



Sen. Daniel Biss

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1 AMENDMENT TO SENATE BILL 35

2 AMENDMENT NO. _____. Amend Senate Bill 35 by replacing
3 everything after the enacting clause with the following:

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

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

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

1 excluding the changes, the impact of changes, and the
2 implementation of the changes set forth in this amendatory Act
3 of the 98th General Assembly.

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

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

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

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

1 (5 ILCS 315/15) (from Ch. 48, par. 1615)

2 Sec. 15. Act Takes Precedence.

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

25 (b) Except as provided in subsection (a) above, any
26 collective bargaining contract between a public employer and a

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

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

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

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

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

21 Sec. 7. All statements and estimates of expenditures
22 submitted to the Office in connection with the preparation of a
23 State budget, and any other estimates of expenditures,
24 supporting requests for appropriations, shall be formulated

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

9 (1) Personal services

10 (2) State contribution for employee group insurance

11 (3) Contractual services

12 (4) Travel

13 (5) Commodities

14 (6) Equipment

15 (7) Permanent improvements

16 (8) Land

17 (9) Electronic Data Processing

18 (10) Telecommunication services

19 (11) Operation of Automotive Equipment

20 (12) Contingencies

21 (13) Reserve

22 (14) Interest

23 (15) Awards and Grants

24 (16) Debt Retirement

25 (17) Non-cost Charges-

26 (18) State retirement contribution for annual normal cost

1 (19) State retirement contribution for unfunded accrued
2 liability.

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

4 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

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

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

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

19 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

22 (1) Personal services;

23 (2) State contribution for employee group insurance;

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

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

26 An appropriation for a purpose other than one specified and

1 defined in this Act may be made only as an additional, separate
2 and distinct item, specifically stating the object and purpose
3 thereof.

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

5 (30 ILCS 105/24.12 new)

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

15 (30 ILCS 105/24.13 new)

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

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

1 (30 ILCS 122/20)

2 Sec. 20. Pension Stabilization Fund.

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

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

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

23 (c-10) In State fiscal year 2020 and each fiscal year
24 thereafter, the State Comptroller shall order transferred and
25 the State Treasurer shall transfer \$1,000,000,000 from the

1 General Revenue Fund to the Pension Stabilization Fund.

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

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

18 Until State fiscal year 2014, before ~~Before~~ the final
19 transfer for a fiscal year is made, the Comptroller shall
20 reconcile the estimated general funds revenues used in
21 calculating the other transfers under this Section for that
22 fiscal year with the actual general funds revenues for that
23 fiscal year. The final transfer for the fiscal year shall be
24 adjusted so that the total amount transferred under this
25 Section for that fiscal year is equal to the percentage
26 specified in subsection (b) or (c) of this Section, whichever

1 is applicable, of the actual general funds revenues for that
2 fiscal year. The actual general funds revenues for the fiscal
3 year shall be calculated in a manner consistent with subsection
4 (c) of Section 10 of this Act.

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

6 (30 ILCS 122/25)

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

8 (a) As used in this Section, "designated retirement
9 systems" means:

10 (1) the State Employees' Retirement System of
11 Illinois;

12 (2) the Teachers' Retirement System of the State of
13 Illinois;

14 (3) the State Universities Retirement System;

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

16 (5) the General Assembly Retirement System.

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

1 most recently determined by the Governor's Office of Management
2 and Budget. Amounts received by a designated retirement system
3 under this Section shall be used for funding the unfunded
4 liabilities of the retirement system. Payments under this
5 Section are authorized by the continuing appropriation under
6 Section 1.7 of the State Pension Funds Continuing Appropriation
7 Act.

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

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

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

1 required State contribution under Article 2, 14, 15, 16, or 18
2 of the Illinois Pension Code in any future year, until the
3 designated retirement system has received payment of
4 contributions pursuant to this Act.

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

6 Section 20. The Illinois Pension Code is amended by
7 changing Sections 1-103.3, 1-160, 2-108, 2-119, 2-119.1,
8 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 14-103.10, 14-107,
9 14-108, 14-110, 14-114, 14-131, 14-132, 14-133, 14-135.08,
10 14-152.1, 15-111, 15-113.6, 15-113.7, 15-135, 15-136, 15-139,
11 15-153.2, 15-155, 15-156, 15-157, 15-165, 15-198, 16-121,
12 16-132, 16-133, 16-133.1, 16-152, 16-158, 16-158.1, 16-203,
13 20-121, 20-123, 20-124, and 20-125 and by adding Sections
14 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-103.4, 15-107.1,
15 15-107.2, 15-107.3, 15-155.1, 15-158.5, 16-106.4, 16-106.5,
16 16-106.6, 16-152.8, and 16-158.2 as follows:

17 (40 ILCS 5/1-103.3)

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

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

1 fiscal year 1996.

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

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

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

21 (40 ILCS 5/1-160)

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

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

1 fund established under this Code, other than a retirement
2 system or pension fund established under Article 2, 3, 4, 5, 6,
3 or 18 of this Code, notwithstanding any other provision of this
4 Code to the contrary, but do not apply (i) to any self-managed
5 plan established under this Code, (ii) to any person with
6 respect to service as a sheriff's law enforcement employee
7 under Article 7, (iii) ~~or~~ to any participant of the retirement
8 plan established under Section 22-101, or (iv) to any person
9 who first becomes, on or after January 1, 2014, a Tier 3
10 employee in a retirement system established under Article 15 or
11 16 of this Code.

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

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

26 (2) In Articles 8, 9, 10, 11, and 12, "highest average

1 annual salary for any 4 consecutive years within the last
2 10 years of service immediately preceding the date of
3 withdrawal".

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

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

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

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

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

20 For the purposes of this Section, "consumer price index-u"
21 means the index published by the Bureau of Labor Statistics of
22 the United States Department of Labor that measures the average
23 change in prices of goods and services purchased by all urban
24 consumers, United States city average, all items, 1982-84 =
25 100. The new amount resulting from each annual adjustment shall
26 be determined by the Public Pension Division of the Department

1 of Insurance and made available to the boards of the retirement
2 systems and pension funds by November 1 of each year.

3 (c) A member or participant is entitled to a retirement
4 annuity upon written application if he or she has attained age
5 67 and has at least 10 years of service credit and is otherwise
6 eligible under the requirements of the applicable Article.

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

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

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

1 1 is zero or there is a decrease, then the annuity shall not be
2 increased.

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

1 the 12 months ending with the September preceding each November
2 1 is zero or there is a decrease, then the annuity shall not be
3 increased.

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

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

1 termination of that employment, the person's retirement
2 annuity or retirement pension payments shall resume and be
3 recalculated if recalculation is provided for under the
4 applicable Article of this Code.

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

24 (i) Notwithstanding any other provision of this Section, a
25 person who first becomes a participant of the retirement system
26 established under Article 15 on or after January 1, 2011 shall

1 have the option to enroll in the self-managed plan created
2 under Section 15-158.2 of this Code.

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

6 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11;
7 97-609, eff. 1-1-12.)

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

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

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

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

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

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

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

1 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)
2 Sec. 2-119. Retirement annuity - conditions for
3 eligibility.

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

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

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

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

19 (A) He or she has attained age 55 and has at least
20 8 years of service credit;

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

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

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

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

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

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

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

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

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

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

4 (a-5) A participant who first becomes a participant of this
5 System on or after January 1, 2011 (the effective date of
6 Public Act 96-889) who has attained age 62 and has at least 8
7 years of service credit may elect to receive the lower
8 retirement annuity provided in paragraph (c) of Section
9 2-119.01 of this Code.

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

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

18 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

20 (a) Except as provided in subsections (a-1) and (a-2), a A
21 participant who retires after June 30, 1967, and who has not
22 received an initial increase under this Section before the
23 effective date of this amendatory Act of 1991, shall, in
24 January or July next following the first anniversary of
25 retirement, whichever occurs first, and in the same month of

1 each year thereafter, but in no event prior to age 60, have the
2 amount of the originally granted retirement annuity increased
3 as follows: for each year through 1971, 1 1/2%; for each year
4 from 1972 through 1979, 2%; and for 1980 and each year
5 thereafter, 3%. Annuitants who have received an initial
6 increase under this subsection prior to the effective date of
7 this amendatory Act of 1991 shall continue to receive their
8 annual increases in the same month as the initial increase.

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

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

1 granted until the Tier I retiree meets the new eligibility
2 requirements.

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

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

22 This subsection (b) does not apply to any person who first
23 becomes a member of the System after August 8, 2003 (the
24 effective date of Public Act 93-494) ~~this amendatory Act of the~~
25 ~~93rd General Assembly.~~

26 (b-5) Notwithstanding any other provision of this Article,

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

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

25 (d) A participant who terminated service prior to July 1,
26 1967, with at least 14 years of service is entitled to an

1 increase in retirement annuity beginning January, 1976, and to
2 additional increases in January of each year thereafter.

3 The initial increase shall be 1 1/2% of the originally
4 granted retirement annuity multiplied by the number of full
5 years that the annuitant was in receipt of such annuity prior
6 to January 1, 1972, plus 2% of the originally granted
7 retirement annuity for each year after that date. The
8 subsequent annual increases shall be at the rate of 2% of the
9 originally granted retirement annuity for each year through
10 1979 and at the rate of 3% for 1980 and thereafter.

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

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

17 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

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

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

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

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

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

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

1 child among the survivors.

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

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

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

24 (d-5) Notwithstanding any other provision of this Article,
25 the initial survivor's annuity of a survivor of a participant
26 who first becomes a participant on or after January 1, 2011

1 (the effective date of Public Act 96-889) shall be in the
2 amount of 66 2/3% of the amount of the retirement annuity to
3 which the participant or annuitant was entitled on the date of
4 death and shall be increased (1) on each January 1 occurring on
5 or after the commencement of the annuity if the deceased member
6 died while receiving a retirement annuity or (2) in other
7 cases, on each January 1 occurring on or after the first
8 anniversary of the commencement of the annuity, by an amount
9 equal to 3% or one-half the annual unadjusted percentage
10 increase in the Consumer Price Index for All Urban Consumers as
11 determined by the Public Pension Division of the Department of
12 Insurance under subsection (a) of Section 2-108.1, whichever is
13 less, of the originally granted survivor's annuity ~~then being~~
14 ~~paid~~. The changes made to this subsection by this amendatory
15 Act of the 98th General Assembly do not apply to any automatic
16 annual increase granted under this subsection before the
17 effective date of this amendatory Act.

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

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

1 \$300 per month, the amount payable by the System shall be
2 increased beginning on that date by a monthly amount equal to
3 \$2 for each full year that has expired since the annuity began.
4 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

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

6 Sec. 2-124. Contributions by State.

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

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

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

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

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$4,157,000.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$5,220,300.

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

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

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

1 applicable.

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

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

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

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

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

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

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

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

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

13 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

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

23 (c) Beginning July 1, 2013, the State shall be
24 contractually obligated to contribute to the System under
25 Section 2-124 in each State fiscal year an amount not less than

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

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

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

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

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

8 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

9 Sec. 2-126. Contributions by participants.

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

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

23 (1) beginning July 1, 2013 and through June 30, 2014,
24 1% of salary; and

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

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

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

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

19 (d) In addition, each participant serving as an officer of
20 the General Assembly shall contribute, for the same purposes
21 and at the same rates as are required of a regular participant,
22 on each additional payment received as an officer. If the
23 participant serves as an officer for at least 2 but less than 4
24 years, he or she shall contribute an amount equal to the amount
25 that would have been contributed had the participant served as
26 an officer for 4 years. Persons who serve as officers in the

1 87th General Assembly but cannot receive the additional payment
2 to officers because of the ban on increases in salary during
3 their terms may nonetheless make contributions based on those
4 additional payments for the purpose of having the additional
5 payments included in their highest salary for annuity purposes;
6 however, persons electing to make these additional
7 contributions must also pay an amount representing the
8 corresponding employer contributions, as calculated by the
9 System.

10 (e) Notwithstanding any other provision of this Article,
11 the required contribution of a participant who first becomes a
12 participant on or after January 1, 2011 shall not exceed the
13 contribution that would be due under this Article if that
14 participant's highest salary for annuity purposes were
15 \$106,800, plus any increases in that amount under Section
16 2-108.1.

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

18 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

1 certification shall include a copy of the actuarial
2 recommendations upon which it is based ~~and shall specifically~~
3 ~~identify the System's projected State normal cost for that~~
4 ~~fiscal year.~~

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

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

1 of not following the State Actuary's recommended changes on the
2 required State contribution.

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

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

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

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

1 submit vouchers for the remainder of fiscal year 2004 in excess
2 of the fiscal year 2004 certified contribution amount
3 determined under this Section after taking into consideration
4 the transfer to the System under subsection (d) of Section
5 6z-61 of the State Finance Act. These vouchers shall be paid by
6 the State Comptroller and Treasurer by warrants drawn on the
7 funds appropriated to the System for that fiscal year. If in
8 any month the amount remaining unexpended from all other
9 appropriations to the System for the applicable fiscal year
10 (including the appropriations to the System under Section 8.12
11 of the State Finance Act and Section 1 of the State Pension
12 Funds Continuing Appropriation Act) is less than the amount
13 lawfully vouchered under this Section, the difference shall be
14 paid from the General Revenue Fund under the continuing
15 appropriation authority provided in Section 1.1 of the State
16 Pension Funds Continuing Appropriation Act.

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

24 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
25 97-694, eff. 6-18-12.)

1 (40 ILCS 5/2-162)

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

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

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

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

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

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

4 Sec. 14-103.10. Compensation.

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

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

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

23 (1) for vacation,

24 (2) for accumulated unused sick leave,

25 (3) upon discharge or dismissal,

1 (4) for approved holidays.

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

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

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

22 (1) for vacation;

23 (2) for accumulated unused sick leave;

24 (3) upon discharge or dismissal; and

25 (4) for approved holidays.

26 (f) Notwithstanding any other provision of this Code, the

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

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

15 (40 ILCS 5/14-103.40 new)

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

22 (40 ILCS 5/14-103.41 new)

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

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

2 Sec. 14-107. Retirement annuity - service and age -
3 conditions.

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

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

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

22 (1) If the Tier I member is at least 45 years old on
23 the effective date of this amendatory Act of the 98th
24 General Assembly, then the references to age 55 and 60 in
25 subsection (b) of this Section remain unchanged and the

1 references to 85 in subsection (b) of this Section remain
2 unchanged.

