paid from the~~
21 ~~Community College Health Insurance Security Fund.~~

22 (2) The balance of the rate of insurance, including the
23 entire premium for any coverage for community college
24 dependent beneficiaries that has been elected, shall be
25 paid by deductions authorized by the community college
26 benefit recipient to be withheld from his or her monthly

1 annuity or benefit payment from the State Universities
2 Retirement System; except that (i) if the balance of the
3 cost of coverage exceeds the amount of the monthly annuity
4 or benefit payment, the difference shall be paid directly
5 to the State Universities Retirement System by the
6 community college benefit recipient, and (ii) all or part
7 of the balance of the cost of coverage may, at the option
8 of the board of trustees of the community college district,
9 be paid to the State Universities Retirement System by the
10 board of the community college district from which the
11 community college benefit recipient retired. The State
12 Universities Retirement System shall promptly deposit all
13 moneys withheld by or paid to it under this subdivision
14 (e)(2) into the Community College Health Insurance
15 Security Fund. These moneys shall not be considered assets
16 of the State Universities Retirement System.

17 (f) Financing. All revenues arising from the
18 administration of the health benefit program established under
19 this Section shall be deposited into the Community College
20 Health Insurance Security Fund, which is hereby created as a
21 nonappropriated trust fund to be held outside the State
22 Treasury, with the State Treasurer as custodian. Any interest
23 earned on moneys in the Community College Health Insurance
24 Security Fund shall be deposited into the Fund.

25 Moneys in the Community College Health Insurance Security
26 Fund shall be used only to pay the costs of the health benefit

1 program established under this Section, including associated
2 administrative costs and the establishment of a program
3 reserve. Beginning January 1, 1999, the Department of Central
4 Management Services may make expenditures from the Community
5 College Health Insurance Security Fund for those costs.

6 (g) Contract for benefits. The Director shall by contract,
7 self-insurance, or otherwise make available the program of
8 health benefits for community college benefit recipients and
9 their community college dependent beneficiaries that is
10 provided for in this Section. The contract or other arrangement
11 for the provision of these health benefits shall be on terms
12 deemed by the Director to be in the best interest of the State
13 of Illinois and the community college benefit recipients based
14 on, but not limited to, such criteria as administrative cost,
15 service capabilities of the carrier or other contractor, and
16 the costs of the benefits.

17 (h) Continuation of program. It is the intention of the
18 General Assembly that the program of health benefits provided
19 under this Section be maintained on an ongoing, affordable
20 basis. The program of health benefits provided under this
21 Section may be amended by the State and is not intended to be a
22 pension or retirement benefit subject to protection under
23 Article XIII, Section 5 of the Illinois Constitution.

24 (i) Other health benefit plans. A health benefit plan
25 provided by a community college district (other than a
26 community college district subject to Article VII of the Public

1 Community College Act) under the terms of a collective
2 bargaining agreement in effect on or prior to the effective
3 date of this amendatory Act of 1997 shall continue in force
4 according to the terms of that agreement, unless otherwise
5 mutually agreed by the parties to that agreement and the
6 affected retiree. A community college benefit recipient or
7 community college dependent beneficiary whose coverage under
8 such a plan expires shall be eligible to begin participating in
9 the program established under this Section without any
10 interruption or delay in coverage or limitation as to
11 pre-existing medical conditions.

12 This Act does not prohibit any community college district
13 from offering additional health benefits for its retirees or
14 their dependents or survivors.

15 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

16 (5 ILCS 375/6.10)

17 Sec. 6.10. Contributions to the Community College Health
18 Insurance Security Fund.

19
20 (a) Beginning January 1, 1999, every active contributor of
21 the State Universities Retirement System (established under
22 Article 15 of the Illinois Pension Code) who (1) is a full-time
23 employee of a community college district (other than a
24 community college district subject to Article VII of the Public
25 Community College Act) or an association of community college

1 boards and (2) is not an employee as defined in Section 3 of
2 this Act shall make contributions toward the cost of community
3 college annuitant and survivor health benefits at the rate of
4 0.50% of salary. Beginning with the first State fiscal year to
5 occur after the end of the election period specified in Section
6 15-132.9, the contribution rate under this subsection (a) shall
7 be 1.25% of salary. Beginning with the second State fiscal year
8 to occur after the end of the election period specified in
9 Section 15-132.9, the contribution rate under this subsection
10 (a) shall be a percentage of salary determined by the
11 Department of Central Management Services, or its successor, by
12 rule, which in each fiscal year shall not exceed 108% of the
13 percentage of salary actually required to be contributed in the
14 previous fiscal year. However, the required contribution rate
15 determined by the Department or its successor under this
16 subsection (a) shall equal the required contribution rate
17 determined by the Department or its successor under subsection
18 (b) of this Section.

19 These contributions shall be deducted by the employer and
20 paid to the State Universities Retirement System as service
21 agent for the Department of Central Management Services. The
22 System may use the same processes for collecting the
23 contributions required by this subsection that it uses to
24 collect the contributions received from those employees under
25 Section 15-157 of the Illinois Pension Code. An employer may
26 agree to pick up or pay the contributions required under this

1 subsection on behalf of the employee; such contributions shall
2 be deemed to have been paid by the employee.

3 The State Universities Retirement System shall promptly
4 deposit all moneys collected under this subsection (a) into the
5 Community College Health Insurance Security Fund created in
6 Section 6.9 of this Act. The moneys collected under this
7 Section shall be used only for the purposes authorized in
8 Section 6.9 of this Act and shall not be considered to be
9 assets of the State Universities Retirement System.
10 Contributions made under this Section are not transferable to
11 other pension funds or retirement systems and are not
12 refundable upon termination of service.

13 (b) Beginning January 1, 1999, every community college
14 district (other than a community college district subject to
15 Article VII of the Public Community College Act) or association
16 of community college boards that is an employer under the State
17 Universities Retirement System shall contribute toward the
18 cost of the community college health benefits provided under
19 Section 6.9 of this Act an amount equal to 0.50% of the salary
20 paid to its full-time employees who participate in the State
21 Universities Retirement System and are not members as defined
22 in Section 3 of this Act. Beginning with the first State fiscal
23 year to occur after the end of the election period specified in
24 Section 15-132.9, the contribution rate under this subsection
25 (b) shall be 1.25% of salary. Beginning with the second State
26 fiscal year to occur after the end of the election period

1 specified in Section 15-132.9, the contribution rate under this
2 subsection (b) shall be a percentage of salary determined by
3 the Department of Central Management Services, or its
4 successor, by rule, which in each fiscal year shall not exceed
5 108% of the percentage of salary actually required to be
6 contributed in the previous fiscal year. However, the required
7 contribution rate determined by the Department or its successor
8 under this subsection (b) shall equal the required contribution
9 rate determined by the Department or its successor under
10 subsection (a) of this Section.

11 These contributions shall be paid by the employer to the
12 State Universities Retirement System as service agent for the
13 Department of Central Management Services. The System may use
14 the same processes for collecting the contributions required by
15 this subsection that it uses to collect the contributions
16 received from those employers under Section 15-155 of the
17 Illinois Pension Code.

18 The State Universities Retirement System shall promptly
19 deposit all moneys collected under this subsection (b) into the
20 Community College Health Insurance Security Fund created in
21 Section 6.9 of this Act. The moneys collected under this
22 Section shall be used only for the purposes authorized in
23 Section 6.9 of this Act and shall not be considered to be
24 assets of the State Universities Retirement System.
25 Contributions made under this Section are not transferable to
26 other pension funds or retirement systems and are not

1 refundable upon termination of service.

2 The Department of Healthcare and Family Services, or any
3 successor agency designated to procure healthcare contracts
4 pursuant to this Act, is authorized to establish funds,
5 separate accounts provided by any bank or banks as defined by
6 the Illinois Banking Act, or separate accounts provided by any
7 savings and loan association or associations as defined by the
8 Illinois Savings and Loan Act of 1985 to be held by the
9 Director, outside the State treasury, for the purpose of
10 receiving the transfer of moneys from the Community College
11 Health Insurance Security Fund. The Department may promulgate
12 rules further defining the methodology for the transfers. Any
13 interest earned by moneys in the funds or accounts shall inure
14 to the Community College Health Insurance Security Fund. The
15 transferred moneys, and interest accrued thereon, shall be used
16 exclusively for transfers to administrative service
17 organizations or their financial institutions for payments of
18 claims to claimants and providers under the self-insurance
19 health plan. The transferred moneys, and interest accrued
20 thereon, shall not be used for any other purpose including, but
21 not limited to, reimbursement of administration fees due the
22 administrative service organization pursuant to its contract
23 or contracts with the Department.

24 (c) On or before November 15 of each year, the Board of
25 Trustees of the State Universities Retirement System shall
26 certify to the Governor, the Director of Central Management

1 Services, and the State Comptroller its estimate of the total
2 amount of contributions to be paid under subsection (a) of this
3 Section for the next fiscal year, except that no certification
4 shall be made under this subsection (c) on or after the
5 effective date of the changes made to this Section by this
6 amendatory Act of the 98th General Assembly. Beginning in
7 fiscal year 2008, the amount certified shall be decreased or
8 increased each year by the amount that the actual active
9 employee contributions either fell short of or exceeded the
10 estimate used by the Board in making the certification for the
11 previous fiscal year. The State Universities Retirement System
12 shall calculate the amount of actual active employee
13 contributions in fiscal years 1999 through 2005. Based upon
14 this calculation, the fiscal year 2008 certification shall
15 include an amount equal to the cumulative amount that the
16 actual active employee contributions either fell short of or
17 exceeded the estimate used by the Board in making the
18 certification for those fiscal years. The certification shall
19 include a detailed explanation of the methods and information
20 that the Board relied upon in preparing its estimate. As soon
21 as possible after the effective date of this Section, the Board
22 shall submit its estimate for fiscal year 1999.

23 (d) Beginning in fiscal year 1999, on the first day of each
24 month, or as soon thereafter as may be practical, the State
25 Treasurer and the State Comptroller shall transfer from the
26 General Revenue Fund to the Community College Health Insurance

1 Security Fund 1/12 of the annual amount appropriated for that
2 fiscal year to the State Comptroller for deposit into the
3 Community College Health Insurance Security Fund under Section
4 1.4 of the State Pension Funds Continuing Appropriation Act.

5 (e) Except where otherwise specified in this Section, the
6 definitions that apply to Article 15 of the Illinois Pension
7 Code apply to this Section.

8 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

9 (5 ILCS 375/6.10A new)

10 Sec. 6.10A. City colleges; optional participation in
11 program of health benefits. Notwithstanding any other
12 provision of this Act, the Department of Central Management
13 Services shall adopt rules authorizing optional participation
14 in the program of health benefits for community college benefit
15 recipients and community college dependent beneficiaries by
16 any person who is otherwise ineligible to participate in that
17 program solely as a result of that or another person's
18 employment with a community college district subject to Article
19 VII of the Public Community College Act.

20 Section B-12. If and only if any of the changes made by
21 Part A of this Act to provisions in Article 2, 14, 15, or 16 of
22 the Illinois Pension Code concerning (i) automatic annual
23 increases, (ii) employee or member contributions, (iii) State
24 or employer contributions, (iv) State funding guarantees, or

1 (v) salary, earnings, or compensation is declared to be
2 unconstitutional or otherwise invalid, then the State
3 Employees Group Insurance Act of 1971 is amended by adding
4 Section 6.16 as follows:

5 (5 ILCS 375/6.16 new)

6 Sec. 6.16. Health benefit election for Tier I employees and
7 Tier I retirees.

8 (a) For purposes of this Section:

9 "Eligible Tier I employee" means, except as provided in
10 subsection (g) of this Section, an individual who makes or is
11 deemed to have made an election under paragraph (1) of
12 subsection (a) of Section 2-110.3, 14-106.5, 15-132.9, or
13 16-122.9 of the Illinois Pension Code.

14 "Eligible Tier I retiree" means, except as provided in
15 subsection (g) of this Section, an individual who makes or is
16 deemed to have made an election under paragraph (1) of
17 subsection (a-5) of Section 2-110.3, 14-106.5, 15-132.9, or
18 16-122.9 of the Illinois Pension Code.

19 "Program of health benefits" means (i) a health plan, as
20 defined in subsection (o) of Section 3 of this Act, that is
21 designed and contracted for by the Director under this Act or
22 any successor Act or (ii) if administration of that health plan
23 is transferred to a trust established by the State or an
24 independent Board in order to provide health benefits to a
25 class of a persons that includes eligible Tier I retirees, then

1 the plan of health benefits provided through that trust.

2 (b) As adequate and legal consideration for making the
3 election under paragraph (1) of subsection (a) or (a-5) of
4 Section 2-110.3, 14-106.5, 15-132.9, or 16-122.9 of the
5 Illinois Pension Code, as the case may be, each eligible Tier I
6 employee and each eligible Tier I retiree shall receive a
7 vested and enforceable contractual right to participate in a
8 program of health benefits while he or she qualifies as an
9 annuitant or retired employee. That right also extends to such
10 a person's dependents and survivors who are eligible under the
11 applicable program of health benefits.

12 (c) Notwithstanding subsection (b), eligible Tier I
13 employees and eligible Tier I retirees may be required to make
14 contributions toward the cost of coverage under a program of
15 health benefits.

16 (d) The vested and enforceable contractual right to a
17 program of health benefits is not offered as, and shall not be
18 considered, a pension or retirement benefit under Article XIII,
19 Section 5 of the Illinois Constitution, the Illinois Pension
20 Code, or any subsequent or successor enactment providing
21 pension benefits.

22 (e) Notwithstanding any other provision of this Act to the
23 contrary, except subsection (g) of this Section, a Tier I
24 employee or Tier I retiree who has made an election under
25 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3,
26 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code,

1 as the case may be, shall not be entitled to participate in any
2 program of health benefits under this Act as an annuitant or
3 retired employee receiving a retirement annuity, regardless of
4 any contrary election pursuant to any of those Sections under
5 any other retirement system.

6 Notwithstanding any other provision of this Act to the
7 contrary, except subsection (g) of this Section, a Tier I
8 employee who is not entitled to participate in the program of
9 health benefits as an annuitant or retired employee receiving a
10 retirement annuity, due to an election under paragraph (2) of
11 subsection (a) or (a-5) of Section 2-110.3, 14-106.5, 15-132.9,
12 or 16-122.9 of the Illinois Pension Code, as the case may be,
13 shall not be required to make contributions toward the program
14 of health benefits while he or she is an employee or active
15 contributor. However, an active employee may be required to
16 make contributions toward health benefits he or she receives
17 during active service.

18 (f) The Department shall coordinate with each retirement
19 system administering an election in accordance with this
20 amendatory Act of the 98th General Assembly to provide
21 information concerning the impact of the election of health
22 benefits. Each System shall include information prepared by the
23 Department in the required election packet. The Department
24 shall make information available to Tier I employees and Tier I
25 retirees through video materials, group presentations,
26 consultation by telephone or other electronic means, or any

1 combination of these methods.

2 (g) Nothing in this Section shall be construed as applying
3 to a person who is eligible to make or who made the election
4 under Section 15-135.1 of the Illinois Pension Code.

5 Section B-15. If and only if Section B-30, B-35, B-40, or
6 B-45 of this Part B takes effect, then the Governor's Office of
7 Management and Budget Act is amended by changing Sections 7 and
8 as follows:

9 (20 ILCS 3005/7) (from Ch. 127, par. 417)

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

22 (1) Personal services

23 (2) State contribution for employee group insurance

24 (3) Contractual services

- 1 (4) Travel
2 (5) Commodities
3 (6) Equipment
4 (7) Permanent improvements
5 (8) Land
6 (9) Electronic Data Processing
7 (10) Telecommunication services
8 (11) Operation of Automotive Equipment
9 (12) Contingencies
10 (13) Reserve
11 (14) Interest
12 (15) Awards and Grants
13 (16) Debt Retirement
14 (17) Non-cost Charges.
15 (18) State retirement contribution for annual normal cost
16 (19) State retirement contribution for unfunded accrued
17 liability.
18 (Source: P.A. 93-25, eff. 6-20-03.)

19 (20 ILCS 3005/8) (from Ch. 127, par. 418)
20 Sec. 8. When used in connection with a State budget or
21 expenditure or estimate, items (1) through (16) in the
22 classification of objects stated in Section 7 shall have the
23 meanings ascribed to those items in Sections 14 through 24.7,
24 respectively, of the State Finance Act. ~~"An Act in relation to~~
25 ~~State finance", approved June 10, 1919, as amended.~~

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

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

7 Section B-20. If and only if Section B-30, B-35, B-40, or
8 B-45 of this Part B takes effect, then the State Finance Act is
9 amended by changing Section 13 and by adding Sections 24.12 and
10 24.13 as follows:

11 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

14 (1) Personal services;

15 (2) State contribution for employee group insurance;

16 (3) Contractual services;

17 (4) Travel;

18 (5) Commodities;

19 (6) Equipment;

20 (7) Permanent improvements;

21 (8) Land;

22 (9) Electronic Data Processing;

23 (10) Operation of automotive equipment;

24 (11) Telecommunications services;

- 1 (12) Contingencies;
2 (13) Reserve;
3 (14) Interest;
4 (15) Awards and Grants;
5 (16) Debt Retirement;
6 (17) Non-Cost Charges;
7 (18) State retirement contribution for annual normal cost;
8 (19) State retirement contribution for unfunded accrued
9 liability;
10 (20) ~~(18)~~ Purchase Contract for Real Estate.

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

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

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

22 (30 ILCS 105/24.12 new)

23 Sec. 24.12. "State retirement contribution for annual
24 normal cost" defined. The term "State retirement contribution
25 for annual normal cost" means the portion of the total required

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

7 (30 ILCS 105/24.13 new)

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

14 Section B-22. If and only Section A-15 is declared to be
15 unconstitutional or otherwise invalid, then the Budget
16 Stabilization Act is amended by changing Sections 20 and 25 as
17 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.

26 (d) The Comptroller shall transfer 1/12 of the total amount

1 to be transferred each fiscal year under this Section into the
2 Pension Stabilization Fund on the first day of each month of
3 that fiscal year or as soon thereafter as possible; except that
4 the final transfer of the fiscal year shall be made as soon as
5 practical after the August 31 following the end of the fiscal
6 year.

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

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

21 (30 ILCS 122/25)

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

23 (a) As used in this Section, "designated retirement
24 systems" means:

25 (1) the State Employees' Retirement System of

1 Illinois;

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

4 (3) the State Universities Retirement System;

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

6 (5) the General Assembly Retirement System.

