



Rep. Bill Mitchell

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LRB099 07914 RPS 34398 a

1 AMENDMENT TO HOUSE BILL 1725

2 AMENDMENT NO. _____. Amend House Bill 1725 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 18-111, 18-124, 18-125, 18-125.1, 18-127,
6 18-128.01, 18-131, 18-132, 18-133, 18-140, 18-169, 20-106,
7 20-121, 20-123, 20-124, and 20-125 and by adding Sections
8 18-110.1, 18-110.2, 18-133.5, 18-175, and 18-176 as follows:

9 (40 ILCS 5/18-110.1 new)

10 Sec. 18-110.1. Tier 1 participant; Tier 2 participant.

11 "Tier 1 participant": A participant who first became a
12 participant before January 1, 2011.

13 "Tier 2 participant": A participant who first became a
14 participant on or after January 1, 2011.

15 (40 ILCS 5/18-110.2 new)

1 Sec. 18-110.2. Tier 1 retiree. "Tier 1 retiree" means a
2 former Tier 1 participant who has made the election to retire
3 and has terminated service.

4 (40 ILCS 5/18-111) (from Ch. 108 1/2, par. 18-111)

5 Sec. 18-111. Salary. "Salary": The total compensation paid
6 for personal services as a judge, by the State, or by the State
7 and a county as authorized by law. However, in the event that
8 federal law results in any judge receiving imputed income based
9 on the value of group term life insurance provided by the
10 State, such imputed income shall not be included in salary for
11 the purposes of this Article.

12 Notwithstanding any other provision of this Code, the
13 annual salary of a Tier 1 participant for the purposes of this
14 Code shall not exceed, for periods of service in a term of
15 office beginning on or after the effective date of this
16 amendatory Act of the 99th General Assembly, the greater of (i)
17 the annual limitation determined from time to time under
18 subsection (b-5) of Section 1-160 of this Code or (ii) the
19 annualized salary of the participant on the last day of that
20 participant's last term of office beginning before that
21 effective date.

22 (Source: P.A. 86-273.)

23 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

24 Sec. 18-124. Retirement annuities - conditions for

1 eligibility.

2 (a) This subsection (a) applies only to a Tier 1
3 participant ~~who first serves as a judge before the effective~~
4 ~~date of this amendatory Act of the 96th General Assembly.~~

5 A participant whose employment as a judge is terminated,
6 regardless of age or cause is entitled to a retirement annuity
7 beginning on the date specified in a written application
8 subject to the following:

9 (1) the date the annuity begins is subsequent to the
10 date of final termination of employment, or the date 30
11 days prior to the receipt of the application by the board
12 for annuities based on disability, or one year before the
13 receipt of the application by the board for annuities based
14 on attained age;

15 (2) the participant is at least age 55, or has become
16 permanently disabled and as a consequence is unable to
17 perform the duties of his or her office;

18 (3) the participant has at least 10 years of service
19 credit except that a participant terminating service after
20 June 30 1975, with at least 6 years of service credit,
21 shall be entitled to a retirement annuity at age 62 or
22 over;

23 (4) the participant is not receiving or entitled to
24 receive, at the date of retirement, any salary from an
25 employer for service currently performed.

26 (a-1) Notwithstanding subsection (a) of this Section, for a

1 Tier 1 participant who begins receiving a retirement annuity
2 under this Section on or after July 1, 2016, the required
3 retirement age under subsection (a) is increased as follows,
4 based on the Tier 1 participant's age on June 1, 2016:

5 (1) If he or she is at least age 46 on June 1, 2016,
6 then the required retirement ages under subsection (a)
7 remain unchanged.

8 (2) If he or she is at least age 45 but less than age 46
9 on June 1, 2016, then the required retirement ages under
10 subsection (a) are increased by 4 months.

11 (3) If he or she is at least age 44 but less than age 45
12 on June 1, 2016, then the required retirement ages under
13 subsection (a) are increased by 8 months.

14 (4) If he or she is at least age 43 but less than age 44
15 on June 1, 2016, then the required retirement ages under
16 subsection (a) are increased by 12 months.