3 (2) If the Tier I member is at least 40 but less than
4 45 years old on the effective date of this amendatory Act
5 of the 98th General Assembly, then the references to age 55
6 and 60 in subsection (b) of this Section are increased by
7 one year and the references to 85 in subsection (b) are
8 increased to 87.

9 (3) If the Tier I member is at least 35 but less than
10 40 years old on the effective date of this amendatory Act
11 of the 98th General Assembly, then the references to age 55
12 and 60 in subsection (b) of this Section are increased by 3
13 years and the references to 85 in subsection (b) are
14 increased to 91.

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

20 Notwithstanding Section 1-103.1, this subsection (c)
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 (d) The allowance shall begin with the first full calendar
25 month specified in the member's application therefor, the first
26 day of which shall not be before the date of withdrawal as

1 approved by the board. Regardless of the date of withdrawal,
2 the allowance need not begin within one year of application
3 therefor.

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

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

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

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

25 (a) In the case of a member who retires on or after January

1 1, 1998 and is a noncovered employee, the retirement annuity
2 for membership service and prior service shall be 2.2% of final
3 average compensation for each year of service. Any service
4 credit established as a covered employee shall be computed as
5 stated in paragraph (b).

6 (b) In the case of a member who retires on or after January
7 1, 1998 and is a covered employee, the retirement annuity for
8 membership service and prior service shall be computed as
9 stated in paragraph (a) for all service credit established as a
10 noncovered employee; for service credit established as a
11 covered employee it shall be 1.67% of final average
12 compensation for each year of service.

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

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

26 (e) The retirement annuity payable to any covered employee

1 who is a member of the System and in service on January 1,
2 1969, or in service thereafter in 1969 as a result of
3 legislation enacted by the Illinois General Assembly
4 transferring the member to State employment from county
5 employment in a county Department of Public Aid in counties of
6 3,000,000 or more population, under a plan of coordination with
7 the Old Age, Survivors and Disability provisions thereof, if
8 not fully insured for Old Age Insurance payments under the
9 Federal Old Age, Survivors and Disability Insurance provisions
10 at the date of acceptance of a retirement annuity, shall not be
11 less than the amount for which the member would have been
12 eligible if coordination were not applicable.

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

24 (g) In the case of a member who is a noncovered employee,
25 the retirement annuity for membership service as a security
26 employee of the Department of Corrections or security employee

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

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

22 (i) For the purposes of this Section and Section 14-133 of
23 this Act, the term "security employee of the Department of
24 Corrections" and the term "security employee of the Department
25 of Human Services" shall have the meanings ascribed to them in
26 subsection (c) of Section 14-110.

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

14 (k) (Blank).

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

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

24 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

25 Sec. 14-110. Alternative retirement annuity.

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

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

18 (ii) for periods of eligible creditable service as a
19 covered employee: if retirement occurs on or after January
20 1, 2001, 2.5% of final average compensation for each year
21 of creditable service; if retirement occurs before January
22 1, 2001, 1.67% of final average compensation for each of
23 the first 10 years of such service, 1.90% for each of the
24 next 10 years of such service, 2.10% for each year of such
25 service in excess of 20 but not exceeding 30, and 2.30% for
26 each year in excess of 30.

1 Such annuity shall be subject to a maximum of 75% of final
2 average compensation if retirement occurs before January 1,
3 2001 or to a maximum of 80% of final average compensation if
4 retirement occurs on or after January 1, 2001.

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

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

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

17 (2) If the Tier I member is at least 40 but less than
18 45 years old on the effective date of this amendatory Act
19 of the 98th General Assembly, then the references to age 50
20 and 55 in subsection (a) of this Section are increased by
21 one year.

22 (3) If the Tier I member is at least 35 but less than
23 40 years old on the effective date of this amendatory Act
24 of the 98th General Assembly, then the references to age 50
25 and 55 in subsection (a) of this Section are increased by 3
26 years.

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

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

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

12 (1) State policeman;

13 (2) fire fighter in the fire protection service of a
14 department;

15 (3) air pilot;

16 (4) special agent;

17 (5) investigator for the Secretary of State;

18 (6) conservation police officer;

19 (7) investigator for the Department of Revenue or the
20 Illinois Gaming Board;

21 (8) security employee of the Department of Human
22 Services;

23 (9) Central Management Services security police
24 officer;

25 (10) security employee of the Department of
26 Corrections or the Department of Juvenile Justice;

- 1 (11) dangerous drugs investigator;
- 2 (12) investigator for the Department of State Police;
- 3 (13) investigator for the Office of the Attorney
- 4 General;
- 5 (14) controlled substance inspector;
- 6 (15) investigator for the Office of the State's
- 7 Attorneys Appellate Prosecutor;
- 8 (16) Commerce Commission police officer;
- 9 (17) arson investigator;
- 10 (18) State highway maintenance worker.

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

21 (c) For the purposes of this Section:

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

25 (2) The term "fire fighter in the fire protection
26 service of a department" includes all officers in such fire

1 protection service including fire chiefs and assistant
2 fire chiefs.

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

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

25 (5) The term "investigator for the Secretary of State"
26 means any person employed by the Office of the Secretary of

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

5 A person who became employed as an investigator for the
6 Secretary of State between January 1, 1967 and December 31,
7 1975, and who has served as such until attainment of age
8 60, either continuously or with a single break in service
9 of not more than 3 years duration, which break terminated
10 before January 1, 1976, shall be entitled to have his
11 retirement annuity calculated in accordance with
12 subsection (a), notwithstanding that he has less than 20
13 years of credit for such service.

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

23 (7) The term "investigator for the Department of
24 Revenue" means any person employed by the Department of
25 Revenue and vested with such investigative duties as render
26 him ineligible for coverage under the Social Security Act

1 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
2 218(1)(1) of that Act.

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

9 (8) The term "security employee of the Department of
10 Human Services" means any person employed by the Department
11 of Human Services who (i) is employed at the Chester Mental
12 Health Center and has daily contact with the residents
13 thereof, (ii) is employed within a security unit at a
14 facility operated by the Department and has daily contact
15 with the residents of the security unit, (iii) is employed
16 at a facility operated by the Department that includes a
17 security unit and is regularly scheduled to work at least
18 50% of his or her working hours within that security unit,
19 or (iv) is a mental health police officer. "Mental health
20 police officer" means any person employed by the Department
21 of Human Services in a position pertaining to the
22 Department's mental health and developmental disabilities
23 functions who is vested with such law enforcement duties as
24 render the person ineligible for coverage under the Social
25 Security Act by reason of Sections 218(d)(5)(A),
26 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"

1 means that portion of a facility that is devoted to the
2 care, containment, and treatment of persons committed to
3 the Department of Human Services as sexually violent
4 persons, persons unfit to stand trial, or persons not
5 guilty by reason of insanity. With respect to past
6 employment, references to the Department of Human Services
7 include its predecessor, the Department of Mental Health
8 and Developmental Disabilities.

9 The changes made to this subdivision (c) (8) by Public
10 Act 92-14 apply to persons who retire on or after January
11 1, 2001, notwithstanding Section 1-103.1.

12 (9) "Central Management Services security police
13 officer" means any person employed by the Department of
14 Central Management Services who is vested with such law
15 enforcement 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.

18 (10) For a member who first became an employee under
19 this Article before July 1, 2005, the term "security
20 employee of the Department of Corrections or the Department
21 of Juvenile Justice" means any employee of the Department
22 of Corrections or the Department of Juvenile Justice or the
23 former Department of Personnel, and any member or employee
24 of the Prisoner Review Board, who has daily contact with
25 inmates or youth by working within a correctional facility
26 or Juvenile facility operated by the Department of Juvenile

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

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

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

23 (13) "Investigator for the Office of the Attorney
24 General" means any person who is employed as such by the
25 Office of the Attorney General and is vested with such
26 investigative duties as render him ineligible for coverage

1 under the Social Security Act by reason of Sections
2 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
3 the period before January 1, 1989, the term includes all
4 persons who were employed as investigators by the Office of
5 the Attorney General, without regard to social security
6 status.

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

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

21 (16) "Commerce Commission police officer" means any
22 person employed by the Illinois Commerce Commission who is
23 vested with such law enforcement duties as render him
24 ineligible for coverage under the Social Security Act by
25 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
26 218(1)(1) of that Act.

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

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

19 (i) A person employed on a full-time basis by the
20 Illinois Department of Transportation in the position
21 of highway maintainer, highway maintenance lead
22 worker, highway maintenance lead/lead worker, heavy
23 construction equipment operator, power shovel
24 operator, or bridge mechanic; and whose principal
25 responsibility is to perform, on the roadway, the
26 actual maintenance necessary to keep the highways that

1 form a part of the State highway system in serviceable
2 condition for vehicular traffic.

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

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

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

24 or

25 (ii) beginning January 1, 1987, 25 years of eligible
26 creditable service and age 54, or 24 years of eligible

1 creditable service and age 55; or

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

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

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

11 (vi) beginning January 1, 1991, 25 years of eligible
12 creditable service and age 50, or 20 years of eligible
13 creditable service and age 55.

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

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

26 (e) If a member enters military service while working in a

1 position in which eligible creditable service may be earned,
2 and returns to State service in the same or another such
3 position, and fulfills in all other respects the conditions
4 prescribed in this Article for credit for military service,
5 such military service shall be credited as eligible creditable
6 service for the purposes of the retirement annuity prescribed
7 in this Section.

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

21 For purposes of calculating retirement annuities under
22 this Section, periods of service rendered after December 31,
23 1968 and before January 1, 1982 as a covered employee in the
24 position of investigator for the Department of Revenue shall be
25 deemed to have been service as a noncovered employee, provided
26 that the employee pays to the System prior to retirement an

1 amount equal to (1) the difference between the employee
2 contributions that would have been required for such service as
3 a noncovered employee, and the amount of employee contributions
4 actually paid, plus (2) if payment is made after January 1,
5 1990, regular interest on the amount specified in item (1) from
6 the date of service to the date of payment.

7 (g) A State policeman may elect, not later than January 1,
8 1990, to establish eligible creditable service for up to 10
9 years of his service as a policeman under Article 3, by filing
10 a written election with the Board, accompanied by payment of an
11 amount to be determined by the Board, equal to (i) the
12 difference between the amount of employee and employer
13 contributions transferred to the System under Section 3-110.5,
14 and the amounts that would have been contributed had such
15 contributions been made at the rates applicable to State
16 policemen, plus (ii) interest thereon at the effective rate for
17 each year, compounded annually, from the date of service to the
18 date of payment.

19 Subject to the limitation in subsection (i), a State
20 policeman may elect, not later than July 1, 1993, to establish
21 eligible creditable service for up to 10 years of his service
22 as a member of the County Police Department under Article 9, by
23 filing a written election with the Board, accompanied by
24 payment of an amount to be determined by the Board, equal to
25 (i) the difference between the amount of employee and employer
26 contributions transferred to the System under Section 9-121.10

1 and the amounts that would have been contributed had those
2 contributions been made at the rates applicable to State
3 policemen, plus (ii) interest thereon at the effective rate for
4 each year, compounded annually, from the date of service to the
5 date of payment.

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

19 Subject to the limitation in subsection (i), a State
20 policeman, conservation police officer, or investigator for
21 the Secretary of State may elect to establish eligible
22 creditable service for up to 10 years of service as a sheriff's
23 law enforcement employee under Article 7, by filing a written
24 election with the Board on or before January 31, 1993, and
25 paying to the System by January 31, 1994 an amount to be
26 determined by the Board, equal to (i) the difference between

1 the amount of employee and employer contributions transferred
2 to the System under Section 7-139.7, and the amounts that would
3 have been contributed had such contributions been made at the
4 rates applicable to State policemen, plus (ii) interest thereon
5 at the effective rate for each year, compounded annually, from
6 the date of service to the date of payment.

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

24 Subject to the limitation in subsection (i), an
25 investigator for the Office of the Attorney General, or an
26 investigator for the Department of Revenue, may elect to

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

16 Subject to the limitation in subsection (i), a State
17 policeman, conservation police officer, investigator for the
18 Office of the Attorney General, an investigator for the
19 Department of Revenue, or investigator for the Secretary of
20 State may elect to establish eligible creditable service for up
21 to 5 years of service as a person employed by a participating
22 municipality to perform police duties, or law enforcement
23 officer employed on a full-time basis by a forest preserve
24 district under Article 7, a county corrections officer, or a
25 court services officer under Article 9, by filing a written
26 election with the Board within 6 months after August 25, 2009

1 (the effective date of Public Act 96-745) and paying to the
2 System an amount to be determined by the Board, equal to (i)
3 the difference between the amount of employee and employer
4 contributions transferred to the System under Sections 7-139.8
5 and 9-121.10 and the amounts that would have been contributed
6 had such contributions been made at the rates applicable to
7 State policemen, plus (ii) interest thereon at the actuarially
8 assumed rate for each year, compounded annually, from the date
9 of service to the date of payment.

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

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

1 payment.

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

23 (l) Subject to the limitation in subsection (i), a security
24 employee of the Department of Corrections may elect, not later
25 than July 1, 1998, to establish eligible creditable service for
26 up to 10 years of his or her service as a policeman under

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

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

1 are providing the vocational training.

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

13 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;
14 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.
15 7-2-10.)

16 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)
17 Sec. 14-114. Automatic increase in retirement annuity.

18 (a) Except as provided in subsections (a-1) and (a-2), any
19 ~~Any~~ person receiving a retirement annuity under this Article
20 who retires having attained age 60, or who retires before age
21 60 having at least 35 years of creditable service, or who
22 retires on or after January 1, 2001 at an age which, when added
23 to the number of years of his or her creditable service, equals
24 at least 85, shall, on January 1 next following the first full
25 year of retirement, have the amount of the then fixed and

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

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

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

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

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

1 (a-3) 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 provisions of subsection (a) of this Section shall
7 be applicable to an employee only if the employee makes the
8 additional contributions required after December 31, 1969 for
9 the purpose of the automatic increases for not less than the
10 equivalent of one full year. If an employee becomes an
11 annuitant before his additional contributions equal one full
12 year's contributions based on his salary at the date of
13 retirement, the employee may pay the necessary balance of the
14 contributions to the system, without interest, and be eligible
15 for the increasing annuity authorized by this Section.