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

23 (c) At the request of the State Comptroller, the Governor's
24 Office of Management and Budget shall determine the individual
25 and total actuarial reserve deficiencies of the designated
26 retirement systems. For this purpose, the Governor's Office of

1 Management and Budget shall consider the latest available audit
2 and actuarial reports of each of the retirement systems and the
3 relevant reports and statistics of the Public Pension Division
4 of the Department of Financial and Professional Regulation.

5 (d) Payments to the designated retirement systems under
6 this Section shall be in addition to, and not in lieu of, any
7 State contributions required under Section 2-124, 14-131,
8 15-155, 16-158, or 18-131 of the Illinois Pension Code.

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

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

21 Section B-25. If and only if Section B-35, B-40, or B-45 of
22 this Part B takes effect, then the Illinois Pension Code is
23 amended by adding Section 1-162 as follows:

24 (40 ILCS 5/1-162 new)

1 Sec. 1-162. Optional cash balance plan.

2 (a) Participation and Applicability. Beginning 12 months
3 after the effective date of this Section, any Tier I employee
4 who has made the election under paragraph (1) of subsection (a)
5 or (a-5) of Section 14-106.5, 15-132.9, or 16-122.9 may elect
6 to participate in the optional cash balance plan created under
7 this Section.

8 The Board of Trustees of the applicable retirement system
9 shall promulgate rules to create an annual election wherein a
10 person eligible to participate in the optional cash balance
11 plan may elect to participate, and an active employee who is a
12 participant in the plan may elect to cease active
13 participation. The election to cease active participation
14 shall not disqualify the employee from eligibility to receive
15 an interest credit under subsection (f), a distribution upon
16 termination under subsection (f-10), a refund under subsection
17 (f-15), a retirement annuity under subsection (g), or a
18 survivor's annuity under subsection (k), or from eligibility to
19 resume active participation in the optional cash balance plan
20 in a subsequent year.

21 (b) Title. The package of benefits provided under this
22 Section may be referred to as the "optional cash balance plan".
23 Persons subject to the provisions of this Section may be
24 referred to as "participants in the optional cash balance
25 plan".

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

1 "Account" means the notional cash balance account
2 established under this Section for a participant in the
3 optional cash balance plan.

4 "Salary" means "compensation" as defined in Article 14,
5 "earnings" as defined in Article 15, and "salary" as defined in
6 Article 15, whichever is applicable, without regard to the
7 limitation in subsection (b-5) of Section 1-160.

8 "Tier I employee" means a person who is a Tier I employee
9 under the applicable Article of this Code.

10 (c) Cash Balance Account. A notional cash balance account
11 shall be established by the applicable retirement system for
12 each participant in the optional cash balance plan. The account
13 is notional and does not contain any actual money segregated
14 from the commingled assets of the retirement system. The cash
15 balance in the account is to be used in calculating benefits as
16 provided in this Section, but is not to be used in the
17 calculation of any refund, transfer, or other benefit under the
18 applicable Article of this Code.

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

24 Whenever necessary for the prompt calculation or
25 administration, or when the System lacks information necessary
26 to the calculation or administration otherwise required of or

1 for a benefit under this Section, the applicable retirement
2 system may estimate an amount to be credited to or debited from
3 a participant's cash balance account and then adjust the amount
4 so credited or debited when more accurate information becomes
5 available.

6 The applicable retirement system shall give to each
7 participant in the optional cash balance plan who has not yet
8 retired annual notice of (1) the balance in the participant's
9 cash balance account and (2) an estimate of the retirement
10 annuity that will be payable to the participant if he or she
11 retires at age 59 1/2.

12 (d) Employee Contributions. In addition to the other
13 contributions required under the applicable Article, each
14 participant shall make contributions to the applicable
15 retirement system at the rate of 2% of each payment of salary.
16 The amount of each contribution shall be credited to the
17 participant's cash balance account upon receipt and after the
18 retirement system's reconciliation of the contribution.

19 (e) Optional Employer Contributions. Employers may make
20 optional additional contributions to the applicable retirement
21 system on behalf of their employees who are participants in the
22 optional cash balance plan in accordance with procedures
23 prescribed by the retirement system, to the extent permitted by
24 federal law and the rules prescribed by the retirement system.
25 The optional additional contributions under this subsection
26 are actual monetary contributions to the retirement system, and

1 the amount of each optional additional contribution shall be
2 credited to the participant's cash balance account upon receipt
3 and after the retirement system's reconciliation of the
4 contribution.

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

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

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

26 (i) the assumed treasury rate, plus

1 (ii) two-thirds of the amount of the actual rate of
2 investment earnings for the previous fiscal year that
3 exceeds the assumed treasury rate.

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

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

9 For the purposes of this subsection only, "assumed treasury
10 rate" means the average annual yield of the 30-year U.S.
11 Treasury Bond over the previous fiscal year, but not less than
12 4%.

13 When a person applies for a benefit under this Section, the
14 retirement system shall apply an interest credit based on a
15 proration of an estimate of what the interest credit will be
16 for the relevant year. When the retirement system certifies the
17 credit on June 30, it shall adjust the benefit accordingly.

18 (f-10) Distribution upon Termination of Employment. Upon
19 termination of active employment with at least 5 years of
20 service credit under the applicable retirement system and prior
21 to making application for an annuity under this Section, a
22 participant in the optional cash balance plan may make an
23 irrevocable election to distribute an amount not to exceed 40%
24 of the balance in the participant's account in the form of a
25 direct rollover to another qualified plan, to the extent
26 allowed by federal law. If the participant makes such an

1 election, then the amount distributed shall be debited from the
2 participant's cash balance account. A participant in the
3 optional cash balance plan shall be allowed only one
4 distribution under this subsection. The remaining balance in
5 the participant's account shall be used for the determination
6 of other benefits provided under this Section.

7 (f-15) Refund. In lieu of receiving a distribution under
8 subsection (f-10), at any time after terminating active
9 employment under the applicable retirement system, but before
10 receiving a retirement annuity under this Section, a
11 participant in the optional cash balance plan may elect to
12 receive a refund under this subsection. The refund shall
13 consist of an amount equal to the amount of all employee
14 contributions credited to the participant's account, but shall
15 not include any interest credit or employer contributions. If
16 the participant so requests, the refund may be paid in the form
17 of a direct rollover to another qualified plan, to the extent
18 allowed by federal law and in accordance with the rules of the
19 applicable retirement system. Upon payment of the refund, the
20 participant's notional cash balance account shall be closed.

21 (g) Retirement Annuity. A participant in the optional cash
22 balance plan may begin collecting a retirement annuity at age
23 59 1/2, but no earlier than the date of termination of active
24 employment under the applicable retirement system.

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

1 account, the assumption of future investment returns as
2 specified in this subsection, the participant's election to
3 have a lifetime survivor's annuity as specified in this
4 subsection, the annual increase in retirement annuity as
5 specified in subsection (h), the annual increase in survivor's
6 annuity as specified in subsection (l), and any actuarial
7 assumptions and tables adopted by the board of the retirement
8 system for this purpose. The calculation shall determine the
9 amount of retirement annuity, on an actuarially equivalent
10 basis, that shall be designed to result in the balance in the
11 participant's account arriving at zero on the date when the
12 last payment of the retirement annuity (or survivor's annuity,
13 if the participant elects to provide for a survivor's annuity
14 pursuant to this subsection) is anticipated to be paid under
15 the relevant actuarial assumptions. A retirement annuity or a
16 survivor's annuity provided under this Section shall be a life
17 annuity and shall not expire if the account balance equals
18 zero.

19 The annuity payment shall begin on the date specified by
20 the participant submitting a written application, which date
21 shall not be prior to termination of employment or more than
22 one year before the application is received by the board;
23 however, if the participant is not an employee of an employer
24 participating in this System or in a participating system as
25 defined in Article 20 of this Code on April 1 of the calendar
26 year next following the calendar year in which the participant

1 attains age 70 1/2, the annuity payment period shall begin on
2 that date regardless of whether an application has been filed.

3 The participant may elect, under the participant's written
4 application for retirement, to receive a reduced annuity
5 payable for his or her life and to have a lifetime survivor's
6 annuity in a monthly amount equal to 50%, 75%, or 100% of that
7 reduced monthly amount, to be paid after the participant's
8 death to his or her eligible survivor. Eligibility for a
9 survivor's annuity shall be determined under the applicable
10 Article of this Code.

11 For the purpose of calculating retirement annuities,
12 future investment returns shall be assumed to be a percentage
13 equal to the average yield of the 30-year U.S. Treasury Bond
14 over the 5 fiscal years prior to the calculation of the initial
15 retirement annuity, plus 250 basis points; but not less than 4%
16 nor more than 8%.

17 (h) Annual Increase in Retirement Annuity. The retirement
18 annuity shall be subject to an automatic annual increase in an
19 amount equal to 3% of the originally granted annuity on each
20 January 1 occurring on or after the first anniversary of the
21 annuity start date.

22 (i) Disability Benefits. There are no disability benefits
23 provided under the optional cash balance plan, and no amounts
24 for disability shall be deducted from the account of a
25 participant in the optional cash balance plan. The disability
26 benefits provided under the applicable retirement system apply

1 to participants in the optional cash balance plan.

2 (j) Return to Service. Upon a return to service under the
3 same retirement system after beginning to receive a retirement
4 annuity under the optional cash balance plan, the retirement
5 annuity shall be suspended and active participation in the
6 optional cash balance plan shall resume. Upon termination of
7 the employment, the retirement annuity shall resume in an
8 amount to be recalculated in accordance with subsection (g),
9 taking into effect the changes in the cash balance account. If
10 a retired annuitant returns to service, his or her notional
11 cash balance account shall be decreased by each payment of
12 retirement annuity prior to the return to service.

13 (k) Survivor's Annuity - Death before Retirement. In the
14 case of a participant in the optional cash balance plan who had
15 less than 5 years of service under the applicable Article and
16 had not begun receiving a retirement annuity, the eligible
17 survivor shall be entitled only to a refund of employee
18 contributions under subsection (f-15).

19 In the case of a participant in the optional cash balance
20 plan who had at least 5 years of service under the applicable
21 Article and had not begun receiving a retirement annuity, the
22 eligible survivor shall be entitled to receive a survivor's
23 annuity beginning at age 59 1/2 upon written application. The
24 survivor's annuity shall be calculated in the same manner as a
25 retirement annuity under subsection (g). At any time before
26 receiving a survivor's annuity, the eligible survivor may claim

1 a distribution under subsection (f-10) or a refund under
2 subsection (f-15). The deceased participant's account shall
3 continue to receive interest credit until the eligible survivor
4 begins to receive a survivor's annuity or receives a refund of
5 employee contributions under subsection (f-15).

6 Eligibility for a survivor's annuity shall be determined
7 under the applicable Article of this Code. A child's or
8 parent's annuity for an otherwise eligible child or dependent
9 parent shall be in the same amount, if any, prescribed under
10 the applicable Article.

11 (l) Annual Increase in Survivor's Annuity. A survivor's
12 annuity granted under subsection (g) or (k) shall be subject to
13 an automatic annual increase in an amount equal to 3% of the
14 originally granted annuity on each January 1 occurring on or
15 after the first anniversary of the annuity start date.

16 (m) Applicability of Provisions. The following provisions,
17 if and as they exist in this Code, do not apply to participants
18 in the optional cash balance plan with respect to participation
19 in the optional cash balance plan, except as they are
20 specifically provided for in this Section:

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

23 (2) provisions limiting a retirement annuity to a
24 specified percentage of salary;

25 (3) provisions authorizing a minimum retirement or
26 survivor's annuity or a supplemental annuity;

1 (4) provisions authorizing any form of retirement
2 annuity or survivor's annuity not authorized under this
3 Section;

4 (5) provisions authorizing a reversionary annuity
5 (other than the survivor's annuity under subsection (g));

6 (6) provisions authorizing a refund of employee
7 contributions upon termination of service (other than upon
8 the death of the participant without an eligible survivor)
9 or any lump-sum payout in lieu of a retirement or
10 survivor's annuity (other than the distribution under
11 subsection (f-10) or the refund under subsection (f-15) of
12 this Section;

13 (7) provisions authorizing optional service credits or
14 the payment of optional additional contributions (other
15 than the optional employer contributions specifically
16 authorized in this Section); or

17 (8) a level income option.

18 The Retirement Systems Reciprocal Act (Article 20 of this
19 Code) does not apply to participation in the optional cash
20 balance plan and does not affect the calculation of benefits
21 payable under this Section.

22 The other provisions of this Code continue to apply to
23 participants in the optional cash balance plan, to the extent
24 that they do not conflict with this Section. In the case of a
25 conflict between the provisions of this Section and any other
26 provision of this Code, the provisions of this Section control.

1 (n) Rules. The Board of Trustees of the applicable
2 retirement system may adopt rules and procedures for the
3 implementation of this Section, including but not limited to
4 determinations of how to integrate the administration of this
5 Section with the requirements of the applicable Article and any
6 other applicable provisions of this Code.

7 (o) Actual Employer Contributions. Payment of employer
8 contributions with respect to participants in the optional cash
9 balance plan shall be the responsibility of the actual
10 employer. Optional additional contributions by employers may
11 be paid in any amount, but must be paid in the manner specified
12 by the applicable retirement system.

13 (p) Prospective Modification. The provisions set forth in
14 this Section are subject to prospective changes made by law
15 provided that any such changes shall not apply to any benefits
16 accrued under this Section prior to the effective date of any
17 amendatory Act of the General Assembly.

18 (q) Qualified Plan Status. No provision of this Section
19 shall be interpreted in a way that would cause the applicable
20 retirement system to cease to be a qualified plan under Section
21 401(a) of the Internal Revenue Code of 1986.

22 Section B-28. If and only if any of the changes made in
23 Part A of this Act to Sections 2-101, 2-105, or 2-107 of the
24 Illinois Pension Code are declared to be unconstitutional or
25 otherwise invalid, then the Illinois Pension Code is amended by

1 changing Sections 2-101, 2-105, and 2-107 as follows:

2 (40 ILCS 5/2-101) (from Ch. 108 1/2, par. 2-101)

3 Sec. 2-101. Creation of system. A retirement system is
4 created to provide retirement annuities, survivor's annuities
5 and other benefits for certain members of the General Assembly,
6 certain elected state officials, and their beneficiaries.

7 The system shall be known as the "General Assembly
8 Retirement System". All its funds and property shall be a trust
9 separate from all other entities, maintained for the purpose of
10 securing payment of annuities and benefits under this Article.

11 Participation in the retirement system created under this
12 Article is restricted to persons who become participants before
13 January 1, 2014. Beginning on that date, the System shall not
14 accept any new participants.

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

16 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

17 Sec. 2-105. Member. "Member": Members of the General
18 Assembly of this State, including persons who enter military
19 service while a member of the General Assembly, and any person
20 serving as Governor, Lieutenant Governor, Secretary of State,
21 Treasurer, Comptroller, or Attorney General for the period of
22 service in such office.

23 Any person who has served for 10 or more years as Clerk or
24 Assistant Clerk of the House of Representatives, Secretary or

1 Assistant Secretary of the Senate, or any combination thereof,
2 may elect to become a member of this system while thenceforth
3 engaged in such service by filing a written election with the
4 board. Any person so electing shall be deemed an active member
5 of the General Assembly for the purpose of validating and
6 transferring any service credits earned under any of the funds
7 and systems established under Articles 3 through 18 of this
8 Code.

9 However, notwithstanding any other provision of this
10 Article, a person shall not be deemed a member for the purposes
11 of this Article unless he or she became a participant of the
12 System before January 1, 2014.

13 (Source: P.A. 85-1008.)

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

15 Sec. 2-107. Participant. "Participant": Any member who
16 elects to participate; and any former member who elects to
17 continue participation under Section 2-117.1, for the duration
18 of such continued participation. However, notwithstanding any
19 other provision of this Article, a person shall not be deemed a
20 participant for the purposes of this Article unless he or she
21 became a participant of the System before January 1, 2014.

22 (Source: P.A. 86-1488.)

23 Section B-30. If and only if any of the changes made by
24 Part A of this Act to provisions in Article 2 of the Illinois

1 Pension Code concerning (i) automatic annual increases, (ii)
2 employee or member contributions, (iii) State or employer
3 contributions, (iv) State funding guarantees, or (v) salary,
4 earnings, or compensation is declared to be unconstitutional or
5 otherwise invalid, then the Illinois Pension Code is amended by
6 changing Sections 2-108, 2-119.1, 2-125, 2-134, and 2-162 and
7 adding Sections 2-105.1, 2-105.2, 2-107.9, and 2-110.3 as
8 follows:

9 (40 ILCS 5/2-105.1 new)

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

13 (40 ILCS 5/2-105.2 new)

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

16 (40 ILCS 5/2-107.9 new)

17 Sec. 2-107.9. Future increase in income. "Future increase
18 in income": Any increase in income in any form offered for
19 service as a member under this Article after the end of the
20 election period specified in Section 2-110.3 that would qualify
21 as "salary", as defined in Section 2-108, but for the fact that
22 the increase in income was offered to the member on the
23 condition that it not qualify as salary and was accepted by the

1 member subject to that condition.

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

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

10 (2) For the State executive officers specified in Section
11 2-105, the total compensation paid to the member for one year
12 of service.

13 (3) For members of the System who are participants under
14 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
15 of the House of Representatives or Secretary or Assistant
16 Secretary of the Senate, the total compensation paid to the
17 member for one year of service, but not to exceed the salary of
18 the highest salaried officer of the General Assembly.

19 However, in the event that federal law results in any
20 participant receiving imputed income based on the value of
21 group term life insurance provided by the State, such imputed
22 income shall not be included in salary for the purposes of this
23 Article.

24 Notwithstanding any other provision of this Section,
25 "salary" does not include any future increase in income that is

1 offered for service as a member under this Article pursuant to
2 the requirements of subsection (c) of Section 2-110.3 and
3 accepted by a Tier I employee, or a Tier I retiree returning to
4 active service, who has made an election under paragraph (2) of
5 subsection (a) or (a-5) of Section 2-110.3.

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

7 (40 ILCS 5/2-110.3 new)

8 Sec. 2-110.3. Election by Tier I employees and Tier I
9 retirees.

10 (a) Each Tier I employee shall make an irrevocable election
11 either:

12 (1) to agree to the following:

13 (i) to have the amount of the automatic annual
14 increases in his or her retirement annuity that are
15 otherwise provided for in this Article calculated,
16 instead, as provided in subsection (a-1) of Section
17 2-119.1; and

18 (ii) to have his or her eligibility for automatic
19 annual increases in retirement annuity postponed as
20 provided in subsection (a-2) of Section 2-119.1 and to
21 relinquish the additional increases provided in
22 subsection (b) of Section 2-119.1; or

23 (2) to not agree to items (i) and (ii) as set forth in
24 paragraph (1) of this subsection.