17 (5) If he or she is at least age 42 but less than age 43
18 on June 1, 2016, then the required retirement ages under
19 subsection (a) are increased by 16 months.

20 (6) If he or she is at least age 41 but less than age 42
21 on June 1, 2016, then the required retirement ages under
22 subsection (a) are increased by 20 months.

23 (7) If he or she is at least age 40 but less than age 41
24 on June 1, 2016, then the required retirement ages under
25 subsection (a) are increased by 24 months.

26 (8) If he or she is at least age 39 but less than age 40

1 on June 1, 2016, then the required retirement ages under
2 subsection (a) are increased by 28 months.

3 (9) If he or she is at least age 38 but less than age 39
4 on June 1, 2016, then the required retirement ages under
5 subsection (a) are increased by 32 months.

6 (10) If he or she is at least age 37 but less than age
7 38 on June 1, 2016, then the required retirement ages under
8 subsection (a) are increased by 36 months.

9 (11) If he or she is at least age 36 but less than age
10 37 on June 1, 2016, then the required retirement ages under
11 subsection (a) are increased by 40 months.

12 (12) If he or she is at least age 35 but less than age
13 36 on June 1, 2016, then the required retirement ages under
14 subsection (a) are increased by 44 months.

15 (13) If he or she is at least age 34 but less than age
16 35 on June 1, 2016, then the required retirement ages under
17 subsection (a) are increased by 48 months.

18 (14) If he or she is at least age 33 but less than age
19 34 on June 1, 2016, then the required retirement ages under
20 subsection (a) are increased by 52 months.

21 (15) If he or she is at least age 32 but less than age
22 33 on June 1, 2016, then the required retirement ages under
23 subsection (a) are increased by 56 months.

24 (16) If he or she is less than age 32 on June 1, 2016,
25 then the required retirement ages under subsection (a) are
26 increased by 60 months.

1 Notwithstanding Section 1-103.1, this subsection (a-1)
2 applies without regard to whether or not the Tier 1 participant
3 is in active service under this Article on or after the
4 effective date of this amendatory Act of the 99th General
5 Assembly.

6 (b) This subsection (b) applies only to a Tier 2
7 participant ~~who first serves as a judge on or after the~~
8 ~~effective date of this amendatory Act of the 96th General~~
9 ~~Assembly.~~

10 A participant who has at least 8 years of creditable
11 service is entitled to a retirement annuity when he or she has
12 attained age 67.

13 A member who has attained age 62 and has at least 8 years
14 of service credit may elect to receive the lower retirement
15 annuity provided in subsection (d) of Section 18-125 of this
16 Code.

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

18 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

19 Sec. 18-125. Retirement annuity amount.

20 (a) The annual retirement annuity for a participant who
21 terminated service as a judge prior to July 1, 1971 shall be
22 based on the law in effect at the time of termination of
23 service.

24 (b) Except as provided in subsection (b-5), effective July
25 1, 1971, the retirement annuity for any participant in service

1 on or after such date shall be 3 1/2% of final average salary,
2 as defined in this Section, for each of the first 10 years of
3 service, and 5% of such final average salary for each year of
4 service on excess of 10.

5 For purposes of this Section, final average salary for a
6 Tier 1 participant who first serves as a judge before August
7 10, 2009 (the effective date of Public Act 96-207) shall be:

8 (1) the average salary for the last 4 years of credited
9 service as a judge for a participant who terminates service
10 before July 1, 1975.

11 (2) for a participant who terminates service after June
12 30, 1975 and before July 1, 1982, the salary on the last
13 day of employment as a judge.

14 (3) for any participant who terminates service after
15 June 30, 1982 and before January 1, 1990, the average
16 salary for the final year of service as a judge.

17 (4) for a participant who terminates service on or
18 after January 1, 1990 but before the effective date of this
19 amendatory Act of 1995, the salary on the last day of
20 employment as a judge.

21 (5) for a participant who terminates service on or
22 after the effective date of this amendatory Act of 1995,
23 the salary on the last day of employment as a judge, or the
24 highest salary received by the participant for employment
25 as a judge in a position held by the participant for at
26 least 4 consecutive years, whichever is greater.