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

21 (d) In addition to other increases which may be provided by
22 this Section, on January 1, 1981 any annuitant who was
23 receiving a retirement annuity on or before January 1, 1971
24 shall have his retirement annuity then being paid increased \$1
25 per month for each year of creditable service. On January 1,
26 1982, any annuitant who began receiving a retirement annuity on

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

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

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

19 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
20 92-651, eff. 7-11-02.)

21 (40 ILCS 5/14-131)

22 Sec. 14-131. Contributions by State.

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

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

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

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

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

25 For the purposes of this Section and Section 14.1 of the
26 State Finance Act, the term "eligible employees" includes

1 employees who participate in the System, persons who may elect
2 to participate in the System but have not so elected, persons
3 who are serving a qualifying period that is required for
4 participation, and annuitants employed by a department as
5 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

20 (c-1) Notwithstanding subsection (c) of this Section, for
21 fiscal years 2010, 2012, and 2013 only, contributions by the
22 several departments are not required to be made for General
23 Revenue Funds payrolls processed by the Comptroller. Payrolls
24 paid by the several departments from all other State funds must
25 continue to be processed pursuant to subsection (c) of this
26 Section.

1 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
2 or as soon as possible after the 15th day of each month, 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 fiscal year General Revenue Fund contribution as certified by
6 the System pursuant to Section 14-135.08 of the Illinois
7 Pension Code.

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

22 (e) For State fiscal years 2014 through 2043, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 equal to the sum of (1) the State's portion of the projected
26 normal cost for that fiscal year, plus (2) an amount sufficient

1 to bring the total assets of the System up to 100% of the total
2 actuarial liabilities of the System by the end of State fiscal
3 year 2043. In making these determinations, the required State
4 contribution shall be calculated each year as a level
5 percentage of payroll over the years remaining to and including
6 fiscal year 2043 and shall be determined under the projected
7 unit credit actuarial cost method.

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

18 For State fiscal years 1996 through 2005, the State
19 contribution to the System, as a percentage of the applicable
20 employee payroll, shall be increased in equal annual increments
21 so that by State fiscal year 2011, the State is contributing at
22 the rate required under this Section; except that (i) for State
23 fiscal year 1998, for all purposes of this Code and any other
24 law of this State, the certified percentage of the applicable
25 employee payroll shall be 5.052% for employees earning eligible
26 creditable service under Section 14-110 and 6.500% for all

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

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

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

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

23 Notwithstanding any other provision of this Article, the
24 total required State General Revenue Fund contribution for
25 State fiscal year 2010 is \$723,703,100 and shall be made from
26 the proceeds of bonds sold in fiscal year 2010 pursuant to

1 Section 7.2 of the General Obligation Bond Act, less (i) the
2 pro rata share of bond sale expenses determined by the System's
3 share of total bond proceeds, (ii) any amounts received from
4 the General Revenue Fund in fiscal year 2010, and (iii) any
5 reduction in bond proceeds due to the issuance of discounted
6 bonds, if applicable.

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

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

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

26 Amounts received by the System pursuant to Section 25 of

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

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

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

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

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

9 (g) 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 (h) 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 (i) 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 2010 have been made, the

1 Comptroller shall provide to the System a certification of the
2 sum of all fiscal year 2010 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 2010 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 2010 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 2010 Shortfall" for purposes of this
14 Section, and the Fiscal Year 2010 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 2010
18 Overpayment" for purposes of this Section, and the Fiscal Year
19 2010 Overpayment shall be repaid by the System to the General
20 Revenue Fund as soon as practicable after the certification.

21 (j) After the submission of all payments for eligible
22 employees from personal services line items paid from the
23 General Revenue Fund in fiscal year 2011 have been made, the
24 Comptroller shall provide to the System a certification of the
25 sum of all fiscal year 2011 expenditures for personal services
26 that would have been covered by payments to the System under

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

18 (k) For fiscal years 2012 and 2013 only, after the
19 submission of all payments for eligible employees from personal
20 services line items paid from the General Revenue Fund in the
21 fiscal year have been made, the Comptroller shall provide to
22 the System a certification of the sum of all expenditures in
23 the fiscal year for personal services. Upon receipt of the
24 certification, the System shall determine the amount due to the
25 System based on the full rate certified by the Board under
26 Section 14-135.08 for the fiscal year in order to meet the

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

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

17 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

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

24 (b) All income of the system shall be credited to a
25 separate account for this system in the State treasury and

1 shall be used to pay allowances, annuities, benefits and
2 administration expense.

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

1 debt 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 (Source: P.A. 80-841.)

13 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

15 (a) Each participating employee shall make contributions
16 to the System, based on the employee's compensation, as
17 follows:

18 (1) Covered employees, except as indicated below, 3.5%
19 for retirement annuity, and 0.5% for a widow or survivors
20 annuity;

21 (2) Noncovered employees, except as indicated below,
22 7% for retirement annuity and 1% for a widow or survivors
23 annuity;

24 (3) Noncovered employees serving in a position in which
25 "eligible creditable service" as defined in Section 14-110

1 may be earned, 1% for a widow or survivors annuity plus the
2 following amount for retirement annuity: 8.5% through
3 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
4 in 2004 and thereafter;

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

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

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

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

- 1 (1) beginning July 1, 2013 and through June 30, 2014,
2 1% of compensation; and
3 (2) beginning on July 1, 2014, 2% of compensation.

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

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

12 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)
13 Sec. 14-135.08. To certify required State contributions.

14 (a) To certify to the Governor and to each department, on
15 or before November 15 of each year through ~~until~~ November 15,
16 2011, the required rate for State contributions to the System
17 for the next State fiscal year, as determined under subsection
18 (b) of Section 14-131. The certification to the Governor under
19 this subsection (a) shall include a copy of the actuarial
20 recommendations upon which the rate is based ~~and shall~~
21 ~~specifically identify the System's projected State normal cost~~
22 ~~for that fiscal year.~~

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

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

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

22 (b) The certifications under subsections (a) and (a-5)
23 shall include an additional amount necessary to pay all
24 principal of and interest on those general obligation bonds due
25 the next fiscal year authorized by Section 7.2(a) of the
26 General Obligation Bond Act and issued to provide the proceeds

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

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

21 On or before July 1, 2005, the Board shall recalculate and
22 recertify to the Governor and to each department the amount of
23 the required State contribution to the System and the required
24 rates for State contributions to the System for State fiscal
25 year 2006, taking into account the changes in required State
26 contributions made by this amendatory Act of the 94th General

1 Assembly.

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

8 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
9 97-694, eff. 6-18-12.)

10 (40 ILCS 5/14-152.1)

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

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

22 (b) Notwithstanding any other provision of this Code or any
23 subsequent amendment to this Code, every new benefit increase
24 is subject to this Section and shall be deemed to be granted
25 only in conformance with and contingent upon compliance with

1 the provisions of this Section.

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

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

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

1 by law.

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

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

13 (40 ILCS 5/15-103.4 new)

14 Sec. 15-103.4. Tier 3 retirement plan. "Tier 3 retirement
15 plan": The composite defined-contribution, defined-benefit
16 retirement program maintained under the System as described in
17 Section 15-158.5.

18 The Tier 3 retirement plan consists of a defined-benefit
19 component and a defined-contribution component; both
20 components apply to all participants in the Tier 3 retirement
21 plan.

22 (40 ILCS 5/15-107.1 new)

23 Sec. 15-107.1. Tier I participant. "Tier I participant": A
24 participant under this Article, other than a participant in the

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 5/15-107.2 new)

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

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

12 (40 ILCS 5/15-107.3 new)

13 Sec. 15-107.3. Tier 3 employee. "Tier 3 employee": An
14 employee, other than a participant in the self-managed plan
15 under Section 15-158.2, who first becomes a participant on or
16 after January 1, 2014; and an employee who first became a
17 participant on or after January 1, 2011 but before January 1,
18 2014 and has elected to transfer his or her pension credits to
19 the Tier 3 retirement plan.

20 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

21 Sec. 15-111. Earnings. "Earnings": An amount paid for
22 personal services equal to the sum of the basic compensation
23 plus extra compensation for summer teaching, overtime or other

1 extra service. For periods for which an employee receives
2 service credit under subsection (c) of Section 15-113.1 or
3 Section 15-113.2, earnings are equal to the basic compensation
4 on which contributions are paid by the employee during such
5 periods. Compensation for employment which is irregular,
6 intermittent and temporary shall not be considered earnings,
7 unless the participant is also receiving earnings from the
8 employer as an employee under Section 15-107.

9 With respect to transition pay paid by the University of
10 Illinois to a person who was a participating employee employed
11 in the fire department of the University of Illinois's
12 Champaign-Urbana campus immediately prior to the elimination
13 of that fire department:

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

17 (2) "Earnings" includes transition pay paid to the
18 employee before the effective date of this amendatory Act
19 of the 91st General Assembly only if (i) employee
20 contributions under Section 15-157 have been withheld from
21 that transition pay or (ii) the employee pays to the System
22 before January 1, 2001 an amount representing employee
23 contributions under Section 15-157 on that transition pay.
24 Employee contributions under item (ii) may be paid in a
25 lump sum, by withholding from additional transition pay
26 accruing before January 1, 2001, or in any other manner

1 approved by the System. Upon payment of the employee
2 contributions on transition pay, the corresponding
3 employer contributions become an obligation of the State.

4 (f) Notwithstanding any other provision of this Code, the
5 earnings of a Tier I participant or a Tier 3 employee for the
6 purposes of this Code shall not exceed, for periods of service
7 on or after the effective date of this amendatory Act of the
8 98th General Assembly, the greater of (i) the annual
9 contribution and benefit base established for the applicable
10 year by the Commissioner of Social Security under the federal
11 Social Security Act or (ii) the annual earnings of the
12 participant during the 365 days immediately preceding that
13 effective date; except that this limitation does not apply to a
14 participant's earnings that are determined under an employment
15 contract or collective bargaining agreement that is in effect
16 on the effective date of this amendatory Act of the 98th
17 General Assembly and has not been amended or renewed after that
18 date.

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

20 (40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

21 Sec. 15-113.6. Service for employment in public schools.
22 "Service for employment in public schools": Includes those
23 periods not exceeding the lesser of 10 years or 2/3 of the
24 service granted under other Sections of this Article dealing
25 with service credit, during which a person who entered the

1 system after September 1, 1974 was employed full time by a
2 public common school, public college and public university, or
3 by an agency or instrumentality of any of the foregoing, of any
4 state, territory, dependency or possession of the United States
5 of America, including the Philippine Islands, or a school
6 operated by or under the auspices of any agency or department
7 of any other state, if the person (1) cannot qualify for a
8 retirement pension or other benefit based upon employer
9 contributions from another retirement system, exclusive of
10 federal social security, based in whole or in part upon this
11 employment, and (2) pays the lesser of (A) an amount equal to
12 8% of his or her annual basic compensation on the date of
13 becoming a participating employee subsequent to this service
14 multiplied by the number of years of such service, together
15 with compound interest from the date participation begins to
16 the date payment is received by the board at the rate of 6% per
17 annum through August 31, 1982, and at the effective rates after
18 that date, and (B) 50% of the actuarial value of the increase
19 in the retirement annuity provided by this service, and (3)
20 contributes for at least 5 years subsequent to this employment
21 to one or more of the following systems: the State Universities
22 Retirement System, the Teachers' Retirement System of the State
23 of Illinois, and the Public School Teachers' Pension and
24 Retirement Fund of Chicago.

25 The service granted under this Section shall not be
26 considered in determining whether the person has the minimum of

1 8 years of service required to qualify for a retirement annuity
2 at age 55 or the 5 years of service required to qualify for a
3 retirement annuity at age 62, as provided in Section 15-135, ~~or~~
4 the 10 years required by subsection (c) of Section 1-160, or
5 the 5 years of service required by Section 15-158.5 for a
6 ~~person who first becomes a participant on or after January 1,~~
7 ~~2011.~~ The maximum allowable service of 10 years for this
8 governmental employment shall be reduced by the service credit
9 which is validated under paragraph (2) of subsection (b) of
10 Section 16-127 and paragraph 1 of Section 17-133.

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

12 (40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

13 Sec. 15-113.7. Service for other public employment.
14 "Service for other public employment": Includes those periods
15 not exceeding the lesser of 10 years or 2/3 of the service
16 granted under other Sections of this Article dealing with
17 service credit, during which a person was employed full time by
18 the United States government, or by the government of a state,
19 or by a political subdivision of a state, or by an agency or
20 instrumentality of any of the foregoing, if the person (1)
21 cannot qualify for a retirement pension or other benefit based
22 upon employer contributions from another retirement system,
23 exclusive of federal social security, based in whole or in part
24 upon this employment, and (2) pays the lesser of (A) an amount
25 equal to 8% of his or her annual basic compensation on the date

1 of becoming a participating employee subsequent to this service
2 multiplied by the number of years of such service, together
3 with compound interest from the date participation begins to
4 the date payment is received by the board at the rate of 6% per
5 annum through August 31, 1982, and at the effective rates after
6 that date, and (B) 50% of the actuarial value of the increase
7 in the retirement annuity provided by this service, and (3)
8 contributes for at least 5 years subsequent to this employment
9 to one or more of the following systems: the State Universities
10 Retirement System, the Teachers' Retirement System of the State
11 of Illinois, and the Public School Teachers' Pension and
12 Retirement Fund of Chicago. If a function of a governmental
13 unit as defined by Section 20-107 is transferred by law, in
14 whole or in part to an employer, and an employee transfers
15 employment from this governmental unit to such employer within
16 6 months of the transfer of the function, the payment for
17 service authorized under this Section shall not exceed the
18 amount which would have been payable for this service to the
19 retirement system covering the governmental unit from which the
20 function was transferred.

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

1 the 5 years of service required by Section 15-158.5. The
2 maximum allowable service of 10 years for this governmental
3 employment shall be reduced by the service credit which is
4 validated under paragraph (2) of subsection (b) of Section
5 16-127 and paragraph one of Section 17-133.

6 Except as hereinafter provided, this Section shall not
7 apply to persons who become participants in the system after
8 September 1, 1974.

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

10 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

12 (a) A participant who retires in one of the following
13 specified years with the specified amount of service is
14 entitled to a retirement annuity at any age under the
15 retirement program applicable to the participant:

16 35 years if retirement is in 1997 or before;

17 34 years if retirement is in 1998;

18 33 years if retirement is in 1999;

19 32 years if retirement is in 2000;

20 31 years if retirement is in 2001;

21 30 years if retirement is in 2002 or later.