25 The election required under this subsection (a) shall be

1 made by each Tier I employee no earlier than 6 months after the
2 effective date of this Section and no later than 11 months
3 after the effective date of this Section, except that:

4 (i) a person who becomes a Tier I employee under this
5 Article later than 6 months after the effective date of
6 this Section must make the election under this subsection
7 (a) within 60 days after becoming a Tier I employee;

8 (ii) a person who returns to active service as a Tier I
9 employee under this Article later than 6 months after the
10 effective date of this Section and has not yet made an
11 election under this Section must make the election under
12 this subsection (a) within 60 days after returning to
13 active service as a Tier I employee; and

14 (iii) a person who made the election under subsection
15 (a-5) as a Tier I retiree remains bound by that election
16 and shall not make a later election under this subsection
17 (a).

18 If a Tier I employee fails for any reason to make a
19 required election under this subsection within the time
20 specified, then the employee shall be deemed to have made the
21 election under paragraph (2) of this subsection.

22 (a-5) Each Tier I retiree shall make an irrevocable
23 election either:

24 (1) to agree to the following:

25 (i) to have the amount of the automatic annual
26 increases in his or her retirement annuity that are

1 otherwise provided for in this Article calculated,
2 instead, as provided in subsection (a-1) of Section
3 2-119.1; and

4 (ii) to have his or her eligibility for automatic
5 annual increases in retirement annuity postponed as
6 provided in subsection (a-2) of Section 2-119.1 and to
7 relinquish the additional increases provided in
8 subsection (b) of Section 2-119.1; or

9 (2) to not agree to items (i) and (ii) as set forth in
10 paragraph (1) of this subsection.

11 The election required under this subsection (a-5) shall be
12 made by each Tier I retiree no earlier than 6 months after the
13 effective date of this Section and no later than 11 months
14 after the effective date of this Section, except that:

15 (i) a person who becomes a Tier I retiree under this
16 Article later than 6 months after the effective date of
17 this Section must make the election under this subsection
18 (a-5) within 60 days after becoming a Tier I retiree; and

19 (ii) a person who made the election under subsection
20 (a) as a Tier I employee remains bound by that election and
21 shall not make a later election under this subsection
22 (a-5).

23 If a Tier I retiree fails for any reason to make a required
24 election under this subsection within the time specified, then
25 the Tier I retiree shall be deemed to have made the election
26 under paragraph (2) of this subsection.

1 (a-10) All elections under subsection (a) or (a-5) that are
2 made or deemed to be made within 11 months after the effective
3 date of this Section shall take effect 12 months after the
4 effective date of this Section. Elections that are made or
5 deemed to be made more than 11 months after the effective date
6 of this Section shall take effect on the first day of the month
7 following the month in which the election is made or deemed to
8 be made.

9 (b) As adequate and legal consideration provided under this
10 amendatory Act of the 98th General Assembly for making the
11 election under paragraph (1) of subsection (a) of this Section,
12 any future increases in income offered for service as a member
13 under this Article to a Tier I employee who has made the
14 election under paragraph (1) of subsection (a) of this Section
15 shall be offered expressly and irrevocably as constituting
16 salary under Section 2-108.

17 As adequate and legal consideration provided under this
18 amendatory Act of the 98th General Assembly for making the
19 election under paragraph (1) of subsection (a-5) of this
20 Section, any future increases in income offered for service as
21 a member under this Article to a Tier I retiree who returns to
22 active service after having made the election under paragraph
23 (1) of subsection (a-5) of this Section shall be offered
24 expressly and irrevocably as constituting salary under Section
25 2-108.

26 (c) A Tier I employee who makes the election under

1 paragraph (2) of subsection (a) of this Section shall not be
2 subject to items (i) and (ii) set forth in paragraph (1) of
3 subsection (a) of this Section. However, any future increases
4 in income offered for service as a member under this Article to
5 a Tier I employee who has made the election under paragraph (2)
6 of subsection (a) of this Section shall be offered expressly
7 and irrevocably as not constituting salary under Section 2-108,
8 and the member may not accept any future increase in income
9 that is offered in violation of this requirement.

10 A Tier I retiree who makes the election under paragraph (2)
11 of subsection (a-5) of this Section shall not be subject to
12 items (i) and (ii) set forth in paragraph (1) of subsection
13 (a-5) of this Section. However, any future increases in income
14 offered for service as a member under this Article to a Tier I
15 retiree who returns to active service and has made the election
16 under paragraph (2) of subsection (a-5) of this Section shall
17 be offered expressly and irrevocably as not constituting salary
18 under Section 2-108, and the member may not accept any future
19 increase in income that is offered in violation of this
20 requirement.

21 (d) The System shall make a good faith effort to contact
22 each Tier I employee and Tier I retiree subject to this
23 Section. The System shall mail information describing the
24 required election to each Tier I employee and Tier I retiree by
25 United States Postal Service mail to his or her last known
26 address on file with the System. If the Tier I employee or Tier

1 I retiree is not responsive to other means of contact, it is
2 sufficient for the System to publish the details of any
3 required elections on its website or to publish those details
4 in a regularly published newsletter or other existing public
5 forum.

6 Tier I employees and Tier I retirees who are subject to
7 this Section shall be provided with an election packet
8 containing information regarding their options, as well as the
9 forms necessary to make the required election. Upon request,
10 the System shall offer Tier I employees and Tier I retirees an
11 opportunity to receive information from the System before
12 making the required election. The information may be provided
13 through video materials, group presentations, individual
14 consultation with a member or authorized representative of the
15 System in person or by telephone or other electronic means, or
16 any combination of those methods. The System shall not provide
17 advice or counseling with respect to which election a Tier I
18 employee or Tier I retiree should make or specific to the legal
19 or tax circumstances of or consequences to the Tier I employee
20 or Tier I retiree.

21 The System shall inform Tier I employees and Tier I
22 retirees in the election packet required under this subsection
23 that the Tier I employee or Tier I retiree may also wish to
24 obtain information and counsel relating to the election
25 required under this Section from any other available source,
26 including but not limited to labor organizations and private

1 counsel.

2 In no event shall the System, its staff, or the Board be
3 held liable for any information given to a member, beneficiary,
4 or annuitant regarding the elections under this Section. The
5 System shall coordinate with the Illinois Department of Central
6 Management Services and each other retirement system
7 administering an election in accordance with this amendatory
8 Act of the 98th General Assembly to provide information
9 concerning the impact of the election set forth in this
10 Section.

11 (e) Notwithstanding any other provision of law, any future
12 increases in income offered for service as a member must be
13 offered expressly and irrevocably as not constituting "salary"
14 under Section 2-108 to any Tier I employee, or Tier I retiree
15 returning to active service, who has made an election under
16 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
17 Tier I employee, or Tier I retiree returning to active service,
18 who has made an election under paragraph (2) or subsection (a)
19 or (a-5) of Section 2-110.3 shall not accept any future
20 increase in income that is offered for service as a member
21 under this Article in violation of the requirement set forth in
22 this subsection.

23 (f) A member's election under this Section is not a
24 prohibited election under subdivision (j)(1) of Section 1-119
25 of this Code.

26 (g) No provision of this Section shall be interpreted in a

1 way that would cause the System to cease to be a qualified plan
2 under Section 401(a) of the Internal Revenue Code of 1986.

3 (h) If this Section is determined to be unconstitutional or
4 otherwise invalid by a final unappealable decision of an
5 Illinois court or a court of competent jurisdiction as applied
6 to Tier I employees but not as applied to Tier I retirees, then
7 this Section and the changes deriving from the election
8 required under this Section shall be null and void as applied
9 to Tier I employees but shall remain in full effect for Tier I
10 retirees.

11 (i) If this Section is determined to be unconstitutional or
12 otherwise invalid by a final unappealable decision of an
13 Illinois court or a court of competent jurisdiction as applied
14 to Tier I retirees but not as applied to Tier I employees, then
15 this Section and the changes deriving from the election
16 required under this Section shall be null and void as applied
17 to Tier I retirees but shall remain in full effect for Tier I
18 employees.

19 (j) If an election created by this amendatory Act in any
20 other Article of this Code or any change deriving from that
21 election is determined to be unconstitutional or otherwise
22 invalid by a final unappealable decision of an Illinois court
23 or a court of competent jurisdiction, the invalidity of that
24 provision shall not in any way affect the validity of this
25 Section or the changes deriving from the election required
26 under this Section.

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

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

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

17 (a-1) Notwithstanding any other provision of this Article,
18 for a Tier I employee or Tier I retiree who made the election
19 under paragraph (1) of subsection (a) or (a-5) of Section
20 2-110.3, the amount of each automatic annual increase in
21 retirement annuity occurring on or after the effective date of
22 that election shall be 3% or one-half of the annual unadjusted
23 percentage increase, if any, in the Consumer Price Index-U for
24 the 12 months ending with the preceding September, whichever is
25 less, of the originally granted retirement annuity. For the

1 purposes of this Section, "Consumer Price Index-U" means the
2 index published by the Bureau of Labor Statistics of the United
3 States Department of Labor that measures the average change in
4 prices of goods and services purchased by all urban consumers,
5 United States city average, all items, 1982-84 = 100.

6 (a-2) For a Tier I employee or Tier I retiree who made the
7 election under paragraph (1) of subsection (a) or (a-5) of
8 Section 2-110.3, the monthly retirement annuity shall first be
9 subject to annual increases on the January 1 occurring on or
10 next after the attainment of age 67 or the January 1 occurring
11 on or next after the fifth anniversary of the annuity start
12 date, whichever occurs earlier. If on the effective date of the
13 election under paragraph (1) of subsection (a-5) of Section
14 2-110.3 a Tier I retiree has already received an annual
15 increase under this Section but does not yet meet the new
16 eligibility requirements of this subsection, the annual
17 increases already received shall continue in force, but no
18 additional annual increase shall be granted until the Tier I
19 retiree meets the new eligibility requirements.

20 (b) Beginning January 1, 1990, for eligible participants
21 who remain in service after attaining 20 years of creditable
22 service, the 3% increases provided under subsection (a) shall
23 begin to accrue on the January 1 next following the date upon
24 which the participant (1) attains age 55, or (2) attains 20
25 years of creditable service, whichever occurs later, and shall
26 continue to accrue while the participant remains in service;

1 such increases shall become payable on January 1 or July 1,
2 whichever occurs first, next following the first anniversary of
3 retirement. For any person who has service credit in the System
4 for the entire period from January 15, 1969 through December
5 31, 1992, regardless of the date of termination of service, the
6 reference to age 55 in clause (1) of this subsection (b) shall
7 be deemed to mean age 50.

8 This subsection (b) does not apply to any person who first
9 becomes a member of the System after August 8, 2003 (the
10 effective date of Public Act 93-494) or (ii) has made the
11 election under paragraph (1) of subsection (a) or (a-5) of
12 Section 2-110.3; except that if on the effective date of the
13 election under paragraph (1) of subsection (a-5) of Section
14 2-110.3 a Tier I retiree has already received a retirement
15 annuity based on any annual increases under this subsection,
16 those annual increases under this subsection shall continue in
17 force ~~this amendatory Act of the 93rd General Assembly.~~

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

1 Pension Division of the Department of Insurance under
2 subsection (a) of Section 2-108.1, whichever is less.

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

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

17 The initial increase shall be 1 1/2% of the originally
18 granted retirement annuity multiplied by the number of full
19 years that the annuitant was in receipt of such annuity prior
20 to January 1, 1972, plus 2% of the originally granted
21 retirement annuity for each year after that date. The
22 subsequent annual increases shall be at the rate of 2% of the
23 originally granted retirement annuity for each year through
24 1979 and at the rate of 3% for 1980 and thereafter.

25 (e) Beginning January 1, 1990, all automatic annual
26 increases payable under this Section shall be calculated as a

1 percentage of the total annuity payable at the time of the
2 increase, including previous increases granted under this
3 Article.

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

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

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

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

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

15 (c) If at least 50% of Tier I employees making an election
16 under Section 2-110.3 within 11 months after the effective date
17 of that Section choose the option under paragraph (1) of
18 subsection (a) of that Section, then the State shall be
19 contractually obligated to contribute to the System in each
20 State fiscal year an amount not less than the sum required in
21 Section 2-124 as that Section existed prior to the effective
22 date of this amendatory Act of the 98th General Assembly
23 notwithstanding the changes made to Section 2-124 by Part A of
24 this amendatory Act of the 98th General Assembly.

25 If at least 50% of Tier I employees making an election

1 under Section 2-110.3 within 11 months after the effective date
2 of that Section choose the option under paragraph (1) of
3 subsection (a) of that Section, then the State shall be
4 contractually obligated (i) to make the transfer identified in
5 subsection (c-10) of Section 20 of the Budget Stabilization
6 Act, (ii) to apportion the amounts transferred pursuant to
7 subsection (c-10) of Section 20 of the Budget Stabilization Act
8 among the designated retirement systems in the same proportion
9 as their respective portions of the total actuarial reserve
10 deficiency of the designated retirement systems, as most
11 recently determined by the Governor's Office of Management and
12 Budget, and (iii) not to use the amounts transferred pursuant
13 to subsection (c-10) of Section 20 of the Budget Stabilization
14 Act to satisfy any portion of the required State contributions
15 due under Article 2, 14, 15, 16, or 18 of the Illinois Pension
16 Code.

17 The obligations created under this subsection (c) are
18 contractual obligations protected and enforceable under
19 Article I, Section 16 and Article XIII, Section 5 of the
20 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 County to compel the State to make
25 that payment, irrespective of other remedies that may be
26 available to the System. In ordering the State to make the

1 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 (c) 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 5/2-134) (from Ch. 108 1/2, par. 2-134)

21 Sec. 2-134. To certify required State contributions and
22 submit vouchers.

23 (a) The Board shall certify to the Governor on or before
24 December 15 of each year through ~~until~~ December 15, 2011 the
25 amount of the required State contribution to the System for the

1 next fiscal year ~~and shall specifically identify the System's~~
2 ~~projected State normal cost for that fiscal year.~~ The
3 certification under this subsection (a) shall include a copy of
4 the actuarial recommendations upon which it is based ~~and shall~~
5 ~~specifically identify the System's projected State normal cost~~
6 ~~for that fiscal year.~~

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

19 On or before January 15, 2013 and every January 15
20 thereafter, the Board shall certify to the Governor and the
21 General Assembly the amount of the required State contribution
22 for the next fiscal year. The certification shall include a
23 copy of the actuarial recommendations upon which it is based
24 and shall specifically identify the System's projected State
25 normal cost for that fiscal year. The Board's certification
26 must note any deviations from the State Actuary's recommended

1 changes, the reason or reasons for not following the State
2 Actuary's recommended changes, and the fiscal impact of not
3 following the State Actuary's recommended changes on the
4 required State contribution.

5 (a-7) On or before May 1, 2004, the Board shall recalculate
6 and 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 (b) Beginning in State fiscal year 1996, on or as soon as
23 possible after the 15th day of each month the Board shall
24 submit vouchers for payment of State contributions to the
25 System, in a total monthly amount of one-twelfth of the
26 required annual State contribution certified under subsection

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

19 (c) The full amount of any annual appropriation for the
20 System for State fiscal year 1995 shall be transferred and made
21 available to the System at the beginning of that fiscal year at
22 the request of the Board. Any excess funds remaining at the end
23 of any fiscal year from appropriations shall be retained by the
24 System as a general reserve to meet the System's accrued
25 liabilities.

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;

1 97-694, eff. 6-18-12.)

2 (40 ILCS 5/2-162)

3 Sec. 2-162. Application and expiration of new benefit
4 increases.

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

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

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

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and

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

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

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

1 continues in service after the expiration date and did not
2 apply and qualify for the affected benefit while the new
3 benefit increase was in effect.

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

5 Section B-35. If and only if any of the changes made by
6 Part A of this Act to provisions in Article 14 of the Illinois
7 Pension Code concerning (i) automatic annual increases, (ii)
8 employee or member contributions, (iii) State or employer
9 contributions, (iv) State funding guarantees, or (v) salary,
10 earnings, or compensation is declared to be unconstitutional or
11 otherwise invalid, then the Illinois Pension Code is amended by
12 changing Sections 14-103.10, 14-114, 14-132, 14-133,
13 14-135.08, and 14-152.1 and by adding Sections 14-103.40,
14 14-103.41, 14-103.42, and 14-106.5 as follows:

15 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

16 Sec. 14-103.10. Compensation.

17 (a) For periods of service prior to January 1, 1978, the
18 full rate of salary or wages payable to an employee for
19 personal services performed if he worked the full normal
20 working period for his position, subject to the following
21 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
22 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
23 inclusive, \$625 per month or \$7,500 per year; (3) beginning
24 July 1, 1957, no limitation.

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

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

- 11 (1) for vacation,
- 12 (2) for accumulated unused sick leave,
- 13 (3) upon discharge or dismissal,
- 14 (4) for approved holidays.

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

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

26 (e) For members for which Section 1-160 applies for periods

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

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

13 (f) Notwithstanding any other provision of this Section,
14 "compensation" does not include any future increase in income
15 offered by a department under this Article pursuant to the
16 requirements of subsection (c) of Section 14-106.5 that is
17 accepted by a Tier I employee, or a Tier I retiree returning to
18 active service, who has made an election under paragraph (2) of
19 subsection (a) or (a-5) of Section 14-106.5.

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

21 (40 ILCS 5/14-103.40 new)

22 Sec. 14-103.40. Tier I employee. "Tier I employee": An
23 employee under this Article who first became a member or
24 participant before January 1, 2011 under any reciprocal
25 retirement system or pension fund established under this Code

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

3 (40 ILCS 5/14-103.41 new)

4 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
5 Tier I employee who is receiving a retirement annuity.

6 (40 ILCS 5/14-103.42 new)

7 Sec. 14-103.42. Future increase in income. "Future
8 increase in income": Any increase in income in any form offered
9 by a department to an employee under this Article after the end
10 of the election period in Section 14-106.5 that would qualify
11 as "compensation", as defined in Section 14-103.10, but for the
12 fact that the department offered the increase in income to the
13 employee on the condition that it not qualify as compensation
14 and the employee accepted the increase in income subject to
15 that condition. The term "future increase in income" does not
16 include an increase in income in any form that is paid to a
17 Tier I employee under an employment contract or collective
18 bargaining agreement that is in effect on the effective date of
19 this Section but does include an increase in income in any form
20 pursuant to an extension, amendment, or renewal of any such
21 employment contract or collective bargaining agreement on or
22 after the effective date of this amendatory Act of the 98th
23 General Assembly.