1 However, in the case of a participant who elects to
2 discontinue contributions as provided in subdivision (a)(2) of
3 Section 18-133, the time of such election shall be considered
4 the last day of employment in the determination of final
5 average salary under this subsection.

6 For a Tier 1 participant who first serves as a judge on or
7 after August 10, 2009 (the effective date of Public Act 96-207)
8 ~~and before January 1, 2011 (the effective date of Public Act~~
9 ~~96-889)~~, final average salary shall be the average monthly
10 salary obtained by dividing the total salary of the participant
11 during the period of: (1) the 48 consecutive months of service
12 within the last 120 months of service in which the total
13 compensation was the highest, or (2) the total period of
14 service, if less than 48 months, by the number of months of
15 service in that period.

16 The maximum retirement annuity for any participant shall be
17 85% of final average salary.

18 (b-5) Notwithstanding any other provision of this Article,
19 for a Tier 2 participant ~~who first serves as a judge on or~~
20 ~~after January 1, 2011 (the effective date of Public Act~~
21 ~~96-889)~~, the annual retirement annuity is 3% of the
22 participant's final average salary for each year of service.
23 The maximum retirement annuity payable shall be 60% of the
24 participant's final average salary.

25 Except as otherwise provided below, for a Tier 2 ~~For a~~
26 participant ~~who first serves as a judge on or after January 1,~~

1 ~~2011 (the effective date of Public Act 96-889)~~, final average
2 salary shall be the average monthly salary obtained by dividing
3 the total salary of the judge during the 96 consecutive months
4 of service within the last 120 months of service in which the
5 total salary was the highest by the number of months of service
6 in that period; however, for periods of service in a term of
7 office beginning on or after January 1, 2011 and before the
8 effective date of this amendatory Act of the 99th General
9 Assembly, the annual salary may not exceed \$106,800, except
10 that that amount shall annually thereafter be increased by the
11 lesser of (i) 3% of that amount, including all previous
12 adjustments, or (ii) the annual unadjusted percentage increase
13 (but not less than zero) in the consumer price index-u for the
14 12 months ending with the September preceding each November 1.
15 "Consumer price index-u" means the index published by the
16 Bureau of Labor Statistics of the United States Department of
17 Labor that measures the average change in prices of goods and
18 services purchased by all urban consumers, United States city
19 average, all items, 1982-84 = 100. The new amount resulting
20 from each annual adjustment shall be determined by the Public
21 Pension Division of the Department of Insurance and made
22 available to the Board by November 1st of each year until there
23 is no longer any such participant who is in service in a term
24 of office that began before the effective date of this
25 amendatory Act of the 99th General Assembly.

26 Notwithstanding any other provision of this Section, in

1 determining the final average salary of a Tier 2 participant
2 who is in service in a term of office beginning on or after the
3 effective date of this amendatory Act of the 99th General
4 Assembly, the Tier 2 participant's salary for periods of
5 service in a term of office beginning on or after that
6 effective date shall not exceed the limitation on salary
7 determined from time to time under subsection (b-5) of Section
8 1-160 of this Code.

9 (c) The retirement annuity for a participant who retires
10 prior to age 60 with less than 28 years of service in the
11 System shall be reduced 1/2 of 1% for each month that the
12 participant's age is under 60 years at the time the annuity
13 commences. However, for a participant who retires on or after
14 the effective date of this amendatory Act of the 91st General
15 Assembly, the percentage reduction in retirement annuity
16 imposed under this subsection shall be reduced by 5/12 of 1%
17 for every month of service in this System in excess of 20
18 years, and therefore a participant with at least 26 years of
19 service in this System may retire at age 55 without any
20 reduction in annuity.

21 The reduction in retirement annuity imposed by this
22 subsection shall not apply in the case of retirement on account
23 of disability.

24 (d) Notwithstanding any other provision of this Article,
25 for a Tier 2 participant ~~who first serves as a judge on or~~
26 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~

1 ~~and~~ who is retiring after attaining age 62, the retirement
2 annuity shall be reduced by 1/2 of 1% for each month that the
3 participant's age is under age 67 at the time the annuity
4 commences.