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

25 A participant with at least 5 but less than 8 years of

1 service after September 1, 1941, is entitled to a retirement
2 annuity on or after attainment of age 62.

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

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

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

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

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

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

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

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

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

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

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

2 Sec. 15-136. Retirement annuities - Amount. The provisions
3 of this Section 15-136 apply only to those participants who are
4 participating in the traditional benefit package or the
5 portable benefit package and do not apply to participants who
6 are participating in the self-managed plan.

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

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

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

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

26 (ii) an annuity from employer contributions of an

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

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

10 For the purpose of calculating an annuity under this Rule
11 2, the contribution required under subsection (c-5) of Section
12 15-157 shall not be considered when determining the
13 participant's accumulated normal contributions under clause
14 (i) or the employer contribution under clause (ii).

15 With respect to a police officer or firefighter who retires
16 on or after August 14, 1998, the accumulated normal
17 contributions taken into account under clauses (i) and (ii) of
18 this Rule 2 shall include the additional normal contributions
19 made by the police officer or firefighter under Section
20 15-157(a).

21 The amount of a retirement annuity calculated under this
22 Rule 2 shall be computed solely on the basis of the
23 participant's accumulated normal contributions, as specified
24 in this Rule and defined in Section 15-116. Neither an employee
25 or employer contribution for early retirement under Section
26 15-136.2 nor any other employer contribution shall be used in

1 the calculation of the amount of a retirement annuity under
2 this Rule 2.

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

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

9 Rule 3: The retirement annuity of a participant who is
10 employed at least one-half time during the period on which his
11 or her final rate of earnings is based, shall be equal to the
12 participant's years of service not to exceed 30, multiplied by
13 (1) \$96 if the participant's final rate of earnings is less
14 than \$3,500, (2) \$108 if the final rate of earnings is at least
15 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
16 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
17 the final rate of earnings is at least \$5,500 but less than
18 \$6,500, (5) \$144 if the final rate of earnings is at least
19 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
20 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
21 the final rate of earnings is at least \$8,500 but less than
22 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
23 more, except that the annuity for those persons having made an
24 election under Section 15-154(a-1) shall be calculated and
25 payable under the portable retirement benefit program pursuant
26 to the provisions of Section 15-136.4.

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

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

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

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

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

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

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

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

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

10 With respect to a participant who is qualified for a
11 retirement annuity under this Rule 5 whose retirement annuity
12 began before the effective date of this amendatory Act of the
13 91st General Assembly, and for whom an employee contribution
14 was made under Section 15-136.2, the System shall recalculate
15 the retirement annuity under this Rule 5 and shall pay any
16 additional amounts due in the manner provided in Section
17 15-186.1 for benefits mistakenly set too low.

18 The amount of a retirement annuity calculated under this
19 Rule 5 shall be computed solely on the basis of those
20 contributions specifically set forth in this Rule 5. Except as
21 provided in clause (iii) of this Rule 5, neither an employee
22 nor employer contribution for early retirement under Section
23 15-136.2, nor any other employer contribution, shall be used in
24 the calculation of the amount of a retirement annuity under
25 this Rule 5.

26 The General Assembly has adopted the changes set forth in

1 Section 25 of this amendatory Act of the 91st General Assembly
2 in recognition that the decision of the Appellate Court for the
3 Fourth District in *Mattis v. State Universities Retirement*
4 *System et al.* might be deemed to give some right to the
5 plaintiff in that case. The changes made by Section 25 of this
6 amendatory Act of the 91st General Assembly are a legislative
7 implementation of the decision of the Appellate Court for the
8 Fourth District in *Mattis v. State Universities Retirement*
9 *System et al.* with respect to that plaintiff.

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

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

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

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

25 (3) For that portion of a retirement annuity which has
26 been provided on account of service of the participant

1 during periods when he or she performed the duties of a
2 police officer or firefighter, if these duties were
3 performed for at least 5 years immediately preceding the
4 date the retirement annuity is to begin.

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

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

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

1 number of full months which elapsed from January 1, 1978, or
2 the date the retirement annuity payments began, whichever is
3 later, to the effective date of the increase.

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

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

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

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

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

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

19 (e) If, on January 1, 1987, or the date the retirement
20 annuity payment period begins, whichever is later, the sum of
21 the retirement annuity provided under Rule 1 or Rule 2 of this
22 Section and the automatic annual increases provided under the
23 preceding subsection or Section 15-136.1, amounts to less than
24 the retirement annuity which would be provided by Rule 3, the
25 retirement annuity shall be increased as of January 1, 1987, or
26 the date the retirement annuity payment period begins,

1 whichever is later, to the amount which would be provided by
2 Rule 3 of this Section. Such increased amount shall be
3 considered as the retirement annuity in determining benefits
4 provided under other Sections of this Article. This paragraph
5 applies without regard to whether status as an employee
6 terminated before the effective date of this amendatory Act of
7 1987, provided that the annuitant was employed at least
8 one-half time during the period on which the final rate of
9 earnings was based.

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

19 (g) If, (1) by law, a function of a governmental unit, as
20 defined by Section 20-107 of this Code, is transferred in whole
21 or in part to an employer, and (2) a participant transfers
22 employment from such governmental unit to such employer within
23 6 months after the transfer of the function, and (3) the sum of
24 (A) the annuity payable to the participant under Rule 1, 2, or
25 3 of this Section (B) all proportional annuities payable to the
26 participant by all other retirement systems covered by Article

1 20, and (C) the initial primary insurance amount to which the
2 participant is entitled under the Social Security Act, is less
3 than the retirement annuity which would have been payable if
4 all of the participant's pension credits validated under
5 Section 20-109 had been validated under this system, a
6 supplemental annuity equal to the difference in such amounts
7 shall be payable to the participant.

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

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

21 (j) For participants to whom subsection (a-5) of Section
22 15-135 applies, the references to age 50, 55, and 62 in this
23 Section are increased as provided in subsection (a-5) of
24 Section 15-135.

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

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

2 Sec. 15-139. Retirement annuities; cancellation; suspended
3 during employment.

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

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

18 If an annuitant retires at age 60 or over and receives or
19 becomes entitled to receive during any academic year
20 compensation in excess of the difference between his or her
21 highest annual earnings prior to retirement and his or her
22 annual retirement annuity computed under Rule 1, Rule 2, Rule
23 3, Rule 4, or Rule 5 of Section 15-136, or under Section
24 15-136.4 or 15-158.5, for services performed after the date of
25 retirement for any employer under this System, that portion of
26 the monthly retirement annuity provided by employer

1 contributions shall be reduced by an amount equal to the
2 compensation that exceeds such difference.

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

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

26 The total service and earnings credited before and after

1 the initial date of retirement shall be considered in
2 determining eligibility of the employee or the employee's
3 beneficiary to benefits under this Article, and in calculating
4 final rate of earnings.

5 In determining the death benefit payable to a beneficiary
6 of an annuitant who again becomes a participating employee
7 under this Section, accumulated normal and additional
8 contributions shall be considered as the sum of the accumulated
9 normal and additional contributions at the date of initial
10 retirement and the accumulated normal and additional
11 contributions credited after that date, less the sum of the
12 annuity payments received by the annuitant.

13 The survivors insurance benefits provided under Section
14 15-145 shall not be applicable to an annuitant who resumes his
15 or her status as a participating employee, unless the
16 annuitant, at the time of initial retirement, has a survivors
17 insurance beneficiary who could qualify for such benefits.

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

1 The amendments made to this Section by this amendatory Act
2 of the 91st General Assembly apply without regard to whether
3 the annuitant was in service on or after the effective date of
4 this amendatory Act.

5 This Section also applies to retirement annuities under the
6 Tier 3 retirement plan established under Section 15-158.5.
7 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

8 (40 ILCS 5/15-153.2) (from Ch. 108 1/2, par. 15-153.2)
9 Sec. 15-153.2. Disability retirement annuity. A
10 participant whose disability benefits are discontinued under
11 the provisions of clause (6) of Section 15-152 and who is not a
12 participant in the optional retirement plan established under
13 Section 15-158.2 is entitled to a disability retirement annuity
14 of 35% of the basic compensation which was payable to the
15 participant at the time that disability began, provided that
16 the board determines that the participant has a medically
17 determinable physical or mental impairment that prevents him or
18 her from engaging in any substantial gainful activity, and
19 which can be expected to result in death or which has lasted or
20 can be expected to last for a continuous period of not less
21 than 12 months.

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

24 (i) a written certificate from one or more licensed and
25 practicing physicians appointed by or acceptable to the

1 board, stating that the participant is unable to engage in
2 any substantial gainful activity; and

3 (ii) any other medical examinations, hospital records,
4 laboratory results, or other information necessary for
5 determining the employment capacity and condition of the
6 participant.

7 The terms "medically determinable physical or mental
8 impairment" and "substantial gainful activity" shall have the
9 meanings ascribed to them in the federal Social Security Act,
10 as now or hereafter amended, and the regulations issued
11 thereunder.

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

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

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

2 Sec. 15-155. Employer contributions.

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

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

16 (a-1) 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 Beginning in State fiscal year 2044, the minimum State
4 contribution for each fiscal year shall be the amount needed to
5 maintain the total assets of the System at 100% of the total
6 actuarial liabilities of the System.

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$166,641,900.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$252,064,100.

2 For each of State fiscal years 2008 through 2009, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 from the required State contribution for State fiscal year
6 2007, so that by State fiscal year 2011, the State is
7 contributing at the rate otherwise required under this Section.

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

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

1 (iii) any reduction in bond proceeds due to the issuance of
2 discounted bonds, if applicable.

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 15-165, shall not exceed an amount
24 equal to (i) the amount of the required State contribution that
25 would have been calculated under this Section for that fiscal
26 year if the System had not received any payments under

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

18 (b) If an employee is paid from trust or federal funds, the
19 employer shall pay to the Board contributions from those funds
20 which are sufficient to cover the accruing normal costs on
21 behalf of the employee. However, universities having employees
22 who are compensated out of local auxiliary funds, income funds,
23 or service enterprise funds are not required to pay such
24 contributions on behalf of those employees. The local auxiliary
25 funds, income funds, and service enterprise funds of
26 universities shall not be considered trust funds for the

1 purpose of this Article, but funds of alumni associations,
2 foundations, and athletic associations which are affiliated
3 with the universities included as employers under this Article
4 and other employers which do not receive State appropriations
5 are considered to be trust funds for the purpose of this
6 Article.

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

20 (c) Through State fiscal year 1995: The total employer
21 contribution shall be apportioned among the various funds of
22 the State and other employers, whether trust, federal, or other
23 funds, in accordance with actuarial procedures approved by the
24 Board. State of Illinois contributions for employers receiving
25 State appropriations for personal services shall be payable
26 from appropriations made to the employers or to the System. The

1 contributions for Class I community colleges covering earnings
2 other than those paid from trust and federal funds, shall be
3 payable solely from appropriations to the Illinois Community
4 College Board or the System for employer contributions.

5 (d) Beginning in State fiscal year 1996, the required State
6 contributions to the System shall be appropriated directly to
7 the System and shall be payable through vouchers issued in
8 accordance with subsection (c) of Section 15-165, except as
9 provided in subsection (g).

10 (e) The State Comptroller shall draw warrants payable to
11 the System upon proper certification by the System or by the
12 employer in accordance with the appropriation laws and this
13 Code.

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

22 (g) If the amount of a participant's earnings for any
23 academic year used to determine the final rate of earnings,
24 determined on a full-time equivalent basis, exceeds the amount
25 of his or her earnings with the same employer for the previous
26 academic year, determined on a full-time equivalent basis, by

1 more than 6%, the participant's employer shall pay to the
2 System, in addition to all other payments required under this
3 Section and in accordance with guidelines established by the
4 System, the present value of the increase in benefits resulting
5 from the portion of the increase in earnings that is in excess
6 of 6%. This present value shall be computed by the System on
7 the basis of the actuarial assumptions and tables used in the
8 most recent actuarial valuation of the System that is available
9 at the time of the computation. The System may require the
10 employer to provide any pertinent information or
11 documentation.

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

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

10 (h) This subsection (h) applies only to payments made or
11 salary increases given on or after June 1, 2005 but before July
12 1, 2011. The changes made by Public Act 94-1057 shall not
13 require the System to refund any payments received before July
14 31, 2006 (the effective date of Public Act 94-1057).

15 When assessing payment for any amount due under subsection
16 (g), the System shall exclude earnings increases paid to
17 participants under contracts or collective bargaining
18 agreements entered into, amended, or renewed before June 1,
19 2005.

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

24 When assessing payment for any amount due under subsection
25 (g), the System shall exclude earnings increases resulting from
26 overload work, including a contract for summer teaching, or

1 overtime when the employer has certified to the System, and the
2 System has approved the certification, that: (i) in the case of
3 overloads (A) the overload work is for the sole purpose of
4 academic instruction in excess of the standard number of
5 instruction hours for a full-time employee occurring during the
6 academic year that the overload is paid and (B) the earnings
7 increases are equal to or less than the rate of pay for
8 academic instruction computed using the participant's current
9 salary rate and work schedule; and (ii) in the case of
10 overtime, the overtime was necessary for the educational
11 mission.

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

26 (i) When assessing payment for any amount due under

1 subsection (g), the System shall exclude any salary increase
2 described in subsection (h) 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 (g) of this Section.

10 (j) 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 (k) The Illinois Community College Board shall adopt rules
26 for recommending lists of promotional positions submitted to

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

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

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

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

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

3 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
4 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
5 7-13-12; revised 10-17-12.)

6 (40 ILCS 5/15-155.1 new)

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

23 The System may provide for an audit of the records of an
24 employer, other than the State, as may be required to establish
25 the amounts of required contributions. The employer shall make

1 its records available to the System for the purpose of such
2 audit. The cost of such audit shall be added to the amount of
3 the delinquent payments and may be recovered by the System from
4 the employer at the same time and in the same manner as the
5 delinquent payments are recovered.

6 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

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

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

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

1 Article XIII, Section 5 of the Illinois Constitution.

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

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

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

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

2 Sec. 15-157. Employee Contributions.

3 (a) Each participating employee shall make contributions
4 towards the retirement benefits payable under the retirement
5 program applicable to the employee from each payment of
6 earnings applicable to employment under this system on and
7 after the date of becoming a participant as follows: Prior to
8 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
9 to August 31, 1955, 5%; from September 1, 1955 to August 31,
10 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
11 are to be considered as normal contributions for purposes of
12 this Article.