1 (40 ILCS 5/14-106.5 new)

2 Sec. 14-106.5. Election by Tier I employees and Tier I
3 retirees.

4 (a) Each Tier I employee shall make an irrevocable election
5 either:

6 (1) to agree to the following:

7 (i) to have the amount of the automatic annual
8 increases in his or her retirement annuity that are
9 otherwise provided for in this Article calculated,
10 instead, as provided in subsection (a-1) of Section
11 14-114; and

12 (ii) to have his or her eligibility for automatic
13 annual increases in retirement annuity postponed as
14 provided in subsection (a-2) of Section 14-114; or

15 (2) to not agree to items (i) and (ii) as set forth in
16 paragraph (1) of this subsection.

17 The election required under this subsection (a) shall be
18 made by each Tier I employee no earlier than 6 months after the
19 effective date of this Section and no later than 11 months
20 after the effective date of this Section, except that:

21 (i) a person who becomes a Tier I employee under this
22 Article later than 6 months after the effective date of
23 this Section must make the election under this subsection

24 (a) within 60 days after becoming a Tier I employee;

25 (ii) a person who returns to active service as a Tier I
26 employee under this Article later than 6 months after the

1 effective date of this Section and has not yet made an
2 election under this Section must make the election under
3 this subsection (a) within 60 days after returning to
4 active service as a Tier I employee; and

5 (iii) a person who made the election under subsection
6 (a-5) as a Tier I retiree remains bound by that election
7 and shall not make a later election under this subsection
8 (a).

9 If a Tier I employee fails for any reason to make a
10 required election under this subsection within the time
11 specified, then the employee shall be deemed to have made the
12 election under paragraph (2) of this subsection.

13 (a-5) Each Tier I retiree shall make an irrevocable
14 election either:

15 (1) to agree to the following:

16 (i) to have the amount of the automatic annual
17 increases in his or her retirement annuity that are
18 otherwise provided for in this Article calculated,
19 instead, as provided in subsection (a-1) of Section
20 14-114; and

21 (ii) to have his or her eligibility for automatic
22 annual increases in retirement annuity postponed as
23 provided in subsection (a-2) of Section 14-114; or

24 (2) to not agree to items (i) and (ii) as set forth in
25 paragraph (1) of this subsection.

26 The election required under this subsection (a-5) shall be

1 made by each Tier I retiree no earlier than 6 months after the
2 effective date of this Section and no later than 11 months
3 after the effective date of this Section, except that:

4 (i) a person who becomes a Tier I retiree under this
5 Article later than 6 months after the effective date of
6 this Section must make the election under this subsection
7 (a-5) within 60 days after becoming a Tier I retiree; and

8 (ii) a person who made the election under subsection
9 (a) as a Tier I employee remains bound by that election and
10 shall not make a later election under this subsection
11 (a-5).

12 If a Tier I retiree fails for any reason to make a required
13 election under this subsection within the time specified, then
14 the Tier I retiree shall be deemed to have made the election
15 under paragraph (2) of this subsection.

16 (a-10) All elections under subsection (a) or (a-5) that are
17 made or deemed to be made within 11 months after the effective
18 date of this Section shall take effect 12 months after the
19 effective date of this Section. Elections that are made or
20 deemed to be made more than 11 months after the effective date
21 of this Section shall take effect on the first day of the month
22 following the month in which the election is made or deemed to
23 be made.

24 (b) As adequate and legal consideration provided under this
25 amendatory Act of the 98th General Assembly for making the
26 election under paragraph (1) of subsection (a) of this Section,

1 any future increases in income offered by a department under
2 this Article to a Tier I employee who has made the election
3 under paragraph (1) of subsection (a) of this Section shall be
4 offered expressly and irrevocably as constituting compensation
5 under Section 14-103.10. In addition, a Tier I employee who has
6 made the election under paragraph (1) of subsection (a) of this
7 Section shall receive the right to also participate in the
8 optional cash balance plan established under Section 1-162.

9 As adequate and legal consideration provided under this
10 amendatory Act of the 98th General Assembly for making the
11 election under paragraph (1) of subsection (a-5) of this
12 Section, any future increases in income offered by a department
13 under this Article to a Tier I retiree who returns to active
14 service after having made the election under paragraph (1) of
15 subsection (a-5) of this Section shall be offered expressly and
16 irrevocably as constituting compensation under Section
17 14-103.10. In addition, a Tier I retiree who returns to active
18 service and has made the election under paragraph (1) of
19 subsection (a) of this Section shall receive the right to also
20 participate in the optional cash balance plan established under
21 Section 1-162.

22 (c) A Tier I employee who makes the election under
23 paragraph (2) of subsection (a) of this Section shall not be
24 subject to items (i) and (ii) set forth in paragraph (1) of
25 subsection (a) of this Section. However, any future increases
26 in income offered by a department under this Article to a Tier

1 I employee who has made the election under paragraph (2) of
2 subsection (a) of this Section shall be offered by the
3 department expressly and irrevocably as not constituting
4 compensation under Section 14-103.10, and the employee may not
5 accept any future increase in income that is offered in
6 violation of this requirement. In addition, a Tier I employee
7 who has made the election under paragraph (2) of subsection (a)
8 of this Section shall not receive the right to participate in
9 the optional cash balance plan established under Section 1-162.

10 A Tier I retiree who makes the election under paragraph (2)
11 of subsection (a-5) of this Section shall not be subject to
12 items (i) and (ii) set forth in paragraph (1) of subsection
13 (a-5) of this Section. However, any future increases in income
14 offered by a department under this Article to a Tier I retiree
15 who returns to active service and has made the election under
16 paragraph (2) of subsection (a-5) of this Section shall be
17 offered by the department expressly and irrevocably as not
18 constituting compensation under Section 14-103.10, and the
19 employee may not accept any future increase in income that is
20 offered in violation of this requirement. In addition, a Tier I
21 retiree who returns to active service and has made the election
22 under paragraph (2) of subsection (a) of this Section shall not
23 receive the right to participate in the optional cash balance
24 plan established under Section 1-162.

25 (d) The System shall make a good faith effort to contact
26 each Tier I employee and Tier I retiree subject to this

1 Section. The System shall mail information describing the
2 required election to each Tier I employee and Tier I retiree by
3 United States Postal Service mail to his or her last known
4 address on file with the System. If the Tier I employee or Tier
5 I retiree is not responsive to other means of contact, it is
6 sufficient for the System to publish the details of any
7 required elections on its website or to publish those details
8 in a regularly published newsletter or other existing public
9 forum.

10 Tier I employees and Tier I retirees who are subject to
11 this Section shall be provided with an election packet
12 containing information regarding their options, as well as the
13 forms necessary to make the required election. Upon request,
14 the System shall offer Tier I employees and Tier I retirees an
15 opportunity to receive information from the System before
16 making the required election. The information may consist of
17 video materials, group presentations, individual consultation
18 with a member or authorized representative of the System in
19 person or by telephone or other electronic means, or any
20 combination of those methods. The System shall not provide
21 advice or counseling with respect to which election a Tier I
22 employee or Tier I retiree should make or specific to the legal
23 or tax circumstances of or consequences to the Tier I employee
24 or Tier I retiree.

25 The System shall inform Tier I employees and Tier I
26 retirees in the election packet required under this subsection

1 that the Tier I employee or Tier I retiree may also wish to
2 obtain information and counsel relating to the election
3 required under this Section from any other available source,
4 including but not limited to labor organizations and private
5 counsel.

6 In no event shall the System, its staff, or the Board be
7 held liable for any information given to a member, beneficiary,
8 or annuitant regarding the elections under this Section. The
9 System shall coordinate with the Illinois Department of Central
10 Management Services and each other retirement system
11 administering an election in accordance with this amendatory
12 Act of the 98th General Assembly to provide information
13 concerning the impact of the election set forth in this
14 Section.

15 (e) Notwithstanding any other provision of law, a
16 department under this Article is required to offer any future
17 increases in income expressly and irrevocably as not
18 constituting "compensation" under Section 14-103.10 to any
19 Tier I employee, or Tier I retiree returning to active service,
20 who has made an election under paragraph (2) of subsection (a)
21 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I
22 retiree returning to active service, who has made an election
23 under paragraph (2) of subsection (a) or (a-5) of Section
24 14-106.5 shall not accept any future increase in income that is
25 offered by an employer under this Article in violation of the
26 requirement set forth in this subsection.

1 (f) A member's election under this Section is not a
2 prohibited election under subdivision (j)(1) of Section 1-119
3 of this Code.

4 (g) An employee who has made the election under paragraph
5 (1) of subsection (a) or (a-5) of this Section may elect to
6 participate in the optional cash balance plan under Section
7 1-162.

8 The election to participate in the optional cash balance
9 plan shall be made in writing, in the manner provided by the
10 applicable retirement system.

11 (h) No provision of this Section shall be interpreted in a
12 way that would cause the System to cease to be a qualified plan
13 under Section 401(a) of the Internal Revenue Code of 1986.

14 (i) If this Section is determined to be unconstitutional or
15 otherwise invalid by a final unappealable decision of an
16 Illinois court or a court of competent jurisdiction as applied
17 to Tier I employees but not as applied to Tier I retirees, then
18 this Section and the changes deriving from the election
19 required under this Section shall be null and void as applied
20 to Tier I employees but shall remain in full effect for Tier I
21 retirees.

22 (j) If this Section is determined to be unconstitutional or
23 otherwise invalid by a final unappealable decision of an
24 Illinois court or a court of competent jurisdiction as applied
25 to Tier I retirees but not as applied to Tier I employees, then
26 this Section and the changes deriving from the election

1 required under this Section shall be null and void as applied
2 to Tier I retirees but shall remain in full effect for Tier I
3 employees.

4 (k) If an election created by this amendatory Act in any
5 other Article of this Code or any change deriving from that
6 election is determined to be unconstitutional or otherwise
7 invalid by a final unappealable decision of an Illinois court
8 or a court of competent jurisdiction, the invalidity of that
9 provision shall not in any way affect the validity of this
10 Section or the changes deriving from the election required
11 under this Section.

12 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

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

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

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

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

23 Beginning January 1, 1990 and except as provided in
24 subsections (a-1) and (a-2), all automatic annual increases
25 payable under this Section shall be calculated as a percentage
26 of the total annuity payable at the time of the increase,

1 including previous increases granted under this Article.

2 (a-1) Notwithstanding any other provision of this Article,
3 for a Tier I employee or Tier I retiree who made the election
4 under paragraph (1) of subsection (a) or (a-5) of Section
5 14-106.5, the amount of each automatic annual increase in
6 retirement annuity occurring on or after the effective date of
7 that election shall be 3% or one-half of the annual unadjusted
8 percentage increase, if any, in the Consumer Price Index-U for
9 the 12 months ending with the preceding September, whichever is
10 less, of the originally granted retirement annuity. For the
11 purposes of this Section, "Consumer Price Index-U" means the
12 index published by the Bureau of Labor Statistics of the United
13 States Department of Labor that measures the average change in
14 prices of goods and services purchased by all urban consumers,
15 United States city average, all items, 1982-84 = 100.

16 (a-2) Notwithstanding any other provision of this Article,
17 for a Tier I employee or Tier I retiree who made the election
18 under paragraph (1) of subsection (a) or (a-5) of Section
19 14-106.5, the monthly retirement annuity shall first be subject
20 to annual increases on the January 1 occurring on or next after
21 either the attainment of age 67 or the January 1 occurring on
22 or next after the fifth anniversary of the annuity start date,
23 whichever occurs earlier. If on the effective date of the
24 election under paragraph (1) of subsection (a-5) of Section
25 14-106.5 a Tier I retiree has already received an annual
26 increase under this Section but does not yet meet the new

1 eligibility requirements of this subsection, the annual
2 increases already received shall continue in force, but no
3 additional annual increase shall be granted until the Tier I
4 retiree meets the new eligibility requirements.

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

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

20 (d) In addition to other increases which may be provided by
21 this Section, on January 1, 1981 any annuitant who was
22 receiving a retirement annuity on or before January 1, 1971
23 shall have his retirement annuity then being paid increased \$1
24 per month for each year of creditable service. On January 1,
25 1982, any annuitant who began receiving a retirement annuity on
26 or before January 1, 1977, shall have his retirement annuity

1 then being paid increased \$1 per month for each year of
2 creditable service.

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

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

18 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
19 92-651, eff. 7-11-02.)

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

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

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

1 this Article.

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

6 (c) If at least 50% of Tier I employees making an election
7 under Section 14-106.5 within 11 months after the effective
8 date of that Section choose the option under paragraph (1) of
9 subsection (a) of that Section, then the State shall be
10 contractually obligated to contribute to the System in each
11 State fiscal year an amount not less than the sum required in
12 Section 14-131 as that Section existed prior to the effective
13 date of this amendatory Act of the 98th General Assembly
14 notwithstanding the changes made to Section 14-131 by Part A of
15 this amendatory Act of the 98th General Assembly.

16 If at least 50% of Tier I employees making an election
17 under Section 2-110.3 within 11 months after the effective date
18 of that Section choose the option under paragraph (1) of
19 subsection (a) of that Section, then the State shall be
20 contractually obligated (i) to make the transfer identified in
21 subsection (c-10) of Section 20 of the Budget Stabilization
22 Act, (ii) to apportion the amounts transferred pursuant to
23 subsection (c-10) of Section 20 of the Budget Stabilization Act
24 among the designated retirement systems in the same proportion
25 as their respective portions of the total actuarial reserve
26 deficiency of the designated retirement systems, as most

1 recently determined by the Governor's Office of Management and
2 Budget, and (iii) not to use the amounts transferred pursuant
3 to subsection (c-10) of Section 20 of the Budget Stabilization
4 Act to satisfy any portion of the required State contributions
5 due under Article 2, 14, 15, 16, or 18 of the Illinois Pension
6 Code.

7 The obligations created under this subsection (c) are
8 contractual obligations protected and enforceable under
9 Article I, Section 16 and Article XIII, Section 5 of the
10 Illinois Constitution.

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

21 Any payments required to be made by the State pursuant to
22 this subsection (c) are expressly subordinated to the payment
23 of the principal, interest, and premium, if any, on any bonded
24 debt obligation of the State or any other State-created entity,
25 either currently outstanding or to be issued, for which the
26 source of repayment or security thereon is derived directly or

1 indirectly from tax revenues collected by the State or any
2 other State-created entity. Payments on such bonded
3 obligations include any statutory fund transfers or other
4 prefunding mechanisms or formulas set forth, now or hereafter,
5 in State law or bond indentures, into debt service funds or
6 accounts of the State related to such bonded obligations,
7 consistent with the payment schedules associated with such
8 obligations.

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

10 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

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

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

1 in 2004 and thereafter;

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

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

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

20 (a-1) In addition to the contributions required under
21 subsection (a), an employee who elects to participate in the
22 optional cash balance plan under Section 1-162 shall pay to the
23 System for the purpose of participating in the optional cash
24 balance plan an additional contribution of 2% of each payment
25 of compensation received while he or she is a participant in
26 the optional cash balance plan. These contributions shall not

1 be used for the purpose of determining any benefit under this
2 Article except as provided in the optional cash balance plan.

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

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

11 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
12 Sec. 14-135.08. To certify required State contributions.

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

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

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

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

21 (b) The certifications under subsections (a) and (a-5)
22 shall include an additional amount necessary to pay all
23 principal of and interest on those general obligation bonds due
24 the next fiscal year authorized by Section 7.2(a) of the
25 General Obligation Bond Act and issued to provide the proceeds
26 deposited by the State with the System in July 2003,

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

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

20 On or before July 1, 2005, the Board shall recalculate and
21 recertify to the Governor and to each department the amount of
22 the required State contribution to the System and the required
23 rates for State contributions to the System for State fiscal
24 year 2006, taking into account the changes in required State
25 contributions made by this amendatory Act of the 94th General
26 Assembly.

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

7 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
8 97-694, eff. 6-18-12.)

9 (40 ILCS 5/14-152.1)

10 Sec. 14-152.1. Application and expiration of new benefit
11 increases.

12 (a) As used in this Section, "new benefit increase" means
13 an increase in the amount of any benefit provided under this
14 Article, or an expansion of the conditions of eligibility for
15 any benefit under this Article, that results from an amendment
16 to this Code that takes effect after June 1, 2005 (the
17 effective date of Public Act 94-4). "New benefit increase",
18 however, does not include any benefit increase resulting from
19 the changes made to this Article or Article 1 by Public Act
20 96-37 or this amendatory Act of the 98th ~~96th~~ General Assembly.

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

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

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

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

1 (e) Except as otherwise provided in the language creating
2 the new benefit increase, a new benefit increase that expires
3 under this Section continues to apply to persons who applied
4 and qualified for the affected benefit while the new benefit
5 increase was in effect and to the affected beneficiaries and
6 alternate payees of such persons, but does not apply to any
7 other person, including without limitation a person who
8 continues in service after the expiration date and did not
9 apply and qualify for the affected benefit while the new
10 benefit increase was in effect.

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

12 Section B-40. If and only if any of the changes made by
13 Part A of this Act to provisions in Article 15 of the Illinois
14 Pension Code concerning (i) automatic annual increases, (ii)
15 employee or member contributions, (iii) State or employer
16 contributions, (iv) State funding guarantees, or (v) salary,
17 earnings, or compensation is declared to be unconstitutional or
18 otherwise invalid, then the Illinois Pension Code is amended by
19 changing Sections 15-111, 15-136, 15-156, 15-157, 15-163,
20 15-165, and 15-198 and by adding Sections 15-108.1, 15-108.2,
21 15-112.1, and 15-132.9 as follows:

22 (40 ILCS 5/15-108.1 new)

23 Sec. 15-108.1. Tier I employee. "Tier I employee": An
24 employee under this Article, other than a participant in the

1 self-managed plan under Section 15-158.2, who first became a
2 member or participant before January 1, 2011 under any
3 reciprocal retirement system or pension fund established under
4 this Code other than a retirement system or pension fund
5 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

6 (40 ILCS 5/15-108.2 new)

7 Sec. 15-108.2. Tier I retiree."Tier I retiree": A former
8 Tier I employee who is receiving a retirement annuity.

9 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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

21 With respect to transition pay paid by the University of
22 Illinois to a person who was a participating employee employed
23 in the fire department of the University of Illinois's
24 Champaign-Urbana campus immediately prior to the elimination

1 of that fire department:

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

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

18 Notwithstanding any other provision of this Section,
19 "earnings" does not include any future increase in income
20 offered by an employer under this Article pursuant to the
21 requirements of subsection (c) of Section 15-132.9 that is
22 accepted by a Tier I employee, or a Tier I retiree returning to
23 active service, who has made an election under paragraph (2) of
24 subsection (a) or (a-5) of Section 15-132.9.