5 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
6 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11.)

7 (40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

8 Sec. 18-125.1. Automatic increase in retirement annuity.

9 (a) Except as otherwise provided in this Section, a Tier 1
10 A participant who retires from service after June 30, 1969,
11 shall, in January of the year next following the year in which
12 the first anniversary of retirement occurs, and in January of
13 each year thereafter, have the amount of his or her originally
14 granted retirement annuity increased as follows: for each year
15 up to and including 1971, 1 1/2%; for each year from 1972
16 through 1979 inclusive, 2%; and for 1980 and each year
17 thereafter, 3%.

18 (a-1) Notwithstanding subsection (a), but subject to the
19 provisions of subsection (a-2), for a Tier 1 retiree, all
20 automatic increases payable under subsection (a) on or after
21 the effective date of this amendatory Act of the 99th General
22 Assembly shall be calculated as 3% of the lesser of (1) the
23 total annuity payable at the time of the increase, including
24 previous increases granted, or (2) \$1,000 multiplied by the
25 number of years of creditable service upon which the annuity is

1 based.

2 Beginning January 1, 2017, the \$1,000 referred to in item
3 (2) of this subsection (a-1) shall be increased on each January
4 1 by the annual unadjusted percentage increase (but not less
5 than zero) in the consumer price index-u for the 12 months
6 ending with the preceding September; these adjustments shall be
7 cumulative and compounded. For the purposes of this subsection
8 (a-1), "consumer price index-u" means the index published by
9 the Bureau of Labor Statistics of the United States Department
10 of Labor that measures the average change in prices of goods
11 and services purchased by all urban consumers, United States
12 city average, all items, 1982-84 = 100. The new dollar amount
13 resulting from each annual adjustment shall be determined by
14 the Public Pension Division of the Department of Insurance and
15 made available to the System by November 1 of each year.

16 This subsection (a-1) is applicable without regard to
17 whether the person is in service on or after the effective date
18 of this amendatory Act of the 99th General Assembly.

19 (a-2) Notwithstanding subsections (a) and (a-1), for an
20 active or inactive Tier 1 participant who has not begun to
21 receive a retirement annuity under this Article before July 1,
22 2016:

23 (1) the second automatic annual increase payable under
24 subsection (a) shall be at the rate of 0% of the total
25 annuity payable at the time of the increase if he or she is
26 at least age 50 on the effective date of this amendatory

1 Act;

2 (2) the second, fourth, and sixth automatic annual
3 increases payable under subsection (a) shall be at the rate
4 of 0% of the total annuity payable at the time of the
5 increase if he or she is at least age 47 but less than age
6 50 on the effective date of this amendatory Act;

7 (3) the second, fourth, sixth, and eighth automatic
8 annual increases payable under subsection (a) shall be at
9 the rate of 0% of the total annuity payable at the time of
10 the increase if he or she is at least age 44 but less than
11 age 47 on the effective date of this amendatory Act; and

12 (4) the second, fourth, sixth, eighth, and tenth
13 automatic annual increases payable under subsection (a)
14 shall be at the rate of 0% of the total annuity payable at
15 the time of the increase if he or she is less than age 44 on
16 the effective date of this amendatory Act.

17 For the purposes of Section 1-103.1, this subsection (a-2)
18 is applicable without regard to whether the person is in
19 service on or after the effective date of this amendatory Act
20 of the 99th General Assembly.

21 (b) Notwithstanding any other provision of this Section
22 Article, a retirement annuity for a Tier 2 participant who
23 first serves as a judge on or after January 1, 2011 (the
24 effective date of Public Act 96-889) shall be increased in
25 January of the year next following the year in which the first
26 anniversary of retirement occurs, but in no event prior to age

1 67, and in January of each year thereafter, by an amount
2 calculated as a percentage of the originally granted retirement
3 annuity, equal to 3% or one-half of the annual percentage
4 increase (but not less than zero) in the consumer price index-u
5 for the 12 months ending with the preceding September, as
6 determined by the Public Pension Division of the Department of
7 Insurance and reported to the System by November 1 of each year
8 ~~under subsection (b 5) of Section 18-125, whichever is less, of~~
9 ~~the retirement annuity then being paid.~~

10 The changes made to this subsection (b) by this amendatory
11 Act of the 99th General Assembly shall apply to increases
12 provided under this subsection on or after the effective date
13 of this amendatory Act without regard to whether service
14 terminated before that effective date.