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

1 required by this paragraph, he or she may elect to pay the
2 additional contributions plus compound interest at the
3 effective rate. If such payment is received by the board, the
4 service shall be considered as police officer service in
5 calculating the retirement annuity under Rule 4 of Section
6 15-136. While performing service described in clause (i) or
7 (ii) of Rule 4 of Section 15-136, a participating employee
8 shall be deemed to be employed as a firefighter for the purpose
9 of determining the rate of employee contributions under this
10 Section.

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

18 (c) In addition to the amounts described in subsections (a)
19 and (b) of this Section, each participating employee shall make
20 contributions of 1% of earnings applicable under this system on
21 and after August 1, 1959. The contributions made under this
22 subsection (c) shall be considered as survivor's insurance
23 contributions for purposes of this Article if the employee is
24 covered under the traditional benefit package, and such
25 contributions shall be considered as additional contributions
26 for purposes of this Article if the employee is participating

1 in the self-managed plan or has elected to participate in the
2 portable benefit package and has completed the applicable
3 one-year waiting period. Contributions in excess of \$80 during
4 any fiscal year beginning before August 31, 1969 and in excess
5 of \$120 during any fiscal year thereafter until September 1,
6 1971 shall be considered as additional contributions for
7 purposes of this Article.

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

14 (1) beginning July 1, 2013 and through June 30, 2014,
15 1% of earnings; and

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

17 Except as otherwise specified, these contributions are to
18 be considered as normal contributions for purposes of this
19 Article.

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

25 (e) That fraction of a participant's total accumulated
26 normal contributions, the numerator of which is equal to the

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

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

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

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

20 (40 ILCS 5/15-158.5 new)

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

22 (a) Contents of Tier 3 retirement plan. The Tier 3
23 retirement plan consists of a defined-benefit component and a
24 defined-contribution component; both components apply to all
25 participants in the Tier 3 retirement plan. The plan also

1 includes provisions relating to contributions and refunds.

2 The defined-benefit component includes a retirement
3 annuity as provided under this Section, a surviving spouse
4 annuity as provided under this Section, and a disability
5 benefit as provided in this Section.

6 The defined-contribution component shall be a defined
7 contribution plan that shall be established by the System. Each
8 participant shall have an individual account whose assets are
9 managed by the System, which shall design a target-date or
10 life-cycle investment allocation mechanism for this plan. This
11 mechanism shall invest all assets in participants' defined
12 contribution accounts in vehicles already in use by the
13 System's defined-benefit Fund, but the specific allocation
14 will vary with the participant's age, with more aggressive
15 investments for younger participants and more conservative
16 investments for older participants.

17 The balance in a participant's defined-contribution
18 account shall be a function exclusively of employee
19 contributions as described in subsection (g), employer
20 contributions as described in subsection (h), and actual
21 investment returns net of fees and administrative costs as
22 certified by the System.

23 Subsequent to retirement, a participant may access the
24 assets in his or her defined-contribution account by taking
25 lump-sum disbursements, rolling over the balance into another
26 qualified plan, or purchasing an annuity or other insurance

1 product to the extent allowable under federal law. Under no
2 circumstances shall the State or employer be exposed to any
3 investment or actuarial risk in the determination of benefit
4 levels.

5 The defined-contribution component of the Tier 3
6 retirement plan does not include any of the following with
7 respect to service performed while participating in the Tier 3
8 retirement plan: retirement annuities, death benefits,
9 survivors insurance, or disability benefits payable directly
10 from the System as provided in Sections 15-135 through 15-153.3
11 (except Section 15-139) or Section 1-160; refunds determined
12 under Section 15-154; or participation in the self-managed plan
13 under Section 15-158.2, except as provided in subsection (c) of
14 this Section.

15 Participation in the Tier 3 retirement plan under this
16 Section constitutes membership in the State Universities
17 Retirement System. Participants in the Tier 3 retirement plan
18 remain subject to the provisions of this Article that apply to
19 participants generally and that do not depend upon the benefit
20 package or plan. A participant in the Tier 3 retirement plan is
21 entitled to the applicable benefits of Article 20 of this Code.

22 The Tier 3 retirement plan is subject to the provisions of
23 Article 1 of this Code that apply to retirement systems
24 generally and must be qualified under the Internal Revenue Code
25 of 1986.

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

1 "Consumer Price Index-U" means the Consumer Price Index
2 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 "Final rate of earnings" means:

7 (1) for an employee who is paid on an hourly basis or
8 who receives an annual salary in installments during 12
9 months of each academic year, the average annual earnings
10 obtained by dividing by 8 the total earnings of the
11 employee during the 96 consecutive months in which the
12 total earnings were the highest within the last 120 months
13 prior to termination;

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

18 (3) for an employee with less than 96 consecutive
19 months or 8 consecutive academic years of service,
20 whichever is necessary, the average earnings during his or
21 her entire period of service.

22 (c) Participation. An employee who first becomes a
23 participant of the System on or after January 1, 2014 shall
24 participate in the Tier 3 retirement plan in lieu of
25 participation in the traditional benefit package or the
26 portable benefit package. However, an employee who first

1 becomes a participant of the System on or after January 1, 2014
2 shall have the option to elect to participate in the
3 self-managed plan established under Section 15-158.2 in lieu of
4 participating in the Tier 3 retirement plan.

5 An employee who first became a participant of this System
6 on or after January 1, 2011 and before January 1, 2014 may
7 choose to transfer his or her pension credits into the Tier 3
8 retirement plan by making, on or before June 1, 2014, an
9 irrevocable election to transfer his or her pension credits
10 into the Tier 3 retirement plan. An employee so electing will
11 be credited with employee contributions and employer normal
12 cost contributions plus interest at the actual rate of return.
13 The System shall calculate the total cost of transferring an
14 equal amount of service credit into the Tier 3 defined benefit
15 plan and use the credited contributions to cover the cost of
16 the transfer. Any unused contributions shall be deposited into
17 the employee's defined contribution account.

18 (d) Retirement annuity.

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

24 A participant in the Tier 3 retirement plan is entitled
25 to a reduced retirement annuity upon written application if
26 he or she has attained age 62 but is below age 67 at the

1 time of retirement, has at least 10 years of service
2 credit, and has terminated employment under this Article.

3 (2) The retirement annuity shall be 1.1% of the final
4 rate of earnings for each year of creditable service. If
5 the participant has not attained age 67 at the time of
6 retirement, the retirement annuity shall be reduced by
7 one-half of 1% for each full month by which the age at
8 retirement is less than age 67.

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

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

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

25 (e) Survivor's annuity.

26 (1) Eligibility for and the duration of a survivor's

1 annuity under this Section shall be determined in the same
2 manner as eligibility for survivor's insurance benefits
3 under Section 15-145.

4 (2) The initial survivor's annuity of an eligible
5 survivor of a retired participant in the Tier 3 retirement
6 plan shall be in the amount of 66 2/3% of the retired
7 participant's retirement annuity at the date of death.

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

14 (3) A survivor's annuity shall be increased on each
15 January 1 occurring on or after the first anniversary of
16 the commencement of the annuity. Each annual increase shall
17 be a percentage of the originally granted survivor's
18 annuity equal to 3% or one-half of the annual unadjusted
19 percentage increase in the Consumer Price Index-U for the
20 12 months ending with the preceding September, whichever is
21 less. If that annual unadjusted percentage change is zero
22 or there is a decrease, then the annuity shall not be
23 increased.

24 (f) Disability benefit.

25 (1) A participant in the Tier 3 retirement plan is
26 eligible for the disability benefit provided under this

1 subsection subject to the conditions of eligibility
2 specified in Section 15-150.

3 (2) The disability benefit provided under this
4 subsection shall begin to accrue as specified in Section
5 15-151.

6 (3) The disability benefit provided under this
7 subsection shall be discontinued in accordance with
8 Section 15-152.

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

12 (5) The disability benefit provided under this
13 subsection shall be reduced in accordance with Section
14 15-153.1.

15 (6) The provisions of Section 15-153.2 apply to any
16 participant whose disability benefit under this subsection
17 is discontinued by the operation of clause (6) of Section
18 15-152 and who is not a participant in the self-managed
19 plan.

20 (7) The disability benefit provided under this Section
21 shall be increased on each January 1 occurring on or after
22 the first anniversary of the commencement of that benefit.
23 Each annual increase shall be a percentage of the
24 disability benefit then payable, including any previous
25 increases, equal to 3% or one-half of the annual unadjusted
26 percentage increase in the Consumer Price Index-U for the

1 12 months ending with the preceding September, whichever is
2 less. If that annual unadjusted percentage change is zero
3 or there is a decrease, then the disability benefit shall
4 not be increased.

5 An amount of employer contributions shall be used for the
6 purpose of providing the disability benefit under this
7 subsection to the participant. Prior to the beginning of each
8 plan year under the Tier 3 retirement plan, the Board of
9 Trustees shall determine, as a percentage of earnings, the
10 amount of employer contributions to be allocated during that
11 plan year for providing a disability benefit for employees in
12 the Tier 3 retirement plan.

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

24 A Tier 3 employee may make additional contributions to the
25 defined-contribution component of the Tier 3 retirement plan in
26 accordance with the procedures prescribed by the System, to the

1 extent permitted under the rules of the plan.

2 (h) Actual employer contributions.

3 (1) To fund the Tier 3 retirement plan, the actual
4 employer of an employee who participates in the Tier 3
5 retirement plan shall annually contribute to the System an
6 amount determined by the System equal to the sum of: (i)
7 the annual employer's normal cost of the defined-benefit
8 component of the Tier 3 retirement plan for employees of
9 that employer, (ii) any unfunded accrued liability arising
10 from the Tier 3 retirement plan assigned to the employer
11 that year in accordance with subsection (h-5), and (iii)
12 any optional matching contribution to be made for that year
13 to the defined-contribution accounts of the local
14 employers' employees by the local employer pursuant to a
15 collective bargaining agreement or other employment
16 contract, provided that the optional matching contribution
17 shall not be less than 3% or greater than 10% of the
18 applicable employee salary.

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

22 (3) The contributions required under this subsection
23 (h) are in addition to the contributions required under
24 Section 15-155 and any other contributions required under
25 this Article.

26 (4) In no event shall a participant have an option of

1 receiving any portion of the local employer contributions
2 to the defined-benefit plan in cash.

3 (h-5) For use in determining the employer's contribution
4 for unfunded accrued liability under item (ii) of paragraph (1)
5 of subsection (h), the System shall maintain a separate account
6 for each employer. The separate account shall be maintained in
7 such form and detail as the System determines to be
8 appropriate. The separate account shall reflect the following
9 items to the extent that they are attributable to that employer
10 and arise on or after the effective date of this amendatory Act
11 of the 98th General Assembly: employer contributions, employee
12 contributions, investment returns, payments of benefits, and
13 that employer's proportionate share of the System's
14 administrative expenses.

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

21 (i) Refunds. Refunds of employee contributions to the
22 defined-benefit component of the Tier 3 retirement plan and
23 vested employer contributions to the defined-benefit component
24 of the Tier 3 retirement plan shall be calculated in accordance
25 with Section 15-154.

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

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

3 (a) The Board shall certify to the Governor on or before
4 November 15 of each year through ~~until~~ November 15, 2011 the
5 appropriation required from State funds for the purposes of
6 this System for the following fiscal year. The certification
7 under this subsection (a) shall include a copy of the actuarial
8 recommendations upon which it is based ~~and shall specifically~~
9 ~~identify the System's projected State normal cost for that~~
10 ~~fiscal year and the projected State cost for the self-managed~~
11 ~~plan for that fiscal year.~~

12 On or before May 1, 2004, 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 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

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

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

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

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

1 following the State Actuary's recommended changes on the
2 required State contribution.

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

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

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this Section, the difference

1 shall be paid from the General Revenue Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

4 (d) So long as the payments received are the full amount
5 lawfully vouchered under this Section, payments received by the
6 System under this Section shall be applied first toward the
7 employer contribution to the self-managed plan established
8 under Section 15-158.2. Payments shall be applied second toward
9 the employer's portion of the normal costs of the System, as
10 defined in subsection (f) of Section 15-155. The balance shall
11 be applied toward the unfunded actuarial liabilities of the
12 System.

13 (e) In the event that the System does not receive, as a
14 result of legislative enactment or otherwise, payments
15 sufficient to fully fund the employer contribution to the
16 self-managed plan established under Section 15-158.2 and to
17 fully fund that portion of the employer's portion of the normal
18 costs of the System, as calculated in accordance with Section
19 15-155(a-1), then any payments received shall be applied
20 proportionately to the optional retirement program established
21 under Section 15-158.2 and to the employer's portion of the
22 normal costs of the System, as calculated in accordance with
23 Section 15-155(a-1).

24 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
25 97-694, eff. 6-18-12.)

1 (40 ILCS 5/15-198)

2 Sec. 15-198. Application and expiration of new benefit
3 increases.

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

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

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

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

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

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

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

1 benefit increase was in effect.

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

3 (40 ILCS 5/16-106.4 new)

4 Sec. 16-106.4. Tier I member. "Tier I member": A member
5 under this Article who first became a member or participant
6 before January 1, 2011 under any reciprocal retirement system
7 or pension fund established under this Code other than a
8 retirement system or pension fund established under Article 2,
9 3, 4, 5, 6, or 18 of this Code.

10 (40 ILCS 5/16-106.5 new)

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

13 (40 ILCS 5/16-106.6 new)

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

20 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

21 Sec. 16-121. Salary. "Salary": The actual compensation
22 received by a teacher during any school year and recognized by

1 the system in accordance with rules of the board. For purposes
2 of this Section, "school year" includes the regular school term
3 plus any additional period for which a teacher is compensated
4 and such compensation is recognized by the rules of the board.

5 Notwithstanding any other provision of this Code, the
6 salary of a Tier I member or Tier 3 employee for the purposes
7 of this Code shall not exceed, for periods of service on or
8 after the effective date of this amendatory Act of the 98th
9 General Assembly, the greater of (i) the annual contribution
10 and benefit base established for the applicable year by the
11 Commissioner of Social Security under the federal Social
12 Security Act or (ii) the annual salary of the member during the
13 365 days immediately preceding that effective date; except that
14 this limitation does not apply to a member's salary that is
15 determined under an employment contract or collective
16 bargaining agreement that is in effect on the effective date of
17 this amendatory Act of the 98th General Assembly and has not
18 been amended or renewed after that date.