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

1 (40 ILCS 5/15-112.1 new)

2 Sec. 15-112.1. Future increase in income. "Future increase
3 in income": Any increase in income in any form offered by an
4 employer to an employee under this Article after the end of the
5 election period in Section 15-132.9 that would qualify as
6 "earnings", as defined in Section 15-111, but for the fact that
7 the employer offered the increase in income to the employee on
8 the condition that it not qualify as earnings and the employee
9 accepted the increase in income subject to that condition. The
10 term "future increase in income" does not include an increase
11 in income in any form that is paid to a Tier I employee under an
12 employment contract or collective bargaining agreement that is
13 in effect on the effective date of this Section but does
14 include an increase in income in any form pursuant to an
15 extension, amendment, or renewal of any such employment
16 contract or collective bargaining agreement on or after the
17 effective date of this amendatory Act of the 98th General
18 Assembly.

19 (40 ILCS 5/15-132.9 new)

20 Sec. 15-132.9. Election by Tier I employees and Tier I
21 retirees.

22 (a) Each Tier I employee shall make an irrevocable election
23 either:

24 (1) to agree to the following:

25 (i) to have the amount of the automatic annual

1 increases in his or her retirement annuity that are
2 otherwise provided for in this Article calculated,
3 instead, as provided in subsection (d-1) of Section
4 15-136; and

5 (ii) to have his or her eligibility for automatic
6 annual increases in retirement annuity postponed as
7 provided in subsection (d-2) of Section 15-136; or

8 (2) to not agree to items (i) and (ii) as set forth in
9 paragraph (1) of this subsection.

10 The election required under this subsection (a) shall be
11 made by each Tier I employee no earlier than 6 months after the
12 effective date of this Section and no later than 11 months
13 after the effective date of this Section, except that:

14 (i) a person who becomes a Tier I employee under this
15 Article later than 6 months after the effective date of
16 this Section must make the election under this subsection
17 (a) within 60 days after becoming a Tier I employee;

18 (ii) a person who returns to active service as a Tier I
19 employee under this Article later than 6 months after the
20 effective date of this Section and has not yet made an
21 election under this Section must make the election under
22 this subsection (a) within 60 days after returning to
23 active service as a Tier I employee; and

24 (iii) a person who made the election under subsection
25 (a-5) as a Tier I retiree remains bound by that election
26 and shall not make a later election under this subsection

1 (a).

2 If a Tier I employee fails for any reason to make a
3 required election under this subsection within the time
4 specified, then the employee shall be deemed to have made the
5 election under paragraph (2) of this subsection.

6 (a-5) Each Tier I retiree shall make an irrevocable
7 election either:

8 (1) to agree to the following:

9 (i) to have the amount of the automatic annual
10 increases in his or her retirement annuity that are
11 otherwise provided for in this Article calculated,
12 instead, as provided in subsection (d-1) of Section
13 15-136; and

14 (ii) to have his or her eligibility for automatic
15 annual increases in retirement annuity postponed as
16 provided in subsection (d-2) of Section 15-136; or

17 (2) to not agree to items (i) and (ii) as set forth in
18 paragraph (1) of this subsection.

19 The election required under this subsection (a-5) shall be
20 made by each Tier I retiree no earlier than 6 months after the
21 effective date of this Section and no later than 11 months
22 after the effective date of this Section, except that:

23 (i) a person who becomes a Tier I retiree under this
24 Article later than 6 months after the effective date of
25 this Section must make the election under this subsection
26 (a-5) within 60 days after becoming a Tier I retiree; and

1 (ii) a person who made the election under subsection
2 (a) as a Tier I employee remains bound by that election and
3 shall not make a later election under this subsection
4 (a-5).

5 If a Tier I retiree fails for any reason to make a required
6 election under this subsection within the time specified, then
7 the Tier I retiree shall be deemed to have made the election
8 under paragraph (2) of this subsection.

9 (a-10) All elections under subsection (a) or (a-5) that are
10 made or deemed to be made within 11 months after the effective
11 date of this Section shall take effect 12 months after the
12 effective date of this Section. Elections that are made or
13 deemed to be made more than 11 months after the effective date
14 of this Section shall take effect on the first day of the month
15 following the month in which the election is made or deemed to
16 be made.

17 (b) As adequate and legal consideration provided under this
18 amendatory Act of the 98th General Assembly for making the
19 election under paragraph (1) of subsection (a) of this Section,
20 any future increases in income offered by an employer under
21 this Article to a Tier I employee who has made the election
22 under paragraph (1) of subsection (a) of this Section shall be
23 offered expressly and irrevocably as constituting earnings
24 under Section 15-111. In addition, a Tier I employee who has
25 made the election under paragraph (1) of subsection (a) of this
26 Section shall receive the right to also participate in the

1 optional cash balance plan established under Section 1-162.

2 As adequate and legal consideration provided under this
3 amendatory Act of the 98th General Assembly for making the
4 election under paragraph (1) of subsection (a-5) of this
5 Section, any future increases in income offered by an employer
6 under this Article to a Tier I retiree who returns to active
7 service after having made the election under paragraph (1) of
8 subsection (a-5) of this Section shall be offered expressly and
9 irrevocably as constituting earnings under Section 15-111. In
10 addition, a Tier I retiree who returns to active service and
11 has made the election under paragraph (1) of subsection (a) of
12 this Section shall receive the right to also participate in the
13 optional cash balance plan established under Section 1-162.

14 (c) A Tier I employee who makes the election under
15 paragraph (2) of subsection (a) of this Section shall not be
16 subject to items (i) and (ii) set forth in paragraph (1) of
17 subsection (a) of this Section. However, any future increases
18 in income offered by an employer under this Article to a Tier I
19 employee who has made the election under paragraph (2) of
20 subsection (a) of this Section shall be offered by the employer
21 expressly and irrevocably as not constituting earnings under
22 Section 15-111, and the employee may not accept any future
23 increase in income that is offered in violation of this
24 requirement. In addition, a Tier I employee who has made the
25 election under paragraph (2) of subsection (a) of this Section
26 shall not receive the right to participate in the optional cash

1 balance plan established under Section 1-162.

2 A Tier I retiree who makes the election under paragraph (2)
3 of subsection (a-5) of this Section shall not be subject to
4 items (i) and (ii) set forth in paragraph (1) of subsection
5 (a-5) of this Section. However, any future increases in income
6 offered by an employer under this Article to a Tier I retiree
7 who returns to active service and has made the election under
8 paragraph (2) of subsection (a-5) of this Section shall be
9 offered by the employer expressly and irrevocably as not
10 constituting earnings under Section 15-111, and the employee
11 may not accept any future increase in income that is offered in
12 violation of this requirement. In addition, a Tier I retiree
13 who returns to active service and has made the election under
14 paragraph (2) of subsection (a) of this Section shall not
15 receive the right to participate in the optional cash balance
16 plan established under Section 1-162.

17 (d) The System shall make a good faith effort to contact
18 each Tier I employee and Tier I retiree subject to this
19 Section. The System shall mail information describing the
20 required election to each Tier I employee and Tier I retiree by
21 United States Postal Service mail to his or her last known
22 address on file with the System. If the Tier I employee or Tier
23 I retiree is not responsive to other means of contact, it is
24 sufficient for the System to publish the details of any
25 required elections on its website or to publish those details
26 in a regularly published newsletter or other existing public

1 forum.

2 Tier I employees and Tier I retirees who are subject to
3 this Section shall be provided with an election packet
4 containing information regarding their options, as well as the
5 forms necessary to make the required election. Upon request,
6 the System shall offer Tier I employees and Tier I retirees an
7 opportunity to receive information from the System before
8 making the required election. The information may consist of
9 video materials, group presentations, individual consultation
10 with a member or authorized representative of the System in
11 person or by telephone or other electronic means, or any
12 combination of those methods. The System shall not provide
13 advice or counseling with respect to which election a Tier I
14 employee or Tier I retiree should make or specific to the legal
15 or tax circumstances of or consequences to the Tier I employee
16 or Tier I retiree.

17 The System shall inform Tier I employees and Tier I
18 retirees in the election packet required under this subsection
19 that the Tier I employee or Tier I retiree may also wish to
20 obtain information and counsel relating to the election
21 required under this Section from any other available source,
22 including but not limited to labor organizations and private
23 counsel.

24 In no event shall the System, its staff, or the Board be
25 held liable for any information given to a member, beneficiary,
26 or annuitant regarding the elections under this Section. The

1 System shall coordinate with the Illinois Department of Central
2 Management Services and each other retirement system
3 administering an election in accordance with this amendatory
4 Act of the 98th General Assembly to provide information
5 concerning the impact of the election set forth in this
6 Section.

7 (e) Notwithstanding any other provision of law, an employer
8 under this Article is required to offer any future increases in
9 income expressly and irrevocably as not constituting
10 "earnings" under Section 15-111 to any Tier I employee, or Tier
11 I retiree returning to active service, who has made an election
12 under paragraph (2) of subsection (a) or (a-5) of this Section.
13 A Tier I employee, or Tier I retiree returning to active
14 service, who has made an election under paragraph (2) of
15 subsection (a) or (a-5) of this Section shall not accept any
16 future increase in income that is offered by an employer under
17 this Article in violation of the requirement set forth in this
18 subsection.

19 (f) A member's election under this Section is not a
20 prohibited election under subdivision (j)(1) of Section 1-119
21 of this Code.

22 (g) An employee who has made the election under paragraph
23 (1) of subsection (a) or (a-5) of this Section may elect to
24 participate in the optional cash balance plan under Section
25 1-162.

26 The election to participate in the optional cash balance

1 plan shall be made in writing, in the manner provided by the
2 applicable retirement system.

3 (h) No provision of this Section shall be interpreted in a
4 way that would cause the System to cease to be a qualified plan
5 under Section 401(a) of the Internal Revenue Code of 1986.

6 (i) If this Section is determined to be unconstitutional or
7 otherwise invalid by a final unappealable decision of an
8 Illinois court or a court of competent jurisdiction as applied
9 to Tier I employees but not as applied to Tier I retirees, then
10 this Section and the changes deriving from the election
11 required under this Section shall be null and void as applied
12 to Tier I employees but shall remain in full effect for Tier I
13 retirees.

14 (j) If this Section is determined to be unconstitutional or
15 otherwise invalid by a final unappealable decision of an
16 Illinois court or a court of competent jurisdiction as applied
17 to Tier I retirees but not as applied to Tier I employees, then
18 this Section and the changes deriving from the election
19 required under this Section shall be null and void as applied
20 to Tier I retirees but shall remain in full effect for Tier I
21 employees.

22 (k) If an election created by this amendatory Act in any
23 other Article of this Code or any change deriving from that
24 election is determined to be unconstitutional or otherwise
25 invalid by a final unappealable decision of an Illinois court
26 or a court of competent jurisdiction, the invalidity of that

1 provision shall not in any way affect the validity of this
2 Section or the changes deriving from the election required
3 under this Section.

4 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

5 Sec. 15-136. Retirement annuities - Amount. The provisions
6 of this Section 15-136 apply only to those participants who are
7 participating in the traditional benefit package or the
8 portable benefit package and do not apply to participants who
9 are participating in the self-managed plan.

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

14 Rule 1: The retirement annuity shall be 1.67% of final rate
15 of earnings for each of the first 10 years of service, 1.90%
16 for each of the next 10 years of service, 2.10% for each year
17 of service in excess of 20 but not exceeding 30, and 2.30% for
18 each year in excess of 30; or for persons who retire on or
19 after January 1, 1998, 2.2% of the final rate of earnings for
20 each year of service.

21 Rule 2: The retirement annuity shall be the sum of the
22 following, determined from amounts credited to the participant
23 in accordance with the actuarial tables and the effective rate
24 of interest in effect at the time the retirement annuity
25 begins:

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

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

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

14 With respect to a police officer or firefighter who retires
15 on or after August 14, 1998, the accumulated normal
16 contributions taken into account under clauses (i) and (ii) of
17 this Rule 2 shall include the additional normal contributions
18 made by the police officer or firefighter under Section
19 15-157(a).

20 The amount of a retirement annuity calculated under this
21 Rule 2 shall be computed solely on the basis of the
22 participant's accumulated normal contributions, as specified
23 in this Rule and defined in Section 15-116. Neither an employee
24 or employer contribution for early retirement under Section
25 15-136.2 nor any other employer contribution shall be used in
26 the calculation of the amount of a retirement annuity under

1 this Rule 2.

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

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

8 Rule 3: The retirement annuity of a participant who is
9 employed at least one-half time during the period on which his
10 or her final rate of earnings is based, shall be equal to the
11 participant's years of service not to exceed 30, multiplied by
12 (1) \$96 if the participant's final rate of earnings is less
13 than \$3,500, (2) \$108 if the final rate of earnings is at least
14 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
15 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
16 the final rate of earnings is at least \$5,500 but less than
17 \$6,500, (5) \$144 if the final rate of earnings is at least
18 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
19 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
20 the final rate of earnings is at least \$8,500 but less than
21 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
22 more, except that the annuity for those persons having made an
23 election under Section 15-154(a-1) shall be calculated and
24 payable under the portable retirement benefit program pursuant
25 to the provisions of Section 15-136.4.

26 Rule 4: A participant who is at least age 50 and has 25 or

1 more years of service as a police officer or firefighter, and a
2 participant who is age 55 or over and has at least 20 but less
3 than 25 years of service as a police officer or firefighter,
4 shall be entitled to a retirement annuity of 2 1/4% of the
5 final rate of earnings for each of the first 10 years of
6 service as a police officer or firefighter, 2 1/2% for each of
7 the next 10 years of service as a police officer or
8 firefighter, and 2 3/4% for each year of service as a police
9 officer or firefighter in excess of 20. The retirement annuity
10 for all other service shall be computed under Rule 1.

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

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

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

26 Rule 5: The retirement annuity of a participant who elected

1 early retirement under the provisions of Section 15-136.2 and
2 who, on or before February 16, 1995, brought administrative
3 proceedings pursuant to the administrative rules adopted by the
4 System to challenge the calculation of his or her retirement
5 annuity shall be the sum of the following, determined from
6 amounts credited to the participant in accordance with the
7 actuarial tables and the prescribed rate of interest in effect
8 at the time the retirement annuity begins:

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

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

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

26 In no event shall a retirement annuity under this Rule 5 be

1 lower than the amount obtained by adding (1) the monthly amount
2 obtained by dividing the combined employee and employer
3 contributions made under Section 15-136.2 by the System's
4 annuity factor for the age of the participant at the beginning
5 of the annuity payment period and (2) the amount equal to the
6 participant's annuity if calculated under Rule 1, reduced under
7 Section 15-136(b) as if no contributions had been made under
8 Section 15-136.2.

9 With respect to a participant who is qualified for a
10 retirement annuity under this Rule 5 whose retirement annuity
11 began before the effective date of this amendatory Act of the
12 91st General Assembly, and for whom an employee contribution
13 was made under Section 15-136.2, the System shall recalculate
14 the retirement annuity under this Rule 5 and shall pay any
15 additional amounts due in the manner provided in Section
16 15-186.1 for benefits mistakenly set too low.

17 The amount of a retirement annuity calculated under this
18 Rule 5 shall be computed solely on the basis of those
19 contributions specifically set forth in this Rule 5. Except as
20 provided in clause (iii) of this Rule 5, neither an employee
21 nor employer contribution for early retirement under Section
22 15-136.2, nor any other employer contribution, shall be used in
23 the calculation of the amount of a retirement annuity under
24 this Rule 5.

25 The General Assembly has adopted the changes set forth in
26 Section 25 of this amendatory Act of the 91st General Assembly

1 in recognition that the decision of the Appellate Court for the
2 Fourth District in *Mattis v. State Universities Retirement*
3 *System et al.* might be deemed to give some right to the
4 plaintiff in that case. The changes made by Section 25 of this
5 amendatory Act of the 91st General Assembly are a legislative
6 implementation of the decision of the Appellate Court for the
7 Fourth District in *Mattis v. State Universities Retirement*
8 *System et al.* with respect to that plaintiff.

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

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

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

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

24 (3) For that portion of a retirement annuity which has
25 been provided on account of service of the participant
26 during periods when he or she performed the duties of a

1 police officer or firefighter, if these duties were
2 performed for at least 5 years immediately preceding the
3 date the retirement annuity is to begin.

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

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

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

1 the date the retirement annuity payments began, whichever is
2 later, to the effective date of the increase.

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

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

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

19 (d-1) Notwithstanding any other provision of this Article,
20 for a Tier I employee or Tier I retiree who made the election
21 under paragraph (1) of subsection (a) or (a-5) of Section
22 15-132.9, the amount of each automatic annual increase in
23 retirement annuity occurring on or after the effective date of
24 that election shall be 3% or one-half of the annual unadjusted
25 percentage increase, if any, in the Consumer Price Index-U for
26 the 12 months ending with the preceding September, whichever is

1 less, of the originally granted retirement annuity. For the
2 purposes of this Section, "Consumer Price Index-U" means the
3 index 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 (d-2) Notwithstanding any other provision of this Article,
8 for a Tier I employee or Tier I retiree who made the election
9 under paragraph (1) of subsection (a) or (a-5) of Section
10 15-132.9, the monthly retirement annuity shall first be subject
11 to annual increases on the January 1 occurring on or next after
12 either the attainment of age 67 or the January 1 occurring on
13 or next after the fifth anniversary of the annuity start date,
14 whichever occurs earlier. If on the effective date of the
15 election under paragraph (1) of subsection (a-5) of Section
16 15-132.9 a Tier I retiree has already received an annual
17 increase under this Section but does not yet meet the new
18 eligibility requirements of this subsection, the annual
19 increases already received shall continue in force, but no
20 additional annual increase shall be granted until the Tier I
21 retiree meets the new eligibility requirements.