15 (c) This Section is not applicable to a participant who
16 retires before he or she has made contributions at the rate
17 prescribed in Section 18-133 for automatic increases for not
18 less than the equivalent of one full year, unless such a
19 participant arranges to pay the system the amount required to
20 bring the total contributions for the automatic increase to the
21 equivalent of one year's contribution based upon his or her
22 last year's salary.

23 This Section is applicable to all participants in service
24 after June 30, 1969 unless a participant has elected, prior to
25 September 1, 1969, in a written direction filed with the board
26 not to be subject to the provisions of this Section. Any

1 participant in service on or after July 1, 1992 shall have the
2 option of electing prior to April 1, 1993, in a written
3 direction filed with the board, to be covered by the provisions
4 of the 1969 amendatory Act. Such participant shall be required
5 to make the aforesaid additional contributions with compound
6 interest at 4% per annum.

7 (d) Any Tier 1 participant who has become eligible to
8 receive the maximum rate of annuity and who resumes service as
9 a judge after receiving a retirement annuity under this Article
10 shall have the amount of his or her retirement annuity
11 increased by 3% of the originally granted annuity amount for
12 each year of such resumed service, beginning in January of the
13 year next following the date of such resumed service, upon
14 subsequent termination of such resumed service. The increases
15 accruing under this subsection (d) after the effective date of
16 this amendatory Act of the 99th General Assembly shall accrue
17 at the rate provided in subsection (a-1).

18 (e) Beginning January 1, 1990 and until the effective date
19 of this amendatory Act of the 99th General Assembly, all
20 automatic annual increases payable under this Section shall be
21 calculated as a percentage of the total annuity payable at the
22 time of the increase, including previous increases granted
23 under this Article.

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

1 Sec. 18-127. Retirement annuity - suspension on
2 reemployment.

3 (a) A participant receiving a retirement annuity who is
4 regularly employed for compensation by an employer other than a
5 county, in any capacity, shall have his or her retirement
6 annuity payments suspended during such employment. Upon
7 termination of such employment, retirement annuity payments at
8 the previous rate shall be resumed.

9 If such a participant resumes service as a judge, he or she
10 shall receive credit for any additional service. Upon
11 subsequent retirement, his or her retirement annuity shall be
12 the amount previously granted, plus the amount earned by the
13 additional judicial service under the provisions in effect
14 during the period of such additional service. However, if the
15 participant was receiving the maximum rate of annuity at the
16 time of re-employment, he or she may elect, in a written
17 direction filed with the board, not to receive any additional
18 service credit during the period of re-employment. In such
19 case, contributions shall not be required during the period of
20 re-employment. Any such election shall be irrevocable.

21 (b) Beginning January 1, 1991, any participant receiving a
22 retirement annuity who accepts temporary employment from an
23 employer other than a county for a period not exceeding 75
24 working days in any calendar year shall not be deemed to be
25 regularly employed for compensation or to have resumed service
26 as a judge for the purposes of this Article. A day shall be

1 considered a working day if the annuitant performs on it any of
2 his duties under the temporary employment agreement.

3 (c) Except as provided in subsection (a), beginning January
4 1, 1993, retirement annuities shall not be subject to
5 suspension upon resumption of employment for an employer, and
6 any retirement annuity that is then so suspended shall be
7 reinstated on that date.

8 (d) The changes made in this Section by this amendatory Act
9 of 1993 shall apply to judges no longer in service on its
10 effective date, as well as to judges serving on or after that
11 date.