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

20 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

21 Sec. 16-132. Retirement annuity eligibility.

22 (a) A member who has at least 20 years of creditable
23 service is entitled to a retirement annuity upon or after
24 attainment of age 55. A member who has at least 10 but less
25 than 20 years of creditable service is entitled to a retirement

1 annuity upon or after attainment of age 60. A member who has at
2 least 5 but less than 10 years of creditable service is
3 entitled to a retirement annuity upon or after attainment of
4 age 62. A member who (i) has earned during the period
5 immediately preceding the last day of service at least one year
6 of contributing creditable service as an employee of a
7 department as defined in Section 14-103.04, (ii) has earned at
8 least 5 years of contributing creditable service as an employee
9 of a department as defined in Section 14-103.04, and (iii)
10 retires on or after January 1, 2001 is entitled to a retirement
11 annuity upon or after attainment of an age which, when added to
12 the number of years of his or her total creditable service,
13 equals at least 85. Portions of years shall be counted as
14 decimal equivalents.

15 A member who is eligible to receive a retirement annuity of
16 at least 74.6% of final average salary and will attain age 55
17 on or before December 31 during the year which commences on
18 July 1 shall be deemed to attain age 55 on the preceding June
19 1.

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

23 (1) If the Tier I member is at least 45 years old on
24 the effective date of this amendatory Act of the 98th
25 General Assembly, then the references to age 55, 60, and 62
26 in subsection (a) of this Section remain unchanged and the

1 reference to 85 in subsection (a) of this Section remains
2 unchanged.

3 (2) If the Tier I member is at least 40 but less than
4 45 years old on the effective date of this amendatory Act
5 of the 98th General Assembly, then the references to age
6 55, 60, and 62 in subsection (a) of this Section are
7 increased by one year and the reference to 85 in subsection
8 (a) is increased to 87.

9 (3) If the Tier I member is at least 35 but less than
10 40 years old on the effective date of this amendatory Act
11 of the 98th General Assembly, then the references to age
12 55, 60, and 62 in subsection (a) of this Section are
13 increased by 3 years and the reference to 85 in subsection
14 (a) is increased to 91.

15 (4) If the Tier I member is less than 35 years old on
16 the effective date of this amendatory Act of the 98th
17 General Assembly, then the references to age 55, 60, and 62
18 in subsection (a) of this Section are increased by 5 years
19 and the reference to 85 in subsection (a) is increased to
20 95.

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

25 (c) A member meeting the above eligibility conditions is
26 entitled to a retirement annuity upon written application to

1 the board setting forth the date the member wishes the
2 retirement annuity to commence. However, the effective date of
3 the retirement annuity shall be no earlier than the day
4 following the last day of creditable service, regardless of the
5 date of official termination of employment.

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

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

17 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

2 (1) An amount that can be provided on an
3 actuarially equivalent basis by the member's
4 accumulated contributions at the time of retirement;
5 and

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

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

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

26 This paragraph (A) does not apply to a person who first

1 becomes a teacher under this Article on or after July 1,
2 2005.

3 (B) An amount consisting of the greater of the
4 following:

5 (1) For creditable service earned before July 1,
6 1998 that has not been augmented under Section
7 16-129.1: 1.67% of final average salary for each of the
8 first 10 years of creditable service, 1.90% of final
9 average salary for each year in excess of 10 but not
10 exceeding 20, 2.10% of final average salary for each
11 year in excess of 20 but not exceeding 30, and 2.30% of
12 final average salary for each year in excess of 30; and

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

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

26 (2) 1.5% of final average salary for each year of

1 creditable service plus the sum \$7.50 for each of the
2 first 20 years of creditable service.

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

25 (b) For purposes of this Section, final average salary
26 shall be the average salary for the highest 4 consecutive years

1 within the last 10 years of creditable service as determined
2 under rules of the board. The minimum final average salary
3 shall be considered to be \$2,400 per year.

4 In the determination of final average salary for members
5 other than elected officials and their appointees when such
6 appointees are allowed by statute, that part of a member's
7 salary for any year beginning after June 30, 1979 which exceeds
8 the member's annual full-time salary rate with the same
9 employer for the preceding year by more than 20% shall be
10 excluded. The exclusion shall not apply in any year in which
11 the member's creditable earnings are less than 50% of the
12 preceding year's mean salary for downstate teachers as
13 determined by the survey of school district salaries provided
14 in Section 2-3.103 of the School Code.

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

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

23 (e) The maximum retirement annuity provided under
24 paragraph (B) of this Section shall be 75% of final average
25 salary.

26 (f) A member retiring after the effective date of this

1 amendatory Act of 1998 shall receive a pension equal to 75% of
2 final average salary if the member is qualified to receive a
3 retirement annuity equal to at least 74.6% of final average
4 salary under this Article or as proportional annuities under
5 Article 20 of this Code.

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

7 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

9 (a) Each member with creditable service and retiring on or
10 after August 26, 1969 is entitled to the automatic annual
11 increases in annuity provided under this Section while
12 receiving a retirement annuity or disability retirement
13 annuity from the system.

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

20 (1) 1.5% of the originally granted retirement annuity
21 or disability retirement annuity multiplied by the number
22 of years elapsed, if any, from the date of retirement until
23 January 1, 1972, plus

24 (2) 2% of the originally granted annuity multiplied by
25 the number of years elapsed, if any, from the date of

1 retirement or January 1, 1972, whichever is later, until
2 January 1, 1978, plus

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

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

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

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

1 increase in retirement annuity occurring on or after the
2 effective date of this amendatory Act of the 98th General
3 Assembly shall be the lesser of \$750 or 3% of the total annuity
4 payable at the time of the increase, including previous
5 increases granted.

6 (a-2) Notwithstanding any other provision of this Article,
7 for a Tier I retiree, the monthly retirement annuity shall
8 first be subject to annual increases on the January 1 occurring
9 on or next after the attainment of age 67 or the January 1
10 occurring on or next after the fifth anniversary of the annuity
11 start date, whichever occurs earlier. If on the effective date
12 of this amendatory Act of the 98th General Assembly a Tier I
13 retiree has already received an annual increase under this
14 Section but does not yet meet the new eligibility requirements
15 of this 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 Section 1-103.1, subsections (a-1)
20 and (a-2) apply without regard to whether or not the Tier I
21 retiree is in active service under this Article on or after the
22 effective date of this amendatory Act of the 98th General
23 Assembly.

24 (b) The automatic annual increases in annuity provided
25 under this Section shall not be applicable unless a member has
26 made contributions toward such increases for a period

1 equivalent to one full year of creditable service. If a member
2 contributes for service performed after August 26, 1969 but the
3 member becomes an annuitant before such contributions amount to
4 one full year's contributions based on the salary at the date
5 of retirement, he or she may pay the necessary balance of the
6 contributions to the system and be eligible for the automatic
7 annual increases in annuity provided under this Section.

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

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

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

1 year of creditable service.

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

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

8 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

9 Sec. 16-152. Contributions by members.

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

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

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

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

23 (4) Effective July 1, 2005, contributions of 0.40% of
24 salary toward the cost of the early retirement without
25 discount option provided under Section 16-133.2. This

1 contribution shall cease upon termination of the early
2 retirement without discount option as provided in Section
3 16-176.

4 (a-5) In addition to the contributions otherwise required
5 under this Article, each Tier I member shall also make the
6 following contributions toward the cost of the retirement
7 annuity from each payment of salary:

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

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

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

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

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

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

1 were based.

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

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

16 (2) The contributions shall be included, without
17 interest, in any refund claimed by the member under Section
18 16-151.

19 (3) The contributions shall be refunded to the member's
20 designated beneficiary (or if there is no beneficiary, to
21 the member's estate), without interest, if the member dies
22 without having begun to receive a retirement annuity under
23 this Article.

24 (4) The contributions shall be refunded to the member,
25 without interest, within 120 days after the early
26 retirement without discount option provided under Section

1 16-133.2 is terminated under Section 16-176.
2 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

3 (40 ILCS 5/16-152.8 new)

4 Sec. 16-152.8. Tier 3 retirement plan.

5 (a) Contents of Tier 3 retirement plan. The Tier 3
6 retirement plan consists of a defined-benefit component and a
7 defined-contribution component; both components apply to all
8 participants in the Tier 3 retirement plan. The plan also
9 includes provisions relating to contributions and refunds.

10 The defined-benefit component includes a retirement
11 annuity as provided under this Section, a surviving spouse
12 annuity as provided under this Section, and a disability
13 benefit as provided in this Section.

14 The defined-contribution component shall be a defined
15 contribution plan that shall be established by the System. Each
16 participant shall have an individual account whose assets are
17 managed by the System, which shall design a target-date or
18 life-cycle investment allocation mechanism for this plan. This
19 mechanism shall invest all assets in participants' defined
20 contribution accounts in vehicles already in use by the
21 System's defined-benefit Fund, but the specific allocation
22 will vary with the participant's age, with more aggressive
23 investments for younger participants and more conservative
24 investments for older participants.

25 The balance in a participant's defined-contribution

1 account shall be a function exclusively of employee
2 contributions as described in subsection (g), employer
3 contributions as described in subsection (h), and actual
4 investment returns net of fees and administrative costs as
5 certified by the System.

6 Subsequent to retirement, a participant may access the
7 assets in his or her defined-contribution account by taking
8 lump-sum disbursements, rolling over the balance into another
9 qualified plan, or purchasing an annuity or other insurance
10 product to the extent allowable under federal law. Under no
11 circumstances shall the State or employer be exposed to any
12 investment or actuarial risk in the determination of benefit
13 levels.

14 The defined-contribution component of the Tier 3
15 retirement plan does not include any of the following with
16 respect to service performed while participating in the Tier 3
17 retirement plan: retirement annuities, reversionary annuities,
18 death benefits, survivors' benefits, or disability benefits
19 payable directly from the System as provided in Sections 16-132
20 through 16-149.6 (except Section 16-149.2) or Section 1-160; or
21 refunds determined under Section 16-151.

22 Participation in the Tier 3 retirement plan under this
23 Section constitutes membership in the Teachers' Retirement
24 System of the State of Illinois. Participants in the Tier 3
25 retirement plan remain subject to the provisions of this
26 Article that apply to participants generally and that do not

1 depend upon the benefit package or plan. A participant in the
2 Tier 3 retirement plan is entitled to the applicable benefits
3 of Article 20 of this Code.

4 The Tier 3 retirement plan is subject to the provisions of
5 Article 1 of this Code that apply to retirement systems
6 generally and must be qualified under the Internal Revenue Code
7 of 1986.

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

9 "Consumer Price Index-U" means the Consumer Price Index
10 published by the Bureau of Labor Statistics of the United
11 States Department of Labor that measures the average change in
12 prices of goods and services purchased by all urban consumers,
13 United States city average, all items, 1982-84 = 100.

14 "Final average salary" means:

15 (1) for a teacher who is paid on an hourly basis or who
16 receives an annual salary in installments during 12 months
17 of each school year, the average annual salary obtained by
18 dividing by 8 the total salary of the teacher during the 96
19 consecutive months in which the total salary was the
20 highest within the last 120 months prior to termination;

21 (2) for any other teacher, the average annual salary
22 during the 8 consecutive school years within the 10 years
23 prior to termination in which the teacher's salary was the
24 highest; and

25 (3) for a teacher with less than 96 consecutive months
26 or 8 consecutive school years of service, whichever is

1 necessary, the average salary during his or her entire
2 period of service.

3 (c) Participation. A teacher who first becomes a member of
4 the System on or after January 1, 2014 shall, with respect to
5 service under this Article, participate in the Tier 3
6 retirement plan only and not, except as specified in this
7 Section, any other benefit package provided under this Article
8 or Section 1-160.

9 A teacher who first became a member of this System on or
10 after January 1, 2011 and before January 1, 2014 may choose to
11 transfer his or her pension credits into the Tier 3 retirement
12 plan by making, on or before June 1, 2014, an irrevocable
13 election to transfer his or her pension credits into the Tier 3
14 retirement plan. A teacher so electing will be credited with
15 employee contributions and employer normal cost contributions
16 plus interest at the actual rate of return. The System shall
17 calculate the total cost of transferring an equal amount of
18 service credit into the Tier 3 defined benefit plan and use the
19 credited contributions to cover the cost of the transfer. Any
20 unused contributions shall be deposited into the member's
21 defined contribution account.

22 (d) Retirement annuity.

23 (1) A participant in the Tier 3 retirement plan is
24 entitled to a retirement annuity under this Section upon
25 written application if he or she has attained age 67, has
26 at least 5 years of service credit, and has terminated

1 employment under this Article.

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

7 (2) The retirement annuity shall be 1.1% of the final
8 average salary for each year of creditable service. If the
9 participant has not attained age 67 at the time of
10 retirement, the retirement annuity shall be reduced by
11 one-half of 1% for each full month by which the age at
12 retirement is less than age 67.

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

16 (4) A retirement annuity under this Section shall be
17 subject to annual increases on each January 1 occurring on
18 or after the attainment of age 67 or the first anniversary
19 of the annuity start date, whichever is later. Each annual
20 increase shall be a percentage of the originally granted
21 retirement annuity equal to 3% or one-half of the annual
22 unadjusted percentage increase in the Consumer Price
23 Index-U for the 12 months ending with the preceding
24 September, whichever is less. If that annual unadjusted
25 percentage change is zero or there is a decrease, then the
26 annuity shall not be increased.

1 (e) Survivor's annuity.

2 (1) Eligibility for and the duration of a survivor's
3 annuity under this Section shall be determined in the same
4 manner as eligibility for survivors' benefits under this
5 Article.

6 (2) The initial survivor's annuity of an eligible
7 survivor of a retired participant in the Tier 3 retirement
8 plan shall be in the amount of 66 2/3% of the retired
9 participant's retirement annuity at the date of death.

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

16 (3) A survivor's annuity shall be increased on each
17 January 1 occurring on or after the first anniversary of
18 the commencement of the annuity. Each annual increase shall
19 be a percentage of the originally granted survivor's
20 annuity equal to 3% or one-half of the annual unadjusted
21 percentage increase in the Consumer Price Index-U for the
22 12 months ending with the preceding September, whichever is
23 less. If that annual unadjusted percentage change is zero
24 or there is a decrease, then the annuity shall not be
25 increased.