22 (e) If, on January 1, 1987, or the date the retirement
23 annuity payment period begins, whichever is later, the sum of
24 the retirement annuity provided under Rule 1 or Rule 2 of this
25 Section and the automatic annual increases provided under the
26 preceding subsection or Section 15-136.1, amounts to less than

1 the retirement annuity which would be provided by Rule 3, the
2 retirement annuity shall be increased as of January 1, 1987, or
3 the date the retirement annuity payment period begins,
4 whichever is later, to the amount which would be provided by
5 Rule 3 of this Section. Such increased amount shall be
6 considered as the retirement annuity in determining benefits
7 provided under other Sections of this Article. This paragraph
8 applies without regard to whether status as an employee
9 terminated before the effective date of this amendatory Act of
10 1987, provided that the annuitant was employed at least
11 one-half time during the period on which the final rate of
12 earnings was based.

13 (f) A participant is entitled to such additional annuity as
14 may be provided on an actuarially equivalent basis, by any
15 accumulated additional contributions to his or her credit.
16 However, the additional contributions made by the participant
17 toward the automatic increases in annuity provided under this
18 Section shall not be taken into account in determining the
19 amount of such additional annuity.

20 (g) If, (1) by law, a function of a governmental unit, as
21 defined by Section 20-107 of this Code, is transferred in whole
22 or in part to an employer, and (2) a participant transfers
23 employment from such governmental unit to such employer within
24 6 months after the transfer of the function, and (3) the sum of
25 (A) the annuity payable to the participant under Rule 1, 2, or
26 3 of this Section (B) all proportional annuities payable to the

1 participant by all other retirement systems covered by Article
2 20, and (C) the initial primary insurance amount to which the
3 participant is entitled under the Social Security Act, is less
4 than the retirement annuity which would have been payable if
5 all of the participant's pension credits validated under
6 Section 20-109 had been validated under this system, a
7 supplemental annuity equal to the difference in such amounts
8 shall be payable to the participant.

9 (h) On January 1, 1981, an annuitant who was receiving a
10 retirement annuity on or before January 1, 1971 shall have his
11 or her retirement annuity then being paid increased \$1 per
12 month for each year of creditable service. On January 1, 1982,
13 an annuitant whose retirement annuity began on or before
14 January 1, 1977, shall have his or her retirement annuity then
15 being paid increased \$1 per month for each year of creditable
16 service.

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

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

23 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

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

25 (a) The payment of (1) the required State contributions,

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

8 (b) If at least 50% of Tier I employees making an election
9 under Section 15-132.9 within 11 months after the effective
10 date of that Section choose the option under paragraph (1) of
11 subsection (a) of that Section, then the State shall be
12 contractually obligated to contribute to the System in each
13 State fiscal year an amount not less than the sum required in
14 Section 15-155 as that Section existed prior to the effective
15 date of this amendatory Act of the 98th General Assembly
16 notwithstanding the changes made to Section 15-155 by Part A of
17 this amendatory Act of the 98th General Assembly.

18 If at least 50% of Tier I employees making an election
19 under Section 15-132.9 within 11 months after the effective
20 date of that Section choose the option under paragraph (1) of
21 subsection (a) of that Section, then the State shall be
22 contractually obligated (i) to make the transfer identified in
23 subsection (c-10) of Section 20 of the Budget Stabilization
24 Act, (ii) to apportion the amounts transferred pursuant to
25 subsection (c-10) of Section 20 of the Budget Stabilization Act
26 among the designated retirement systems in the same proportion

1 as their respective portions of the total actuarial reserve
2 deficiency of the designated retirement systems, as most
3 recently determined by the Governor's Office of Management and
4 Budget, and (iii) not to use the amounts transferred pursuant
5 to subsection (c-10) of Section 20 of the Budget Stabilization
6 Act to satisfy any portion of the required State contributions
7 due under Article 2, 14, 15, 16, or 18 of the Illinois Pension
8 Code.

9 The obligations created under this subsection (b) are
10 contractual obligations protected and enforceable under
11 Article I, Section 16 and Article XIII, Section 5 of the
12 Illinois Constitution.

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

23 Any payments required to be made by the State pursuant to
24 this subsection (b) are expressly subordinated to the payment
25 of the principal, interest, and premium, if any, on any bonded
26 debt obligation of the State or any other State-created entity,

1 either currently outstanding or to be issued, for which the
2 source of repayment or security thereon is derived directly or
3 indirectly from tax revenues collected by the State or any
4 other State-created entity. Payments on such bonded
5 obligations include any statutory fund transfers or other
6 prefunding mechanisms or formulas set forth, now or hereafter,
7 in State law or bond indentures, into debt service funds or
8 accounts of the State related to such bonded obligations,
9 consistent with the payment schedules associated with such
10 obligations.

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

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

13 Sec. 15-157. Employee Contributions.

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

24 Each participant who is a police officer or firefighter
25 shall make normal contributions of 8% of each payment of

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

22 (a-1) In addition to the contributions required under
23 either subsections (a), (b), and (c) or subsection (a-1), an
24 employee who elects to participate in the optional cash balance
25 plan under Section 1-162 shall pay to the System for the
26 purpose of participating in the optional cash balance plan a

1 contribution of 2% of each payment of earnings received while
2 he or she is a participant in the optional cash balance plan.
3 These contributions shall not be used for the purpose of
4 determining any benefit under this Article except as provided
5 in the optional cash balance plan.

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

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

1 1971 shall be considered as additional contributions for
2 purposes of this Article.

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

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

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

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

26 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,

1 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
2 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

3 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

4 Sec. 15-163. To consider applications and authorize
5 payments.

6 To consider and pass on all certifications of employment
7 and applications for annuities and benefits; to authorize the
8 granting of annuities and benefits; and to limit or suspend any
9 payment or payments, all in accordance with this Article.

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

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

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

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

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

1 into account the amounts appropriated to and received by the
2 System under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act.

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

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

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

1 On or before January 15, 2013 and each January 15
2 thereafter, the Board shall certify to the Governor and the
3 General Assembly the amount of the required State contribution
4 for the next fiscal year. The certification shall include a
5 copy of the actuarial recommendations upon which it is based
6 and shall specifically identify the System's projected State
7 normal cost for that fiscal year and the projected State cost
8 for the self-managed plan for that fiscal year. The Board's
9 certification must note, in a written response to the State
10 Actuary, 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 Board shall certify to the State Comptroller or
16 employer, as the case may be, from time to time, by its
17 president and secretary, with its seal attached, the amounts
18 payable to the System from the various funds.

19 (c) Beginning in State fiscal year 1996, on or as soon as
20 possible after the 15th day of each month the Board shall
21 submit vouchers for payment of State contributions to the
22 System, in a total monthly amount of one-twelfth of the
23 required annual State contribution certified under subsection
24 (a). From the effective date of this amendatory Act of the 93rd
25 General Assembly through June 30, 2004, the Board shall not
26 submit vouchers for the remainder of fiscal year 2004 in excess

1 of the fiscal year 2004 certified contribution amount
2 determined under this Section after taking into consideration
3 the transfer to the System under subsection (b) of Section
4 6z-61 of the State Finance Act. These vouchers shall be paid by
5 the State Comptroller and Treasurer by warrants drawn on the
6 funds appropriated to the System for that fiscal year.

7 If in any month the amount remaining unexpended from all
8 other appropriations to the System for the applicable fiscal
9 year (including the appropriations to the System under Section
10 8.12 of the State Finance Act and Section 1 of the State
11 Pension Funds Continuing Appropriation Act) is less than the
12 amount lawfully vouchered under this Section, the difference
13 shall be paid from the General Revenue Fund under the
14 continuing appropriation authority provided in Section 1.1 of
15 the State Pension Funds Continuing Appropriation Act.

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

25 (e) In the event that the System does not receive, as a
26 result of legislative enactment or otherwise, payments

1 sufficient to fully fund the employer contribution to the
2 self-managed plan established under Section 15-158.2 and to
3 fully fund that portion of the employer's portion of the normal
4 costs of the System, as calculated in accordance with Section
5 15-155(a-1), then any payments received shall be applied
6 proportionately to the optional retirement program established
7 under Section 15-158.2 and to the employer's portion of the
8 normal costs of the System, as calculated in accordance with
9 Section 15-155(a-1).

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

12 (40 ILCS 5/15-198)

13 Sec. 15-198. Application and expiration of new benefit
14 increases.

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article or Article 1, that results from
19 an amendment to this Code that takes effect after the effective
20 date of this amendatory Act of the 94th General Assembly. "New
21 benefit increase", however, does not include any benefit
22 increase resulting from the changes made to this Article or
23 Article 1 by this amendatory Act of the 98th General Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

24 (d) Every new benefit increase shall expire 5 years after
25 its effective date or on such earlier date as may be specified
26 in the language enacting the new benefit increase or provided

1 under subsection (c). This does not prevent the General
2 Assembly from extending or re-creating a new benefit increase
3 by law.

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

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

15 Section B-45. If and only if any of the changes made by
16 Part A of this Act to provisions in Article 16 of the Illinois
17 Pension Code concerning (i) automatic annual increases, (ii)
18 employee or member contributions, (iii) State or employer
19 contributions, (iv) State funding guarantees, or (v) salary,
20 earnings, or compensation is declared to be unconstitutional or
21 otherwise invalid, then the Illinois Pension Code is amended by
22 changing Sections 16-121, 16-133.1, 16-133.6, 16-136.1,
23 16-152, and 16-203 and by adding Sections 16-107.1, 16-107.2,
24 16-121.1, 16-122.9, 16-133.6, and 16-158.2 as follows:

1 (40 ILCS 5/16-107.1 new)

2 Sec. 16-107.1. Tier I employee. "Tier I employee": An
3 employee under this Article who first became a member or
4 participant before January 1, 2011 under any reciprocal
5 retirement system or pension fund established under this Code
6 other than a retirement system or pension fund established
7 under Article 2, 3, 4, 5, 6, or 18 of this Code.

8 (40 ILCS 5/16-107.2 new)

9 Sec. 16-107.2. Tier I retiree. "Tier I retiree": A former
10 Tier I employee who is receiving a retirement annuity.

11 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

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

18 Notwithstanding any other provision of this Section,
19 "salary" does not include any future increase in income offered
20 by an employer under this Article pursuant to the requirements
21 of subsection (c) of Section 16-122.9 that is accepted by a
22 Tier I employee, or a Tier I retiree returning to active
23 service, who has made an election under paragraph (2) of
24 subsection (a) or (a-5) of Section 16-122.9.

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

2 (40 ILCS 5/16-121.1 new)

3 Sec. 16-121.1. Future increase in income. "Future increase
4 in income": Any increase in income in any form offered by an
5 employer to a teacher under this Article after the end of the
6 election period in Section 16-122.9 that would qualify as
7 "salary", as defined in Section 16-121, but for the fact that
8 the department offered the increase in income to the employee
9 on the condition that it not qualify as compensation and the
10 employee accepted the increase in income subject to that
11 condition. The term "future increase in income" does not
12 include an increase in income in any form that is paid to a
13 Tier I employee under an employment contract or collective
14 bargaining agreement that is in effect on the effective date of
15 this Section but does include an increase in income in any form
16 pursuant to an extension, amendment, or renewal of any such
17 employment contract or collective bargaining agreement on or
18 after the effective date of this amendatory Act of the 98th
19 General Assembly.

20 (40 ILCS 5/16-122.9 new)

21 Sec. 16-122.9. Election by Tier I employees.

22 (a) Each Tier I employee shall make an irrevocable election
23 either:

24 (1) to agree to the following:

1 (i) to have the amount of the automatic annual
2 increases in his or her retirement annuity that are
3 otherwise provided for in this Article calculated,
4 instead, as provided in subsection (a-1) of Section
5 16-133.1 or subsection (b-1) of Section 16-136.1,
6 whichever is applicable; and

7 (ii) to have his or her eligibility for automatic
8 annual increases in retirement annuity postponed as
9 provided in subsection (a-2) of Section 16-133.1 or
10 subsection (b-2) of Section 16-136.1, whichever is
11 applicable; or

12 (2) to not agree to items (i) and (ii) as set forth in
13 paragraph (1) of this subsection.

14 The election required under this subsection (a) shall be
15 made by each Tier I employee no earlier than 6 months after the
16 effective date of this Section and no later than 11 months
17 after the effective date of this Section, except that:

18 (i) a person who becomes a Tier I employee under this
19 Article later than 6 months after the effective date of
20 this Section must make the election under this subsection
21 (a) within 60 days after becoming a Tier I employee; and

22 (ii) a person who returns to active service as a Tier I
23 employee under this Article later than 6 months after the
24 effective date of this Section and has not yet made an
25 election under this Section must make the election under
26 this subsection (a) within 60 days after returning to

1 active service as a Tier I employee; and

2 (iii) a person who made the election under subsection
3 (a-5) as a Tier I retiree remains bound by that election
4 and shall not make a later election under this subsection
5 (a).

6 If a Tier I employee fails for any reason to make a
7 required election under this subsection within the time
8 specified, then the employee shall be deemed to have made the
9 election under paragraph (2) of this subsection.

10 (a-5) Each Tier I retiree shall make an irrevocable
11 election either:

12 (1) to agree to the following:

13 (i) to have the amount of the automatic annual
14 increases in his or her retirement annuity that are
15 otherwise provided for in this Article calculated,
16 instead, as provided in subsection (a-1) of Section
17 16-133.1 or subsection (b-1) of Section 16-136.1,
18 whichever is applicable; and

19 (ii) to have his or her eligibility for automatic
20 annual increases in retirement annuity postponed as
21 provided in subsection (a-2) of Section 16-133.1 or
22 subsection (b-2) of Section 16-136.1, whichever is
23 applicable; or

24 (2) to not agree to items (i) and (ii) as set forth in
25 paragraph (1) of this subsection.

26 The election required under this subsection (a-5) shall be

1 made by each Tier I retiree no earlier than 6 months after the
2 effective date of this Section and no later than 11 months
3 after the effective date of this Section, except that:

4 (i) a person who becomes a Tier I retiree under this
5 Article later than 6 months after the effective date of
6 this Section must make the election under this subsection
7 (a-5) within 60 days after becoming a Tier I retiree; and

8 (ii) a person who made the election under subsection
9 (a) as a Tier I employee remains bound by that election and
10 shall not make a later election under this subsection
11 (a-5).

12 If a Tier I retiree fails for any reason to make a required
13 election under this subsection within the time specified, then
14 the Tier I retiree shall be deemed to have made the election
15 under paragraph (2) of this subsection.

16 (a-10) All elections under subsection (a) that are made or
17 deemed to be made within 11 months after the effective date of
18 this Section shall take effect 12 months after the effective
19 date of this Section. Elections that are made or deemed to be
20 made more than 11 months after the effective date of this
21 Section shall take effect on the first day of the month
22 following the month in which the election is made or deemed to
23 be made.

24 (b) As adequate and legal consideration provided under this
25 amendatory Act of the 98th General Assembly for making the
26 election under paragraph (1) of subsection (a) of this Section,

1 any future increases in income offered by an employer under
2 this Article to a Tier I employee who has made the election
3 under paragraph (1) of subsection (a) of this Section shall be
4 offered expressly and irrevocably as constituting salary under
5 Section 16-121. In addition, a Tier I employee who has made the
6 election under paragraph (1) of subsection (a) of this Section
7 shall receive the right to also participate in the optional
8 cash balance plan established under Section 1-162. Finally, a
9 Tier I employee, other than a Tier I retiree returning to
10 active service as a Tier I employee, who has made the election
11 under paragraph (1) of subsection (a) of this Section shall
12 receive the right to the early retirement without discount
13 option under Section 16-133.6.

14 As adequate and legal consideration provided under this
15 amendatory Act of the 98th General Assembly for making the
16 election under paragraph (1) of subsection (a-5) of this
17 Section, any future increases in income offered by an employer
18 under this Article to a Tier I retiree who returns to active
19 service after having made the election under paragraph (1) of
20 subsection (a-5) of this Section shall be offered expressly and
21 irrevocably as constituting salary under Section 16-121. In
22 addition, a Tier I retiree who returns to active service and
23 has made the election under paragraph (1) of subsection (a) of
24 this Section shall receive the right to also participate in the
25 optional cash balance plan established under Section 1-162.

26 (c) A Tier I employee who makes the election under

1 paragraph (2) of subsection (a) of this Section shall not be
2 subject to items (i) and (ii) set forth in paragraph (1) of
3 subsection (a) of this Section. However, any future increases
4 in income offered by an employer under this Article to a Tier I
5 employee who has made the election under paragraph (2) of
6 subsection (a) of this Section shall be offered by the employer
7 expressly and irrevocably as not constituting salary under
8 Section 16-121, and the employee may not accept any future
9 increase in income that is offered in violation of this
10 requirement. In addition, a Tier I employee who has made the
11 election under paragraph (2) of subsection (a) of this Section
12 shall not receive the right to participate in the optional cash
13 balance plan established under Section 1-162. Finally, a Tier I
14 employee who has made the election under paragraph (2) of
15 subsection (a) of this Section shall not receive the right to
16 the early retirement without discount option under Section
17 16-133.6.

18 A Tier I retiree who makes the election under paragraph (2)
19 of subsection (a-5) of this Section shall not be subject to
20 items (i) and (ii) set forth in paragraph (1) of subsection
21 (a-5) of this Section. However, any future increases in income
22 offered by an employer under this Article to a Tier I retiree
23 who returns to active service and has made the election under
24 paragraph (2) of subsection (a-5) of this Section shall be
25 offered by the employer expressly and irrevocably as not
26 constituting salary under Section 16-121, and the employee may

1 not accept any future increase in income that is offered in
2 violation of this requirement. In addition, a Tier I retiree
3 who returns to active service and has made the election under
4 paragraph (2) of subsection (a) of this Section shall not
5 receive the right to participate in the optional cash balance
6 plan established under Section 1-162.

7 (d) The System shall make a good faith effort to contact
8 each Tier I employee and Tier I retiree subject to this
9 Section. The System shall mail information describing the
10 required election to each Tier I employee and Tier I retiree by
11 United States Postal Service mail to his or her last known
12 address on file with the System. If the Tier I employee or Tier
13 I retiree is not responsive to other means of contact, it is
14 sufficient for the System to publish the details of any
15 required elections on its website or to publish those details
16 in a regularly published newsletter or other existing public
17 forum.

18 Tier I employees and Tier I retirees who are subject to
19 this Section shall be provided with an election packet
20 containing information regarding their options, as well as the
21 forms necessary to make the required election. Upon request,
22 the System shall offer Tier I employees and Tier I retirees an
23 opportunity to receive information from the System before
24 making the required election. The information may consist of
25 video materials, group presentations, individual consultation
26 with a member or authorized representative of the System in

1 person or by telephone or other electronic means, or any
2 combination of those methods. The System shall not provide
3 advice or counseling with respect to which election a Tier I
4 employee or Tier I retiree should make or specific to the legal
5 or tax circumstances of or consequences to the Tier I employee
6 or Tier I retiree.