12 (e) A participant receiving a retirement annuity under this
13 Article who serves as a part-time employee in any of the
14 following positions: Legislative Inspector General, Special
15 Legislative Inspector General, employee of the Office of the
16 Legislative Inspector General, Executive Director of the
17 Legislative Ethics Commission, or staff of the Legislative
18 Ethics Commission, but has not elected to participate in the
19 Article 14 System with respect to that service, shall not be
20 deemed to be regularly employed for compensation by an employer
21 other than a county, nor to have resumed service as a judge, on
22 the basis of that service, and the retirement annuity payments
23 and other benefits of that person under this Code shall not be
24 suspended, diminished, or otherwise impaired solely as a
25 consequence of that service. This subsection (e) applies
26 without regard to whether the person is in service as a judge

1 under this Article on or after the effective date of this
2 amendatory Act of the 93rd General Assembly. In this
3 subsection, a "part-time employee" is a person who is not
4 required to work at least 35 hours per week.

5 (f) A participant receiving a retirement annuity under this
6 Article who has made an election under Section 1-123 and who is
7 serving either as legal counsel in the Office of the Governor
8 or as Chief Deputy Attorney General shall not be deemed to be
9 regularly employed for compensation by an employer other than a
10 county, nor to have resumed service as a judge, on the basis of
11 that service, and the retirement annuity payments and other
12 benefits of that person under this Code shall not be suspended,
13 diminished, or otherwise impaired solely as a consequence of
14 that service. This subsection (f) applies without regard to
15 whether the person is in service as a judge under this Article
16 on or after the effective date of this amendatory Act of the
17 93rd General Assembly.

18 (g) Notwithstanding any other provision of this Article, if
19 a former Tier 2 ~~person who first becomes a~~ participant under
20 this System ~~on or after January 1, 2011 (the effective date of~~
21 ~~this amendatory Act of the 96th General Assembly)~~ is receiving
22 a retirement annuity under this Article and becomes a member or
23 participant under this Article or any other Article of this
24 Code and is employed on a full-time basis, then the person's
25 retirement annuity under this System shall be suspended during
26 that employment. Upon termination of that employment, the

1 person's retirement annuity shall resume and, if appropriate,
2 be recalculated under the applicable provisions of this
3 Article.

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

5 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

6 Sec. 18-128.01. Amount of survivor's annuity.

7 (a) Upon the death of an annuitant, his or her surviving
8 spouse shall be entitled to a survivor's annuity of 66 2/3% of
9 the annuity the annuitant was receiving immediately prior to
10 his or her death, inclusive of annual increases in the
11 retirement annuity to the date of death.

12 (b) Upon the death of an active participant, his or her
13 surviving spouse shall receive a survivor's annuity of 66 2/3%
14 of the annuity earned by the participant as of the date of his
15 or her death, determined without regard to whether the
16 participant had attained age 60 as of that time, or 7 1/2% of
17 the last salary of the decedent, whichever is greater.

18 (c) Upon the death of a participant who had terminated
19 service with at least 10 years of service, his or her surviving
20 spouse shall be entitled to a survivor's annuity of 66 2/3% of
21 the annuity earned by the deceased participant at the date of
22 death.

23 (d) Upon the death of an annuitant, active participant, or
24 participant who had terminated service with at least 10 years
25 of service, each surviving child under the age of 18 or

1 disabled as defined in Section 18-128 shall be entitled to a
2 child's annuity in an amount equal to 5% of the decedent's
3 final salary, not to exceed in total for all such children the
4 greater of 20% of the decedent's last salary or 66 2/3% of the
5 annuity received or earned by the decedent as provided under
6 subsections (a) and (b) of this Section. This child's annuity
7 shall be paid whether or not a survivor's annuity was elected
8 under Section 18-123.

9 (e) The changes made in the survivor's annuity provisions
10 by Public Act 82-306 shall apply to the survivors of a deceased
11 participant or annuitant whose death occurs on or after August
12 21, 1981.