26 (f) Disability benefit.

1 (1) A participant in the Tier 3 retirement plan is
2 eligible for the disability benefit provided under this
3 subsection subject to the conditions of eligibility
4 specified in Section 16-149.

5 (2) The disability benefit provided under this
6 subsection shall begin to accrue as specified in Section
7 16-149.

8 (3) The disability benefit provided under this
9 subsection shall be discontinued in accordance with
10 Section 16-149.

11 (4) The disability benefit provided under this
12 subsection shall be an amount determined as specified in
13 Section 16-149.

14 (5) The provisions of Section 16-149.2 apply to any
15 participant whose disability benefit under this subsection
16 is discontinued by the operation of Section 16-149 and who
17 is not a participant in the self-managed plan.

18 (6) The disability benefit provided under this Section
19 shall be increased on each January 1 occurring on or after
20 the first anniversary of the commencement of that benefit.
21 Each annual increase shall be a percentage of the
22 disability benefit then payable, including any previous
23 increases, equal to 3% or one-half of the annual unadjusted
24 percentage increase in the Consumer Price Index-U for the
25 12 months ending with the preceding September, whichever is
26 less. If that annual unadjusted percentage change is zero

1 or there is a decrease, then the disability benefit shall
2 not be increased.

3 An amount of employer contributions shall be used for the
4 purpose of providing the disability benefit under this
5 subsection to the participant. Prior to the beginning of each
6 plan year under the Tier 3 retirement plan, the Board of
7 Trustees shall determine, as a percentage of salary, the amount
8 of employer contributions to be allocated during that plan year
9 for providing a disability benefit for teachers in the Tier 3
10 retirement plan.

11 (g) Teacher contributions. In lieu of the member
12 contributions required under Section 16-152, each teacher who
13 is a participant in the Tier 3 retirement plan shall contribute
14 to the System an amount equal to 4% of each payment of salary
15 to fund the defined-benefit component of the Tier 3 retirement
16 plan and an amount equal to 5% of each payment of salary to
17 fund the defined-contribution component of the Tier 3
18 retirement plan. These contributions shall be deducted from the
19 teacher's salary and may be picked up by the employer for
20 federal tax purposes under Section 16-152.1. These
21 contributions are a condition of employment.

22 A Tier 3 employee may make additional contributions to the
23 defined-contribution component of the Tier 3 retirement plan in
24 accordance with the procedures prescribed by the System, to the
25 extent permitted under the rules of the plan.

26 (h) Actual employer contributions.

1 (1) To fund the Tier 3 retirement plan, the actual
2 employer of a teacher who participates in the Tier 3
3 retirement plan shall annually contribute to the System an
4 amount determined by the System equal to the sum of: (i)
5 the annual employer's normal cost of the defined-benefit
6 component of the Tier 3 retirement plan for teachers of
7 that employer, (ii) any unfunded accrued liability arising
8 from the Tier 3 retirement plan assigned to the employer
9 that year in accordance with subsection (h-5), and (iii)
10 any optional matching contribution to be made for that year
11 to the defined-contribution accounts of the local
12 employers' teachers by the local employer pursuant to a
13 collective bargaining agreement or other employment
14 contract, provided that the optional matching contribution
15 shall not be less than 3% or greater than 10% of the
16 applicable teacher salary.

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

20 (3) The contributions required under this subsection
21 (h) are in addition to the contributions required under
22 Section 16-158 and any other contributions required under
23 this Article.

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

1 (h-5) For use in determining the employer's contribution
2 for unfunded accrued liability under item (ii) of paragraph (1)
3 of subsection (h), the System shall maintain a separate account
4 for each employer. The separate account shall be maintained in
5 such form and detail as the System determines to be
6 appropriate. The separate account shall reflect the following
7 items to the extent that they are attributable to that employer
8 and arise on or after the effective date of this amendatory Act
9 of the 98th General Assembly: employer contributions, employee
10 contributions, investment returns, payments of benefits, and
11 that employer's proportionate share of the System's
12 administrative expenses.

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

19 (i) Refunds. Refunds of teacher contributions to the
20 defined-benefit component of the Tier 3 retirement plan and
21 vested employer contributions to the defined-benefit component
22 of the Tier 3 retirement plan shall be calculated in accordance
23 with Section 16-138.

24 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

25 Sec. 16-158. Contributions by State and other employing

1 units.

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

10 The Board shall determine the amount of State contributions
11 required for each fiscal year on the basis of the actuarial
12 tables and other assumptions adopted by the Board and the
13 recommendations of the actuary, using the formula in subsection
14 (b-3).

15 (a-1) Annually, on or before November 15 through ~~until~~
16 November 15, 2011, the Board shall certify to the Governor the
17 amount of the required State contribution for the coming fiscal
18 year. The certification under this subsection (a-1) shall
19 include a copy of the actuarial recommendations upon which it
20 is based ~~and shall specifically identify the System's projected~~
21 ~~State normal cost for that fiscal year.~~

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

1 Obligation Bond Act.

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

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

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

25 On or before January 15, 2013 and each January 15
26 thereafter, the Board shall certify to the Governor and the

1 General Assembly the amount of the required State contribution
2 for the next fiscal year. The certification shall include a
3 copy of the actuarial recommendations upon which it is based
4 and shall specifically identify the System's projected State
5 normal cost for that fiscal year. The Board's certification
6 must note any deviations from the State Actuary's recommended
7 changes, the reason or reasons for not following the State
8 Actuary's recommended changes, and the fiscal impact of not
9 following the State Actuary's recommended changes on the
10 required State contribution.

11 (b) Through State fiscal year 1995, the State contributions
12 shall be paid to the System in accordance with Section 18-7 of
13 the School Code.

14 (b-1) Beginning in State fiscal year 1996, on the 15th day
15 of each month, or as soon thereafter as may be practicable, the
16 Board shall submit vouchers for payment of State contributions
17 to the System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a-1). From the effective date of this amendatory Act of the
20 93rd General Assembly through June 30, 2004, the Board shall
21 not submit vouchers for the remainder of fiscal year 2004 in
22 excess of the fiscal year 2004 certified contribution amount
23 determined under this Section after taking into consideration
24 the transfer to the System under subsection (a) of Section
25 6z-61 of the State Finance Act. These vouchers shall be paid by
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year.

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

11 (b-2) Allocations from the Common School Fund apportioned
12 to school districts not coming under this System shall not be
13 diminished or affected by the provisions of this Article.

14 (b-3) For State fiscal years 2014 through 2043, the minimum
15 contribution to the System to be made by the State for each
16 fiscal year shall be an amount determined by the System to be
17 equal to the sum of (1) the State's portion of the projected
18 normal cost for that fiscal year, plus (2) an amount sufficient
19 to bring the total assets of the System up to 100% of the total
20 actuarial liabilities of the System by the end of State fiscal
21 year 2043. In making these determinations, the required State
22 contribution shall be calculated each year as a level
23 percentage of payroll over the years remaining to and including
24 fiscal year 2043 and shall be determined under the projected
25 unit credit actuarial cost method.

26 Beginning in State fiscal year 2044, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 100% of the total
3 actuarial liabilities of the System.

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

14 For State fiscal years 1996 through 2005, the State
15 contribution to the System, as a percentage of the applicable
16 employee payroll, shall be increased in equal annual increments
17 so that by State fiscal year 2011, the State is contributing at
18 the rate required under this Section; except that in the
19 following specified State fiscal years, the State contribution
20 to the System shall not be less than the following indicated
21 percentages of the applicable employee payroll, even if the
22 indicated percentage will produce a State contribution in
23 excess of the amount otherwise required under this subsection
24 and subsection (a), and notwithstanding any contrary
25 certification made under subsection (a-1) before the effective
26 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%

1 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
2 2003; and 13.56% in FY 2004.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$534,627,700.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$738,014,500.

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

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2010 is
17 \$2,089,268,000 and shall be made from the proceeds of bonds
18 sold in fiscal year 2010 pursuant to Section 7.2 of the General
19 Obligation Bond Act, less (i) the pro rata share of bond sale
20 expenses determined by the System's share of total bond
21 proceeds, (ii) any amounts received from the Common School Fund
22 in fiscal year 2010, and (iii) any reduction in bond proceeds
23 due to the issuance of discounted bonds, if applicable.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2011 is
26 the amount recertified by the System on or before April 1, 2011

1 pursuant to subsection (a-1) of this Section and shall be made
2 from the proceeds of bonds sold in fiscal year 2011 pursuant to
3 Section 7.2 of the General Obligation Bond Act, less (i) the
4 pro rata share of bond sale expenses determined by the System's
5 share of total bond proceeds, (ii) any amounts received from
6 the Common School Fund in fiscal year 2011, and (iii) any
7 reduction in bond proceeds due to the issuance of discounted
8 bonds, if applicable. This amount shall include, in addition to
9 the amount certified by the System, an amount necessary to meet
10 employer contributions required by the State as an employer
11 under paragraph (e) of this Section, which may also be used by
12 the System for contributions required by paragraph (a) of
13 Section 16-127.

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

18 Amounts received by the System pursuant to Section 25 of
19 the Budget Stabilization Act or Section 8.12 of the State
20 Finance Act in any fiscal year do not reduce and do not
21 constitute payment of any portion of the minimum State
22 contribution required under this Article in that fiscal year.
23 Such amounts shall not reduce, and shall not be included in the
24 calculation of, the required State contributions under this
25 Article in any future year until the System has reached a
26 funding ratio of at least 100% ~~90%~~. A reference in this Article

1 to the "required State contribution" or any substantially
2 similar term does not include or apply to any amounts payable
3 to the System under Section 25 of the Budget Stabilization Act.

4 Notwithstanding any other provision of this Section, the
5 required State contribution for State fiscal year 2005 and for
6 fiscal year 2008 and each fiscal year thereafter through State
7 fiscal year 2013, as calculated under this Section and
8 certified under subsection (a-1), shall not exceed an amount
9 equal to (i) the amount of the required State contribution that
10 would have been calculated under this Section for that fiscal
11 year if the System had not received any payments under
12 subsection (d) of Section 7.2 of the General Obligation Bond
13 Act, minus (ii) the portion of the State's total debt service
14 payments for that fiscal year on the bonds issued in fiscal
15 year 2003 for the purposes of that Section 7.2, as determined
16 and certified by the Comptroller, that is the same as the
17 System's portion of the total moneys distributed under
18 subsection (d) of Section 7.2 of the General Obligation Bond
19 Act. In determining this maximum for State fiscal years 2008
20 through 2010, however, the amount referred to in item (i) shall
21 be increased, as a percentage of the applicable employee
22 payroll, in equal increments calculated from the sum of the
23 required State contribution for State fiscal year 2007 plus the
24 applicable portion of the State's total debt service payments
25 for fiscal year 2007 on the bonds issued in fiscal year 2003
26 for the purposes of Section 7.2 of the General Obligation Bond

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

3 (c) Payment of the required State contributions and of all
4 pensions, retirement annuities, death benefits, refunds, and
5 other benefits granted under or assumed by this System, and all
6 expenses in connection with the administration and operation
7 thereof, are obligations of the State.

8 If members are paid from special trust or federal funds
9 which are administered by the employing unit, whether school
10 district or other unit, the employing unit shall pay to the
11 System from such funds the full accruing retirement costs based
12 upon that service, as determined by the System. Employer
13 contributions, based on salary paid to members from federal
14 funds, may be forwarded by the distributing agency of the State
15 of Illinois to the System prior to allocation, in an amount
16 determined in accordance with guidelines established by such
17 agency and the System.

18 (d) Effective July 1, 1986, any employer of a teacher as
19 defined in paragraph (8) of Section 16-106 shall pay the
20 employer's normal cost of benefits based upon the teacher's
21 service, in addition to employee contributions, as determined
22 by the System. Such employer contributions shall be forwarded
23 monthly in accordance with guidelines established by the
24 System.

25 However, with respect to benefits granted under Section
26 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)

1 of Section 16-106, the employer's contribution shall be 12%
2 (rather than 20%) of the member's highest annual salary rate
3 for each year of creditable service granted, and the employer
4 shall also pay the required employee contribution on behalf of
5 the teacher. For the purposes of Sections 16-133.4 and
6 16-133.5, a teacher as defined in paragraph (8) of Section
7 16-106 who is serving in that capacity while on leave of
8 absence from another employer under this Article shall not be
9 considered an employee of the employer from which the teacher
10 is on leave.

11 (e) Beginning July 1, 1998, every employer of a teacher
12 shall pay to the System an employer contribution computed as
13 follows:

14 (1) Beginning July 1, 1998 through June 30, 1999, the
15 employer contribution shall be equal to 0.3% of each
16 teacher's salary.

17 (2) Beginning July 1, 1999 and thereafter, the employer
18 contribution shall be equal to 0.58% of each teacher's
19 salary.

20 The school district or other employing unit may pay these
21 employer contributions out of any source of funding available
22 for that purpose and shall forward the contributions to the
23 System on the schedule established for the payment of member
24 contributions.

25 These employer contributions are intended to offset a
26 portion of the cost to the System of the increases in

1 retirement benefits resulting from this amendatory Act of 1998.

2 Each employer of teachers is entitled to a credit against
3 the contributions required under this subsection (e) with
4 respect to salaries paid to teachers for the period January 1,
5 2002 through June 30, 2003, equal to the amount paid by that
6 employer under subsection (a-5) of Section 6.6 of the State
7 Employees Group Insurance Act of 1971 with respect to salaries
8 paid to teachers for that period.

9 The additional 1% employee contribution required under
10 Section 16-152 by this amendatory Act of 1998 is the
11 responsibility of the teacher and not the teacher's employer,
12 unless the employer agrees, through collective bargaining or
13 otherwise, to make the contribution on behalf of the teacher.

14 If an employer is required by a contract in effect on May
15 1, 1998 between the employer and an employee organization to
16 pay, on behalf of all its full-time employees covered by this
17 Article, all mandatory employee contributions required under
18 this Article, then the employer shall be excused from paying
19 the employer contribution required under this subsection (e)
20 for the balance of the term of that contract. The employer and
21 the employee organization shall jointly certify to the System
22 the existence of the contractual requirement, in such form as
23 the System may prescribe. This exclusion shall cease upon the
24 termination, extension, or renewal of the contract at any time
25 after May 1, 1998.