7 The System shall inform Tier I employees and Tier I
8 retirees in the election packet required under this subsection
9 that the Tier I employee or Tier I retiree may also wish to
10 obtain information and counsel relating to the election
11 required under this Section from any other available source,
12 including but not limited to labor organizations and private
13 counsel.

14 In no event shall the System, its staff, or the Board be
15 held liable for any information given to a member, beneficiary,
16 or annuitant regarding the elections under this Section. The
17 System shall coordinate with the Illinois Department of Central
18 Management Services and each other retirement system
19 administering an election in accordance with this amendatory
20 Act of the 98th General Assembly to provide information
21 concerning the impact of the election set forth in this
22 Section.

23 (e) Notwithstanding any other provision of law, an employer
24 under this Article is required to offer any future increases in
25 income expressly and irrevocably as not constituting "salary"
26 under Section 16-121 to any Tier I employee, or Tier I retiree

1 returning to active service, who has made an election under
2 paragraph (2) of subsection (a) or (a-5) of Section 16-122.9. A
3 Tier I employee, or Tier I retiree returning to active service,
4 who has made an election under paragraph (2) of subsection (a)
5 or (a-5) of Section 16-122.9 shall not accept any future
6 increase in income that is offered by an employer under this
7 Article in violation of the requirement set forth in this
8 subsection.

9 (f) A member's election under this Section is not a
10 prohibited election under subdivision (j)(1) of Section 1-119
11 of this Code.

12 (g) An employee who has made the election under paragraph
13 (1) of subsection (a) or (a-5) of this Section may elect to
14 participate in the optional cash balance plan under Section
15 1-162.

16 The election to participate in the optional cash balance
17 plan shall be made in writing, in the manner provided by the
18 applicable retirement system.

19 (h) No provision of this Section shall be interpreted in a
20 way that would cause the System to cease to be a qualified plan
21 under Section 401(a) of the Internal Revenue Code of 1986.

22 (i) If this Section is determined to be unconstitutional or
23 otherwise invalid by a final unappealable decision of an
24 Illinois court or a court of competent jurisdiction as applied
25 to Tier I employees but not as applied to Tier I retirees, then
26 this Section and the changes deriving from the election

1 required under this Section shall be null and void as applied
2 to Tier I employees but shall remain in full effect for Tier I
3 retirees.

4 (j) If this Section is determined to be unconstitutional or
5 otherwise invalid by a final unappealable decision of an
6 Illinois court or a court of competent jurisdiction as applied
7 to Tier I retirees but not as applied to Tier I employees, then
8 this Section and the changes deriving from the election
9 required under this Section shall be null and void as applied
10 to Tier I retirees but shall remain in full effect for Tier I
11 employees.

12 (k) If an election created by this amendatory Act in any
13 other Article of this Code or any change deriving from that
14 election is determined to be unconstitutional or otherwise
15 invalid by a final unappealable decision of an Illinois court
16 or a court of competent jurisdiction, the invalidity of that
17 provision shall not in any way affect the validity of this
18 Section or the changes deriving from the election required
19 under this Section.

20 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

22 (a) Each member with creditable service and retiring on or
23 after August 26, 1969 is entitled to the automatic annual
24 increases in annuity provided under this Section while
25 receiving a retirement annuity or disability retirement

1 annuity from the system.

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

8 (1) 1.5% of the originally granted retirement annuity
9 or disability retirement annuity multiplied by the number
10 of years elapsed, if any, from the date of retirement until
11 January 1, 1972, plus

12 (2) 2% of the originally granted annuity multiplied by
13 the number of years elapsed, if any, from the date of
14 retirement or January 1, 1972, whichever is later, until
15 January 1, 1978, plus

16 (3) 3% of the originally granted annuity multiplied by
17 the number of years elapsed from the date of retirement or
18 January 1, 1978, whichever is later, until the effective
19 date of the initial increase.

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

26 Following the initial increase, automatic annual increases

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

12 (a-1) Notwithstanding any other provision of this Article,
13 for a Tier I employee or Tier I retiree who made the election
14 under paragraph (1) of subsection (a) or (a-5) of Section
15 16-122.9, the amount of each automatic annual increase in
16 retirement annuity occurring on or after the effective date of
17 that election shall be 3% or one-half of the annual unadjusted
18 percentage increase, if any, in the Consumer Price Index-U for
19 the 12 months ending with the preceding September, whichever is
20 less, of the originally granted retirement annuity. For the
21 purposes of this Section, "Consumer Price Index-U" means the
22 index published by the Bureau of Labor Statistics of the United
23 States Department of Labor that measures the average change in
24 prices of goods and services purchased by all urban consumers,
25 United States city average, all items, 1982-84 = 100.

26 (a-2) Notwithstanding any other provision of this Article,

1 for a Tier I employee or Tier I retiree who made the election
2 under paragraph (1) of subsection (a) or (a-5) of Section
3 16-122.9, the monthly retirement annuity shall first be subject
4 to annual increases on the January 1 occurring on or next after
5 either the attainment of age 67 or the January 1 occurring on
6 or next after the fifth anniversary of the annuity start date,
7 whichever occurs earlier. If on the effective date of the
8 election under paragraph (1) of subsection (a-5) of Section
9 16-122.9 a Tier I retiree has already received an annual
10 increase under this Section but does not yet meet the new
11 eligibility requirements of this subsection, the annual
12 increases already received shall continue in force, but no
13 additional annual increase shall be granted until the Tier I
14 retiree meets the new eligibility requirements.

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

25 (c) Each member shall make contributions toward the cost of
26 the automatic annual increases in annuity as provided under

1 Section 16-152.

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

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

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

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

25 (40 ILCS 5/16-133.6 new)

1 Sec. 16-133.6. Optional teacher early retirement without
2 discount. A Tier I employee who makes an election under
3 paragraph (1) of subsection (a) of Section 16-122.9, retires on
4 or after the beginning of the first State fiscal year to occur
5 after the end of the election period specified in Section
6 16-122.9, and applies for a retirement annuity within 6 months
7 of the last day of teaching for which retirement contributions
8 were required may elect, at the time of application for a
9 retirement annuity, to make a one-time member contribution to
10 the System and, thereby, avoid the reduction in the retirement
11 annuity for retirement before age 60 specified in paragraph (B)
12 of Section 16-133. The exercise of the election shall also
13 obligate the last employer to make a one-time nonrefundable
14 contribution to the System. Substitute teachers wishing to
15 exercise this election must teach 85 or more days in one school
16 term with one employer, who shall be deemed the last employer
17 for purposes of this Section. The last day of teaching with
18 that employer must be within 6 months of the date of
19 application for retirement. All substitute teaching credit
20 applied toward the required 85 days must be earned after June
21 30, 1990.

22 The one-time member and employer contributions shall be a
23 percentage of the cost of this benefit as determined by the
24 System. However, when determining the one-time member and
25 employer contributions, that part of a member's salary with the
26 same employer which exceeds the annual salary rate for the

1 preceding year by more than 20% shall be excluded. The member
2 contribution shall be at the rate of 50% of the cost of the
3 benefits as determined by the System. The employer contribution
4 shall be at the rate of 50% of the cost of the benefits as
5 determined by the System.

6 Upon receipt of the application and election, the System
7 shall determine the one-time employee and employer
8 contributions required. The member contribution shall be
9 credited to the individual account of the member and the
10 employer contribution shall be credited to the Benefit Trust
11 Reserve. The avoidance of the reduction in retirement annuity
12 provided under this Section is not applicable until the
13 member's contribution, if any, has been received by the System;
14 however, the date that contribution is received shall not be
15 considered in determining the effective date of retirement.

16 The number of members working for a single employer who may
17 retire under this Section in any year may be limited at the
18 option of the employer to a specified percentage of those
19 eligible, not less than 10%, with the right to participate to
20 be allocated among those applying on the basis of seniority in
21 the service of the employer.

22 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

23 Sec. 16-136.1. Annual increase for certain annuitants.

24 (a) Any annuitant receiving a retirement annuity on June
25 30, 1969 and any member retiring after June 30, 1969 shall be

1 eligible for the annual increases provided under this Section
2 provided the annuitant is ineligible for the automatic annual
3 increase in annuity provided under Section 16-133.1, and
4 provided further that (1) retirement occurred at age 55 or over
5 and was based on 5 or more years of creditable service or (2)
6 if retirement occurred prior to age 55, the retirement annuity
7 was based on 20 or more years of creditable service.

8 (b) Subject to the provisions of subsections (b-1) and
9 (b-2), an ~~An~~ annuitant entitled to increases under this Section
10 shall be entitled to the initial increase as of the later of:
11 (1) January 1 following attainment of age 65, (2) January 1
12 following the first anniversary of retirement, or (3) the first
13 day of the month following receipt of the required qualifying
14 contribution from the annuitant. The initial monthly increase
15 shall be computed on the basis of the period elapsed between
16 the later of the date of last retirement or attainment of age
17 50 and the date of qualification for the initial increase, at
18 the rate of 1 1/2% of the original monthly retirement annuity
19 per year for periods prior to September 1, 1971, and at the
20 rate of 2% per year for periods between September 1, 1971 and
21 September 1, 1978, and at the rate of 3% per year for periods
22 thereafter.

23 Subject to the provisions of subsections (b-1) and (b-2),
24 an ~~An~~ annuitant who has received an initial increase under this
25 Section, shall be entitled, on each January 1 following the
26 granting of the initial increase, to an increase of 3% of the

1 original monthly retirement annuity for increases granted
2 prior to January 1, 1990, and equal to 3% of the total annuity,
3 including previous increases under this Section, for increases
4 granted on or after January 1, 1990. The original monthly
5 retirement annuity for computations under this subsection (b)
6 shall be considered to be \$83.34 for any annuitant entitled to
7 benefits under Section 16-134. The minimum original disability
8 retirement annuity for computations under this subsection (b)
9 shall be considered to be \$33.34 per month for any annuitant
10 retired on account of disability.

11 (b-1) Notwithstanding any other provision of this Article,
12 for a Tier I employee or Tier I retiree who made the election
13 under paragraph (1) of subsection (a) or (a-5) of Section
14 16-122.9, the amount of each automatic annual increase in
15 retirement annuity occurring on or after the effective date of
16 that election shall be 3% or one-half of the annual unadjusted
17 percentage increase, if any, in the Consumer Price Index-U for
18 the 12 months ending with the preceding September, whichever is
19 less, of the originally granted retirement annuity. For the
20 purposes of this Section, "Consumer Price Index-U" means the
21 index 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 (b-2) Notwithstanding any other provision of this Article,
26 for a Tier I employee or Tier I retiree who made the election

1 under paragraph (1) of subsection (a) or (a-5) of Section
2 16-122.9, the monthly retirement annuity shall first be subject
3 to annual increases on the January 1 occurring on or next after
4 either the attainment of age 67 or the January 1 occurring on
5 or next after the fifth anniversary of the annuity start date,
6 whichever occurs earlier. If on the effective date of the
7 election under paragraph (1) of subsection (a-5) of Section
8 16-122.9 a Tier I retiree has already received an annual
9 increase under this Section but does not yet meet the new
10 eligibility requirements of this subsection, the annual
11 increases already received shall continue in force, but no
12 additional annual increase shall be granted until the Tier I
13 retiree meets the new eligibility requirements.

14 (c) An annuitant who otherwise qualifies for annual
15 increases under this Section must make a one-time payment of 1%
16 of the monthly final average salary for each full year of the
17 creditable service forming the basis of the retirement annuity
18 or, if the retirement annuity was not computed using final
19 average salary, 1% of the original monthly retirement annuity
20 for each full year of service forming the basis of the
21 retirement annuity.

22 (d) In addition to other increases which may be provided by
23 this Section, regardless of creditable service, annuitants not
24 meeting the service requirements of Section 16-133.1 and whose
25 retirement annuity began on or before January 1, 1971 shall
26 receive, on January 1, 1981, an increase in the retirement

1 annuity then being paid of one dollar per month for each year
2 of creditable service forming the basis of the retirement
3 allowance. On January 1, 1982, annuitants whose retirement
4 annuity began on or before January 1, 1977, shall receive an
5 increase in the retirement annuity then being paid of one
6 dollar per month for each year of creditable service.

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

12 (Source: P.A. 86-273.)

13 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

14 Sec. 16-152. Contributions by members.

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

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

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

23 (3) Effective July 24, 1959, contributions of 1% of
24 salary towards the cost of survivor benefits. Such
25 contributions shall not be credited to the individual

1 account of the member and shall not be subject to refund
2 except as provided under Section 16-143.2.

3 (4) Effective July 1, 2005, contributions of 0.40% of
4 salary toward the cost of the early retirement without
5 discount option provided under Section 16-133.2. This
6 contribution shall cease upon termination of the early
7 retirement without discount option as provided in Section
8 16-176.

9 (a-1) In addition to the contributions required under
10 subsection (a), a member who elects to participate in the
11 optional cash balance plan under Section 1-162 shall pay to the
12 System for the purpose of participating in the optional cash
13 balance plan a contribution of 2% of each payment of
14 compensation received while he or she is a participant in the
15 optional cash balance plan. These contributions shall not be
16 used for the purpose of determining any benefit under this
17 Article except as provided in the optional cash balance plan.

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

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

23 (d) A person who (i) was a member before July 1, 1998, (ii)
24 retires with more than 34 years of creditable service, and
25 (iii) does not elect to qualify for the augmented rate under
26 Section 16-129.1 shall be entitled, at the time of retirement,

1 to receive a partial refund of contributions made under this
2 Section for service occurring after the later of June 30, 1998
3 or attainment of 34 years of creditable service, in an amount
4 equal to 1.00% of the salary upon which those contributions
5 were based.

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

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

20 (2) The contributions shall be included, without
21 interest, in any refund claimed by the member under Section
22 16-151.

23 (3) The contributions shall be refunded to the member's
24 designated beneficiary (or if there is no beneficiary, to
25 the member's estate), without interest, if the member dies
26 without having begun to receive a retirement annuity under

1 this Article.

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

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

7 (40 ILCS 5/16-158.2 new)

8 Sec. 16-158.2. Obligations of State; funding guarantee. If
9 at least 30% of Tier I employees making an election under
10 Section 16-122.9 within 11 months after the effective date of
11 that Section choose the option under paragraph (1) of
12 subsection (a) of that Section, then the State shall be
13 contractually obligated to contribute to the System in each
14 State fiscal year an amount not less than the sum required in
15 Section 16-158 as that Section existed prior to the effective
16 date of this amendatory Act of the 98th General Assembly
17 notwithstanding the changes made to Section 16-158 by Part A of
18 this amendatory Act of the 98th General Assembly.

19 If at least 30% of Tier I employees making an election
20 under Section 16-122.9 within 11 months after the effective
21 date of that Section choose the option under paragraph (1) of
22 subsection (a) of that Section, then the State shall be
23 contractually obligated (i) to make the transfer identified in
24 subsection (c-10) of Section 20 of the Budget Stabilization
25 Act, (ii) to apportion the amounts transferred pursuant to

1 subsection (c-10) of Section 20 of the Budget Stabilization Act
2 among the designated retirement systems in the same proportion
3 as their respective portions of the total actuarial reserve
4 deficiency of the designated retirement systems, as most
5 recently determined by the Governor's Office of Management and
6 Budget, and (iii) not to use the amounts transferred pursuant
7 to subsection (c-10) of Section 20 of the Budget Stabilization
8 Act to satisfy any portion of the required State contributions
9 due under Article 2, 14, 15, 16, or 18 of the Illinois Pension
10 Code.

11 The obligations created under this Section are contractual
12 obligations protected and enforceable under Article I, Section
13 16 and Article XIII, Section 5 of the Illinois Constitution.

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

24 Any payments required to be made by the State pursuant to
25 this Section are expressly subordinated to the payment of the
26 principal, interest, and premium, if any, on any bonded debt

1 obligation of the State or any other State-created entity,
2 either currently outstanding or to be issued, for which the
3 source of repayment or security thereon is derived directly or
4 indirectly from tax revenues collected by the State or any
5 other State-created entity. Payments on such bonded
6 obligations include any statutory fund transfers or other
7 prefunding mechanisms or formulas set forth, now or hereafter,
8 in State law or bond indentures, into debt service funds or
9 accounts of the State related to such bonded obligations,
10 consistent with the payment schedules associated with such
11 obligations.

12 (40 ILCS 5/16-203)

13 Sec. 16-203. Application and expiration of new benefit
14 increases.

15 (a) As used in this Section, "new benefit increase" means
16 an increase in the amount of any benefit provided under this
17 Article, or an expansion of the conditions of eligibility for
18 any benefit under this Article, that results from an amendment
19 to this Code that takes effect after June 1, 2005 (the
20 effective date of Public Act 94-4). "New benefit increase",
21 however, does not include any benefit increase resulting from
22 the changes made to this Article by Public Act 95-910 or this
23 amendatory Act of the 98th ~~95th~~ General Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

24 (d) Every new benefit increase shall expire 5 years after
25 its effective date or on such earlier date as may be specified
26 in the language enacting the new benefit increase or provided

1 under subsection (c). This does not prevent the General
2 Assembly from extending or re-creating a new benefit increase
3 by law.

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

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

15 Section B-50. If and only if Section B-35, B-40, or B-45 of
16 this Part B takes effect, then the School Code is amended by
17 changing Sections 24-1 and 24-8 as follows:

18 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)
19 Sec. 24-1. Appointment-Salaries-Payment-School
20 month-School term.) School boards shall appoint all teachers,
21 determine qualifications of employment and fix the amount of
22 their salaries subject to any limitation set forth in this Act
23 and subject to any applicable restrictions in Section 14-106.5,
24 15-132.9, or 16-122.9 of the Illinois Pension Code. They shall

1 pay the wages of teachers monthly, subject, however, to the
2 provisions of Section 24-21. The school month shall be the same
3 as the calendar month but by resolution the school board may
4 adopt for its use a month of 20 days, including holidays. The
5 school term shall consist of at least the minimum number of
6 pupil attendance days required by Section 10-19, any additional
7 legal school holidays, days of teachers' institutes, or
8 equivalent professional educational experiences, and one or
9 two days at the beginning of the school term when used as a
10 teachers' workshop.

11 (Source: P.A. 80-249.)