13 (f) 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 (g) Notwithstanding any other provision of this Article,
25 the initial survivor's annuity for a survivor of a Tier 2
26 participant ~~who first serves as a judge 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 annuity received or earned by the
3 decedent, and shall be increased (1) on each January 1
4 occurring on or after the commencement of the annuity if the
5 deceased participant died while receiving a retirement
6 annuity, or (2) in other cases, on each January 1 occurring on
7 or after the first anniversary of the commencement of the
8 annuity, but in no event prior to age 67, by an amount equal to
9 3% or the annual unadjusted percentage increase in the consumer
10 price index-u as determined by the Public Pension Division of
11 the Department of Insurance under subsection (b-5) of Section
12 18-125, whichever is less, of the survivor's annuity then being
13 paid.

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

15 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

16 Sec. 18-131. Financing; employer contributions.

17 (a) The State of Illinois shall make contributions to this
18 System by appropriations of the amounts which, together with
19 the contributions of participants, net earnings on
20 investments, and other income, will meet the costs of
21 maintaining and administering this System on a 100% ~~90%~~ funded
22 basis in accordance with actuarial recommendations by the end
23 of State fiscal year 2046.

24 (b) The Board shall determine the amount of State
25 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board and
2 the prescribed rate of interest, using the formula in
3 subsection (c).

4 (c) For State fiscal years 2017 through 2046, the minimum
5 contribution to the System to be made by the State for each
6 fiscal year shall be an amount determined by the System to be
7 equal to the sum of (1) the State's portion of the projected
8 normal cost for that fiscal year, plus (2) an amount sufficient
9 to bring the total assets of the System up to 100% of the total
10 actuarial liabilities of the System by the end of State fiscal
11 year 2046. In making these determinations, the required State
12 contribution shall be calculated each year as a level
13 percentage of payroll over the years remaining to and including
14 fiscal year 2046 and shall be determined under the projected
15 unit cost method for fiscal year 2017 and under the entry age
16 normal actuarial cost method for fiscal years 2018 through
17 2046.

18 For State fiscal years 2012 through 2016 ~~2045~~, the minimum
19 contribution to the System to be made by the State for each
20 fiscal year shall be an amount determined by the System to be
21 sufficient to bring the total assets of the System up to 90% of
22 the total actuarial liabilities of the System by the end of
23 State fiscal year 2045. In making these determinations, the
24 required State contribution shall be calculated each year as a
25 level percentage of payroll over the years remaining to and
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$29,189,400.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2007 is
12 \$35,236,800.

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2010 is
21 \$78,832,000 and shall be made from the proceeds of bonds sold
22 in fiscal year 2010 pursuant to Section 7.2 of the General
23 Obligation Bond Act, less (i) the pro rata share of bond sale
24 expenses determined by the System's share of total bond
25 proceeds, (ii) any amounts received from the General Revenue
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if
2 applicable.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2011 is
5 the amount recertified by the System on or before April 1, 2011
6 pursuant to Section 18-140 and shall be made from the proceeds
7 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
8 the General Obligation Bond Act, less (i) the pro rata share of
9 bond sale expenses determined by the System's share of total
10 bond proceeds, (ii) any amounts received from the General
11 Revenue Fund in fiscal year 2011, and (iii) any reduction in
12 bond proceeds due to the issuance of discounted bonds, if
13 applicable.

14 Beginning in State fiscal year 2048 ~~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 100% ~~90%~~ of the
17 total 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 2016, as calculated under this Section and
8 certified under Section 18-140, 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 (d) For purposes of determining the required State
4 contribution to the System, the value of the System's assets
5 shall be equal to the actuarial value of the System's assets,
6 which shall be calculated as follows:

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

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

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

21 (40 ILCS 5/18-132) (from Ch. 108 1/2, par. 18-132)

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

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

1 thereof are the obligations of the State to the extent
2 specified in this Article.

3 (b) Beginning July 1, 2016, the State shall be obligated to
4 contribute to the System in each State fiscal year an amount
5 not less than the sum of (i) the State's normal cost for the
6 year and (ii) the portion of the unfunded accrued liability
7 assigned to that year by law. Notwithstanding any other
8 provision of law, if the State fails to pay an amount required
9 under this subsection, it shall be the obligation of the Board
10 to seek payment of the required amount in compliance with the
11 provisions of this Section and, if the amount remains unpaid,
12 to bring a mandamus action in the Supreme Court of Illinois to
13 compel the State to make the required payment.