26 (f) If the amount of a teacher's salary for any school year

1 used to determine final average salary exceeds the member's
2 annual full-time salary rate with the same employer for the
3 previous school year by more than 6%, the teacher's employer
4 shall pay to the System, in addition to all other payments
5 required under this Section and in accordance with guidelines
6 established by the System, the present value of the increase in
7 benefits resulting from the portion of the increase in salary
8 that is in excess of 6%. This present value shall be computed
9 by the System on the basis of the actuarial assumptions and
10 tables used in the most recent actuarial valuation of the
11 System that is available at the time of the computation. If a
12 teacher's salary for the 2005-2006 school year is used to
13 determine final average salary under this subsection (f), then
14 the changes made to this subsection (f) by Public Act 94-1057
15 shall apply in calculating whether the increase in his or her
16 salary is in excess of 6%. For the purposes of this Section,
17 change in employment under Section 10-21.12 of the School Code
18 on or after June 1, 2005 shall constitute a change in employer.
19 The System may require the employer to provide any pertinent
20 information or documentation. The changes made to this
21 subsection (f) by this amendatory Act of the 94th General
22 Assembly apply without regard to whether the teacher was in
23 service on or after its effective date.

24 Whenever it determines that a payment is or may be required
25 under this subsection, the System shall calculate the amount of
26 the payment and bill the employer for that amount. The bill

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

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

22 (g) This subsection (g) applies only to payments made or
23 salary increases given on or after June 1, 2005 but before July
24 1, 2011. The changes made by Public Act 94-1057 shall not
25 require the System to refund any payments received before July
26 31, 2006 (the effective date of Public Act 94-1057).

1 When assessing payment for any amount due under subsection
2 (f), the System shall exclude salary increases paid to teachers
3 under contracts or collective bargaining agreements entered
4 into, amended, or renewed before June 1, 2005.

5 When assessing payment for any amount due under subsection
6 (f), the System shall exclude salary increases paid to a
7 teacher at a time when the teacher is 10 or more years from
8 retirement eligibility under Section 16-132 or 16-133.2.

9 When assessing payment for any amount due under subsection
10 (f), the System shall exclude salary increases resulting from
11 overload work, including summer school, when the school
12 district has certified to the System, and the System has
13 approved the certification, that (i) the overload work is for
14 the sole purpose of classroom instruction in excess of the
15 standard number of classes for a full-time teacher in a school
16 district during a school year and (ii) the salary increases are
17 equal to or less than the rate of pay for classroom instruction
18 computed on the teacher's current salary and work schedule.

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude a salary increase resulting from
21 a promotion (i) for which the employee is required to hold a
22 certificate or supervisory endorsement issued by the State
23 Teacher Certification Board that is a different certification
24 or supervisory endorsement than is required for the teacher's
25 previous position and (ii) to a position that has existed and
26 been filled by a member for no less than one complete academic

1 year and the salary increase from the promotion is an increase
2 that results in an amount no greater than the lesser of the
3 average salary paid for other similar positions in the district
4 requiring the same certification or the amount stipulated in
5 the collective bargaining agreement for a similar position
6 requiring the same certification.

7 When assessing payment for any amount due under subsection
8 (f), the System shall exclude any payment to the teacher from
9 the State of Illinois or the State Board of Education over
10 which the employer does not have discretion, notwithstanding
11 that the payment is included in the computation of final
12 average salary.

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

23 (i) The System shall prepare a report and file copies of
24 the report with the Governor and the General Assembly by
25 January 1, 2007 that contains all of the following information:

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each
2 employer.

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

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

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

12 (j) 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 (k) 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 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
2 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
3 6-18-12; 97-813, eff. 7-13-12.)

4 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

5 Sec. 16-158.1. Actions to enforce payments by school
6 districts and other employing units other than the State. Any
7 school district or other employing unit, other than the State,
8 that fails ~~failings~~ to transmit to the System contributions
9 required of it under this Article or contributions required of
10 teachers, for more than 90 days after such contributions are
11 due is subject to the following: after giving notice to the
12 district or other unit, the System may certify to the State
13 Comptroller or the Regional Superintendent of Schools the
14 amounts of such delinquent payments and the State Comptroller
15 or the Regional Superintendent of Schools shall deduct the
16 amounts so certified or any part thereof from any State funds
17 to be remitted to the school district or other employing unit
18 involved and shall pay the amount so deducted to the System. If
19 State funds from which such deductions may be made are not
20 available, the System may proceed against the school district
21 or other employing unit to recover the amounts of such
22 delinquent payments in the appropriate circuit court.

23 The System may provide for an audit of the records of a
24 school district or other employing unit, other than the State,
25 as may be required to establish the amounts of required

1 contributions. The school district or other employing unit
2 shall make its records available to the System for the purpose
3 of such audit. The cost of such audit shall be added to the
4 amount of the delinquent payments and shall be recovered by the
5 System from the school district or other employing unit at the
6 same time and in the same manner as the delinquent payments are
7 recovered.

8 (Source: P.A. 90-448, eff. 8-16-97.)

9 (40 ILCS 5/16-158.2 new)

10 Sec. 16-158.2. Obligations of State; funding guarantee.
11 Beginning July 1, 2013, the State shall be contractually
12 obligated to contribute to the System under Section 16-158 in
13 each State fiscal year an amount not less than the sum of (i)
14 the State's normal cost for that year and (ii) the portion of
15 the unfunded accrued liability assigned to that year by law in
16 accordance with a schedule that distributes payments equitably
17 over a reasonable period of time and in accordance with
18 accepted actuarial practices. The obligations created under
19 this Section are contractual obligations protected and
20 enforceable under Article I, Section 16 and Article XIII,
21 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 Section, the System may bring a mandamus action in the
25 Circuit Court of Sangamon County to compel the State to make

1 that payment, irrespective of other remedies that may be
2 available to the System. In ordering the State to make the
3 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 Section are expressly subordinated to the payment of the
9 principal, interest, and premium, if any, on any bonded debt
10 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 (40 ILCS 5/16-203)

22 Sec. 16-203. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article, that results from an amendment
3 to this Code that takes effect after June 1, 2005 (the
4 effective date of Public Act 94-4). "New benefit increase",
5 however, does not include any benefit increase resulting from
6 the changes made to this Article or Article 1 by Public Act
7 95-910 or this amendatory Act of the 98th ~~95th~~ General
8 Assembly.

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

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

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

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

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

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

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

1 Sec. 20-121. Calculation of proportional retirement
2 annuities. Upon retirement of the employee, a proportional
3 retirement annuity shall be computed by each participating
4 system in which pension credit has been established on the
5 basis of pension credits under each system. The computation
6 shall be in accordance with the formula or method prescribed by
7 each participating system which is in effect at the date of the
8 employee's latest withdrawal from service covered by any of the
9 systems in which he has pension credits which he elects to have
10 considered under this Article. However, the amount of any
11 retirement annuity payable under the self-managed plan
12 established under Section 15-158.2 of this Code or under the
13 defined-contribution component of a Tier 3 retirement plan
14 established under Section 15-158.5 or 16-152.8 depends solely
15 on the value of the participant's vested account balances and
16 is not subject to any proportional adjustment under this
17 Section.

18 Combined pension credit under all retirement systems
19 subject to this Article shall be considered in determining
20 whether the minimum qualification has been met and the formula
21 or method of computation which shall be applied. If a system
22 has a step-rate formula for calculation of the retirement
23 annuity, pension credits covering previous service which have
24 been established under another system shall be considered in
25 determining which range or ranges of the step-rate formula are
26 to be applicable to the employee.

1 Interest on pension credit shall continue to accumulate in
2 accordance with the provisions of the law governing the
3 retirement system in which the same has been established during
4 the time an employee is in the service of another employer, on
5 the assumption such employee, for interest purposes for pension
6 credit, is continuing in the service covered by such retirement
7 system.

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

9 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

10 Sec. 20-123. Survivor's annuity. The provisions governing
11 a retirement annuity shall be applicable to a survivor's
12 annuity. Appropriate credits shall be established for
13 survivor's annuity purposes in those participating systems
14 which provide survivor's annuities, according to the same
15 conditions and subject to the same limitations and restrictions
16 herein prescribed for a retirement annuity. If a participating
17 system has no survivor's annuity benefit, or if the survivor's
18 annuity benefit under that system is waived, pension credit
19 established in that system shall not be considered in
20 determining eligibility for or the amount of the survivor's
21 annuity which may be payable by any other participating system.

22 For persons who participate in the self-managed plan
23 established under Section 15-158.2 or the portable benefit
24 package established under Section 15-136.4, or in a Tier 3
25 retirement plan established under Section 15-158.5, pension

1 credit established under Article 15 may be considered in
2 determining eligibility for or the amount of the survivor's
3 annuity that is payable by any other participating system, but
4 pension credit established in any other system shall not result
5 in any right to a survivor's annuity under the Article 15
6 system.

7 For persons who participate in the Tier 3 retirement plan
8 established under Section 16-152.8, pension credit established
9 under Article 16 may be considered in determining eligibility
10 for or the amount of the survivor's annuity that is payable by
11 any other participating system, but pension credit established
12 in any other system shall not result in any right to a
13 survivor's annuity under the Article 16 system.

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

15 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

16 Sec. 20-124. Maximum benefits.

17 (a) In no event shall the combined retirement or survivors
18 annuities exceed the highest annuity which would have been
19 payable by any participating system in which the employee has
20 pension credits, if all of his pension credits had been
21 validated in that system.

22 If the combined annuities should exceed the highest maximum
23 as determined in accordance with this Section, the respective
24 annuities shall be reduced proportionately according to the
25 ratio which the amount of each proportional annuity bears to

1 the aggregate of all such annuities.

2 (b) In the case of a participant in the self-managed plan
3 established under Section 15-158.2 of this Code to whom the
4 provisions of this Article apply:

5 (i) For purposes of calculating the combined
6 retirement annuity and the proportionate reduction, if
7 any, in a retirement annuity other than one payable under
8 the self-managed plan, the amount of the Article 15
9 retirement annuity shall be deemed to be the highest
10 annuity to which the annuitant would have been entitled if
11 he or she had participated in the traditional benefit
12 package as defined in Section 15-103.1 rather than the
13 self-managed plan.

14 (ii) For purposes of calculating the combined
15 survivor's annuity and the proportionate reduction, if
16 any, in a survivor's annuity other than one payable under
17 the self-managed plan, the amount of the Article 15
18 survivor's annuity shall be deemed to be the highest
19 survivor's annuity to which the survivor would have been
20 entitled if the deceased employee had participated in the
21 traditional benefit package as defined in Section 15-103.1
22 rather than the self-managed plan.

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

25 (c) In the case of a participant in a Tier 3 retirement
26 plan established under Section 15-158.5 of this Code to whom

1 the provisions of this Article apply:

2 (i) For purposes of calculating the combined
3 retirement annuity and the proportionate reduction, if
4 any, in a retirement annuity other than one payable under
5 Article 15 of this Code, the amount of the Article 15
6 retirement annuity shall be deemed to be the amount of the
7 retirement annuity payable under the defined-benefit
8 component of the Tier 3 retirement plan, but shall not
9 include any benefit payable under the defined-contribution
10 component of the Tier 3 retirement plan.

11 (ii) For purposes of calculating the combined
12 survivor's annuity and the proportionate reduction, if
13 any, in a survivor's annuity other than one payable under
14 Article 15 of this Code, the amount of the Article 15
15 survivor's annuity shall be deemed to be the amount of the
16 survivor's annuity payable under the defined benefit
17 portion of the Tier 3 retirement plan, but shall not
18 include any benefit payable under the defined-contribution
19 component of the Tier 3 retirement plan.

20 (iii) Benefits payable under the defined-contribution
21 component of the Tier 3 retirement plan established under
22 Section 15-158.5 are not subject to proportionate
23 reduction under this Section.

24 (d) In the case of a participant in a Tier 3 retirement
25 plan established under Section 16-152.8 of this Code to whom
26 the provisions of this Article apply:

1 (i) For purposes of calculating the combined
2 retirement annuity and the proportionate reduction, if
3 any, in a retirement annuity other than one payable under
4 Article 16 of this Code, the amount of the Article 16
5 retirement annuity shall be deemed to be the amount of the
6 retirement annuity payable under the defined-benefit
7 component of the Tier 3 retirement plan, but shall not
8 include any benefit payable under the defined-contribution
9 component of the Tier 3 retirement plan.

10 (ii) For purposes of calculating the combined
11 survivor's annuity and the proportionate reduction, if
12 any, in a survivor's annuity other than one payable under
13 Article 16 of this Code, the amount of the Article 16
14 survivor's annuity shall be deemed to be the amount of the
15 survivor's annuity payable under the defined benefit
16 portion of the Tier 3 retirement plan, but shall not
17 include any benefit payable under the defined-contribution
18 component of the Tier 3 retirement plan.

19 (iii) Benefits payable under the defined-contribution
20 component of the Tier 3 retirement plan established under
21 Section 16-152.8 are not subject to proportionate
22 reduction under this Section.

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

24 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)
25 Sec. 20-125. Return to employment - suspension of benefits.

1 If a retired employee returns to employment which is covered by
2 a system from which he is receiving a proportional annuity
3 under this Article, his proportional annuity from all
4 participating systems shall be suspended during the period of
5 re-employment, except that this suspension does not apply to
6 any distributions payable under the self-managed plan
7 established under Section 15-158.2 or under the
8 defined-contribution component of a Tier 3 retirement plan
9 established under Section 15-158.5 or 16-152.8 of this Code.

10 The provisions of the Article under which such employment
11 would be covered shall govern the determination of whether the
12 employee has returned to employment, and if applicable the
13 exemption of temporary employment or employment not exceeding a
14 specified duration or frequency, for all participating systems
15 from which the retired employee is receiving a proportional
16 annuity under this Article, notwithstanding any contrary
17 provisions in the other Articles governing such systems.

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

19 Section 90. The State Mandates Act is amended by adding
20 Section 8.37 as follows:

21 (30 ILCS 805/8.37 new)

22 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
23 of this Act, no reimbursement by the State is required for the
24 implementation of any mandate created by this amendatory Act of

1 the 98th General Assembly.

2 Section 97. Inseverability. The provisions of this Act are
3 inseverable.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.".