12 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

13 Sec. 24-8. Minimum salary. In fixing the salaries of
14 teachers, school boards shall pay those who serve on a
15 full-time basis not less than a rate for the school year that
16 is based upon training completed in a recognized institution of
17 higher learning, as follows: for the school year beginning July
18 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
19 120 semester hours or more and a bachelor's degree, \$10,000;
20 150 semester hours or more and a master's degree, \$11,000.

21 Based upon previous public school experience in this State
22 or any other State, territory, dependency or possession of the
23 United States, or in schools operated by or under the auspices
24 of the United States, teachers who serve on a full-time basis
25 shall have their salaries increased to at least the following

1 amounts above the starting salary for a teacher in such
2 district in the same classification: with less than a
3 bachelor's degree, \$750 after 5 years; with 120 semester hours
4 or more and a bachelor's degree, \$1,000 after 5 years and
5 \$1,600 after 8 years; with 150 semester hours or more and a
6 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
7 \$2,750 after 13 years. However, any salary increase is subject
8 to any applicable restrictions in Section 14-106.5, 15-132.9,
9 or 16-122.9 of the Illinois Pension Code.

10 For the purpose of this Section a teacher's salary shall
11 include any amount paid by the school district on behalf of the
12 teacher, as teacher contributions, to the Teachers' Retirement
13 System of the State of Illinois.

14 If a school board establishes a schedule for teachers'
15 salaries based on education and experience, not inconsistent
16 with this Section, all certificated nurses employed by that
17 board shall be paid in accordance with the provisions of such
18 schedule (subject to any applicable restrictions in Section
19 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension Code).

20 For purposes of this Section, a teacher who submits a
21 certificate of completion to the school office prior to the
22 first day of the school term shall be considered to have the
23 degree stated in such certificate.

24 (Source: P.A. 83-913.)

25 Section B-55. If and only if any of the changes made by

1 Part A of this Act to provisions in Article 15 of the Illinois
2 Pension Code concerning (i) automatic annual increases, (ii)
3 employee or member contributions, (iii) State or employer
4 contributions, (iv) State funding guarantees, or (v) salary,
5 earnings, or compensation is declared to be unconstitutional or
6 otherwise invalid, then the State Universities Civil Service
7 Act is amended by changing Section 36d as follows:

8 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

9 Sec. 36d. Powers and duties of the Merit Board.

10 The Merit Board shall have the power and duty-

11 (1) To approve a classification plan prepared under its
12 direction, assigning to each class positions of substantially
13 similar duties. The Merit Board shall have power to delegate to
14 its Director the duty of assigning each position in the
15 classified service to the appropriate class in the
16 classification plan approved by the Merit Board.

17 (2) To prescribe the duties of each class of positions and
18 the qualifications required by employment in that class.

19 (3) To prescribe the range of compensation for each class
20 or to fix a single rate of compensation for employees in a
21 particular class; and to establish other conditions of
22 employment which an employer and employee representatives have
23 agreed upon as fair and equitable. The Merit Board shall direct
24 the payment of the "prevailing rate of wages" in those
25 classifications in which, on January 1, 1952, any employer is

1 paying such prevailing rate and in such other classes as the
2 Merit Board may thereafter determine. "Prevailing rate of
3 wages" as used herein shall be the wages paid generally in the
4 locality in which the work is being performed to employees
5 engaged in work of a similar character. Subject to any
6 applicable restrictions in Section 15-132.9 of the Illinois
7 Pension Code, each ~~Each~~ employer covered by the University
8 System shall be authorized to negotiate with representatives of
9 employees to determine appropriate ranges or rates of
10 compensation or other conditions of employment and may
11 recommend to the Merit Board for establishment the rates or
12 ranges or other conditions of employment which the employer and
13 employee representatives have agreed upon as fair and
14 equitable, but excluding the changes, the impact of changes,
15 and the implementation of the changes set forth in this
16 amendatory Act of the 98th General Assembly. Any rates or
17 ranges established prior to January 1, 1952, and hereafter,
18 shall not be changed except in accordance with the procedures
19 herein provided.

20 (4) To recommend to the institutions and agencies specified
21 in Section 36e standards for hours of work, holidays, sick
22 leave, overtime compensation and vacation for the purpose of
23 improving conditions of employment covered therein and for the
24 purpose of insuring conformity with the prevailing rate
25 principal.

26 (5) To prescribe standards of examination for each class,

1 the examinations to be related to the duties of such class. The
2 Merit Board shall have power to delegate to the Director and
3 his staff the preparation, conduct and grading of examinations.
4 Examinations may be written, oral, by statement of training and
5 experience, in the form of tests of knowledge, skill, capacity,
6 intellect, aptitude; or, by any other method, which in the
7 judgment of the Merit Board is reasonable and practical for any
8 particular classification. Different examining procedures may
9 be determined for the examinations in different
10 classifications but all examinations in the same
11 classification shall be uniform.

12 (6) To authorize the continuous recruitment of personnel
13 and to that end, to delegate to the Director and his staff the
14 power and the duty to conduct open and continuous competitive
15 examinations for all classifications of employment.

16 (7) To cause to be established from the results of
17 examinations registers for each class of positions in the
18 classified service of the State Universities Civil Service
19 System, of the persons who shall attain the minimum mark fixed
20 by the Merit Board for the examination; and such persons shall
21 take rank upon the registers as candidates in the order of
22 their relative excellence as determined by examination,
23 without reference to priority of time of examination.

24 (8) To provide by its rules for promotions in the
25 classified service. Vacancies shall be filled by promotion
26 whenever practicable. For the purpose of this paragraph, an

1 advancement in class shall constitute a promotion.

2 (9) To set a probationary period of employment of no less
3 than 6 months and no longer than 12 months for each class of
4 positions in the classification plan, the length of the
5 probationary period for each class to be determined by the
6 Director.

7 (10) To provide by its rules for employment at regular
8 rates of compensation of physically handicapped persons in
9 positions in which the handicap does not prevent the individual
10 from furnishing satisfactory service.

11 (11) To make and publish rules, to carry out the purpose of
12 the State Universities Civil Service System and for
13 examination, appointments, transfers and removals and for
14 maintaining and keeping records of the efficiency of officers
15 and employees and groups of officers and employees in
16 accordance with the provisions of Sections 36b to 36q,
17 inclusive, and said Merit Board may from time to time make
18 changes in such rules.

19 (12) To appoint a Director and such assistants and other
20 clerical and technical help as may be necessary efficiently to
21 administer Sections 36b to 36q, inclusive. To authorize the
22 Director to appoint an assistant resident at the place of
23 employment of each employer specified in Section 36e and this
24 assistant may be authorized to give examinations and to certify
25 names from the regional registers provided in Section 36k.

26 (13) To submit to the Governor of this state on or before

1 November 1 of each year prior to the regular session of the
2 General Assembly a report of the University System's business
3 and an estimate of the amount of appropriation from state funds
4 required for the purpose of administering the University
5 System.

6 (Source: P.A. 82-524.)

7 Section B-60. If and only if any of the changes made by
8 Part A of this Act to provisions in Article 15 of the Illinois
9 Pension Code concerning (i) automatic annual increases, (ii)
10 employee or member contributions, (iii) State or employer
11 contributions, (iv) State funding guarantees, or (v) salary,
12 earnings, or compensation is declared to be unconstitutional or
13 otherwise invalid, then the University of Illinois Act is
14 amended by adding Section 85 as follows:

15 (110 ILCS 305/85 new)

16 Sec. 85. Future increases in income. The University of
17 Illinois must not pay, offer, or agree to pay any future
18 increase in income, as that term is defined in Section 15-132.9
19 of the Illinois Pension Code, to any person in a manner that
20 violates any of those Sections.

21 Section B-65. If and only if any of the changes made by
22 Part A of this Act to provisions in Article 15 of the Illinois
23 Pension Code concerning (i) automatic annual increases, (ii)

1 employee or member contributions, (iii) State or employer
2 contributions, (iv) State funding guarantees, or (v) salary,
3 earnings, or compensation is declared to be unconstitutional or
4 otherwise invalid, then the Southern Illinois University
5 Management Act is amended by adding Section 70 as follows:

6 (110 ILCS 520/70 new)

7 Sec. 70. Future increases in income. Southern Illinois
8 University must not pay, offer, or agree to pay any future
9 increase in income, as that term is defined in Section 15-132.9
10 of the Illinois Pension Code, to any person in a manner that
11 violates any of those Sections.

12 Section B-70. If and only if any of the changes made by
13 Part A of this Act to provisions in Article 15 of the Illinois
14 Pension Code concerning (i) automatic annual increases, (ii)
15 employee or member contributions, (iii) State or employer
16 contributions, (iv) State funding guarantees, or (v) salary,
17 earnings, or compensation is declared to be unconstitutional or
18 otherwise invalid, then the Chicago State University Law is
19 amended by adding Section 5-180 as follows:

20 (110 ILCS 660/5-180 new)

21 Sec. 5-180. Future increases in income. Chicago State
22 University must not pay, offer, or agree to pay any future
23 increase in income, as that term is defined in Section 15-132.9

1 of the Illinois Pension Code, to any person in a manner that
2 violates any of those Sections.

3 Section B-75. If and only if any of the changes made by
4 Part A of this Act to provisions in Article 15 of the Illinois
5 Pension Code concerning (i) automatic annual increases, (ii)
6 employee or member contributions, (iii) State or employer
7 contributions, (iv) State funding guarantees, or (v) salary,
8 earnings, or compensation is declared to be unconstitutional or
9 otherwise invalid, then the Eastern Illinois University Law is
10 amended by adding Section 10-180 as follows:

11 (110 ILCS 665/10-180 new)

12 Sec. 10-180. Future increases in income. Eastern Illinois
13 University must not pay, offer, or agree to pay any future
14 increase in income, as that term is defined in Section 15-132.9
15 of the Illinois Pension Code, to any person in a manner that
16 violates any of those Sections.

17 Section B-80. If and only if any of the changes made by
18 Part A of this Act to provisions in Article 15 of the Illinois
19 Pension Code concerning (i) automatic annual increases, (ii)
20 employee or member contributions, (iii) State or employer
21 contributions, (iv) State funding guarantees, or (v) salary,
22 earnings, or compensation is declared to be unconstitutional or
23 otherwise invalid, then the Governors State University Law is

1 amended by adding Section 15-180 as follows:

2 (110 ILCS 670/15-180 new)

3 Sec. 15-180. Future increases in income. Governors State
4 University must not pay, offer, or agree to pay any future
5 increase in income, as that term is defined in Section 15-132.9
6 of the Illinois Pension Code, to any person in a manner that
7 violates any of those Sections.

8 Section B-85. If and only if any of the changes made by
9 Part A of this Act to provisions in Article 15 of the Illinois
10 Pension Code concerning (i) automatic annual increases, (ii)
11 employee or member contributions, (iii) State or employer
12 contributions, (iv) State funding guarantees, or (v) salary,
13 earnings, or compensation is declared to be unconstitutional or
14 otherwise invalid, then the Illinois State University Law is
15 amended by adding Section 20-185 as follows:

16 (110 ILCS 675/20-185 new)

17 Sec. 20-185. Future increases in income. Illinois State
18 University must not pay, offer, or agree to pay any future
19 increase in income, as that term is defined in Section 15-132.9
20 of the Illinois Pension Code, to any person in a manner that
21 violates any of those Sections.

22 Section B-90. If and only if any of the changes made by

1 Part A of this Act to provisions in Article 15 of the Illinois
2 Pension Code concerning (i) automatic annual increases, (ii)
3 employee or member contributions, (iii) State or employer
4 contributions, (iv) State funding guarantees, or (v) salary,
5 earnings, or compensation is declared to be unconstitutional or
6 otherwise invalid, then the Northeastern Illinois University
7 Law is amended by adding Section 25-180 as follows:

8 (110 ILCS 680/25-180 new)

9 Sec. 25-180. Future increases in income. Northeastern
10 Illinois University must not pay, offer, or agree to pay any
11 future increase in income, as that term is defined in Section
12 15-132.9 of the Illinois Pension Code, to any person in a
13 manner that violates any of those Sections.

14 Section B-95. If and only if any of the changes made by
15 Part A of this Act to provisions in Article 15 of the Illinois
16 Pension Code concerning (i) automatic annual increases, (ii)
17 employee or member contributions, (iii) State or employer
18 contributions, (iv) State funding guarantees, or (v) salary,
19 earnings, or compensation is declared to be unconstitutional or
20 otherwise invalid, then the Northern Illinois University Law is
21 amended by adding Section 30-190 as follows:

22 (110 ILCS 685/30-190 new)

23 Sec. 30-190. Future increases in income. Northern Illinois

1 University must not pay, offer, or agree to pay any future
2 increase in income, as that term is defined in Section 15-132.9
3 of the Illinois Pension Code, to any person in a manner that
4 violates any of those Sections.

5 Section B-100. If and only if any of the changes made by
6 Part A of this Act to provisions in Article 15 of the Illinois
7 Pension Code concerning (i) automatic annual increases, (ii)
8 employee or member contributions, (iii) State or employer
9 contributions, (iv) State funding guarantees, or (v) salary,
10 earnings, or compensation is declared to be unconstitutional or
11 otherwise invalid, then the Western Illinois University Law is
12 amended by adding Section 35-185 as follows:

13 (110 ILCS 690/35-185 new)

14 Sec. 35-185. Future increases in income. Western Illinois
15 University must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section 15-132.9
17 of the Illinois Pension Code, to any person in a manner that
18 violates any of those Sections.

19 Section B-105. If and only if any of the changes made by
20 Part A of this Act to provisions in Article 15 of the Illinois
21 Pension Code concerning (i) automatic annual increases, (ii)
22 employee or member contributions, (iii) State or employer
23 contributions, (iv) State funding guarantees, or (v) salary,

1 earnings, or compensation is declared to be unconstitutional or
2 otherwise invalid, then the Public Community College Act is
3 amended by changing Sections 3-26 and 3-42 as follows:

4 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

5 Sec. 3-26. (a) To make appointments and fix the salaries of
6 a chief administrative officer, who shall be the executive
7 officer of the board, other administrative personnel, and all
8 teachers, but subject to any applicable restrictions in Section
9 15-132.9 of the Illinois Pension Code. In making these
10 appointments and fixing the salaries, the board may make no
11 discrimination on account of sex, race, creed, color or
12 national origin.

13 (b) Upon the written request of an employee, to withhold
14 from the compensation of that employee the membership dues of
15 such employee payable to any specified labor organization as
16 defined in the Illinois Educational Labor Relations Act. Under
17 such arrangement, an amount shall be withheld for each regular
18 payroll period which is equal to the prorata share of the
19 annual membership dues plus any payments or contributions and
20 the board shall pay such withholding to the specified labor
21 organization within 10 working days from the time of the
22 withholding.

23 (Source: P.A. 83-1014.)

24 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

1 Sec. 3-42. To employ such personnel as may be needed, to
2 establish policies governing their employment and dismissal,
3 and to fix the amount of their compensation, subject to any
4 applicable restrictions in Section 15-132.9 of the Illinois
5 Pension Code. In the employment, establishment of policies and
6 fixing of compensation the board may make no discrimination on
7 account of sex, race, creed, color or national origin.

8 Residence within any community college district or outside
9 any community college district shall not be considered:

10 (a) in determining whether to retain or not retain any
11 employee of a community college employed prior to July 1,
12 1977 or prior to the adoption by the community college
13 board of a resolution making residency within the community
14 college district of some or all employees a condition of
15 employment, whichever is later;

16 (b) in assigning, promoting or transferring any
17 employee of a community college to an office or position
18 employed prior to July 1, 1977 or prior to the adoption by
19 the community college board of a resolution making
20 residency within the community college district of some or
21 all employees a condition of employment, whichever is
22 later; or

23 (c) in determining the salary or other compensation of
24 any employee of a community college.

25 (Source: P.A. 80-248.)

1 Section B-110. If and only if Section B-35, B-40, or B-45
2 of this Part B takes effect, then the Illinois Educational
3 Labor Relations Act is amended by changing Sections 4 and 17 as
4 follows:

5 (115 ILCS 5/4) (from Ch. 48, par. 1704)

6 Sec. 4. Employer rights. Employers shall not be required to
7 bargain over matters of inherent managerial policy, which shall
8 include such areas of discretion or policy as the functions of
9 the employer, standards of services, its overall budget, the
10 organizational structure and selection of new employees and
11 direction of employees. Employers, however, shall be required
12 to bargain collectively with regard to policy matters directly
13 affecting wages (but subject to any applicable restrictions in
14 Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois Pension
15 Code), hours and terms and conditions of employment as well as
16 the impact thereon upon request by employee representatives,
17 but 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. To preserve the rights of
20 employers and exclusive representatives which have established
21 collective bargaining relationships or negotiated collective
22 bargaining agreements prior to the effective date of this Act,
23 employers shall be required to bargain collectively with regard
24 to any matter concerning wages (but subject to subject to any
25 applicable restrictions in Section 14-106.5, 15-132.9, or

1 16-122.9 of the Illinois Pension Code), hours or conditions of
2 employment about which they have bargained for and agreed to in
3 a collective bargaining agreement prior to the effective date
4 of this Act, but excluding the changes, the impact of changes,
5 and the implementation of the changes set forth in this
6 amendatory Act of the 98th General Assembly.

7 (Source: P.A. 83-1014.)

8 (115 ILCS 5/17) (from Ch. 48, par. 1717)

9 Sec. 17. Effect on other laws. In case of any conflict
10 between the provisions of this Act and any other law (other
11 than Section 14-106.5, 15-132.9, or 16-122.9 of the Illinois
12 Pension Code), executive order or administrative regulation,
13 the provisions of this Act shall prevail and control. The
14 provisions of this Act are subject to any applicable
15 restrictions in Section 14-106.5 of the Illinois Pension Code,
16 as well as the changes, impact of changes, and implementation
17 of changes set forth in this amendatory Act of the 98th General
18 Assembly. Nothing in this Act shall be construed to replace or
19 diminish the rights of employees established by Section 36d of
20 "An Act to create the State Universities Civil Service System",
21 approved May 11, 1905, as amended or modified.

22 (Source: P.A. 83-1014.)

23 Section B-200. The State Mandates Act is amended by adding
24 Section 8.37 as follows:

1 (30 ILCS 805/8.37 new)

2 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 98th General Assembly.

6 PART C

7 Section C-999. Effective date. This Act takes effect upon
8 becoming law, except that each of Sections B-5 through B-110
9 takes effect upon the date following the date upon which the
10 contingency described in its introductory clause occurs.".