14 If the System submits a voucher for contributions required
15 under Section 18-131 and the State fails to pay that voucher
16 within 90 days of its receipt, the Board shall submit a written
17 request to the Comptroller seeking payment. A copy of the
18 request shall be filed with the Secretary of State, and the
19 Secretary of State shall provide a copy to the Governor and
20 General Assembly. No earlier than the 16th day after the System
21 files the request with the Comptroller and Secretary of State,
22 if the amount remains unpaid the Board shall commence a
23 mandamus action in the Supreme Court of Illinois to compel the
24 Comptroller to satisfy the voucher.

25 This subsection (b) constitutes an express waiver of the
26 State's sovereign immunity solely to the extent that it permits

1 the Board to commence a mandamus action in the Supreme Court of
2 Illinois to compel the Comptroller to pay a voucher for the
3 contributions required under Section 18-131.

4 (c) Beginning in State fiscal year 2017, the State shall be
5 obligated to make the transfers set forth in subsections (c-5)
6 and (c-10) of Section 20 of the Budget Stabilization Act and to
7 pay to the System its proportionate share of the transferred
8 amounts in accordance with Section 25 of the Budget
9 Stabilization Act. Notwithstanding any other provision of law,
10 if the State fails to transfer an amount required under this
11 subsection or to pay to the System its proportionate share of
12 the transferred amount in accordance with Section 25 of the
13 Budget Stabilization Act, it shall be the obligation of the
14 Board to seek transfer or payment of the required amount in
15 compliance with the provisions of this Section and, if the
16 required amount remains untransferred or the required payment
17 remains unpaid, to bring a mandamus action in the Supreme Court
18 of Illinois to compel the State to make the required transfer
19 or payment or both, as the case may be.

20 If the State fails to make a transfer required under
21 subsection (c-5) or (c-10) of Section 20 of the Budget
22 Stabilization Act or a payment to the System required under
23 Section 25 of that Act, the Board shall submit a written
24 request to the Comptroller seeking payment. A copy of the
25 request shall be filed with the Secretary of State, and the
26 Secretary of State shall provide a copy to the Governor and

1 General Assembly. No earlier than the 16th day after the System
2 files the request with the Comptroller and Secretary of State,
3 if the required amount remains untransferred or the required
4 payment remains unpaid, the Board shall commence a mandamus
5 action in the Supreme Court of Illinois to compel the
6 Comptroller to make the required transfer or payment or both,
7 as the case may be.

8 This subsection (c) constitutes an express waiver of the
9 State's sovereign immunity solely to the extent that it permits
10 the Board to commence a mandamus action in the Supreme Court of
11 Illinois to compel the Comptroller to make a transfer required
12 under subsection (c-5) or (c-10) of Section 20 of the Budget
13 Stabilization Act and to pay to the System its proportionate
14 share of the transferred amount in accordance with Section 25
15 of the Budget Stabilization Act.

16 The obligations created by this subsection (c) expire when
17 all of the requirements of subsections (c-5) and (c-10) of
18 Section 20 of the Budget Stabilization Act and Section 25 of
19 the Budget Stabilization Act have been met.

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

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

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

9 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

10 Sec. 18-133. Financing; employee contributions.

11 (a) Effective July 1, 1967, each participant is required to
12 contribute 7 1/2% of each payment of salary toward the
13 retirement annuity. Such contributions shall continue during
14 the entire time the participant is in service, with the
15 following exceptions:

16 (1) Contributions for the retirement annuity are not
17 required on salary received after 18 years of service by
18 persons who were participants before January 2, 1954.

19 (2) A participant who continues to serve as a judge
20 after becoming eligible to receive the maximum rate of
21 annuity may elect, through a written direction filed with
22 the Board, to discontinue contributing to the System. Any
23 such option elected by a judge shall be irrevocable unless
24 prior to January 1, 2000, and while continuing to serve as
25 judge, the judge (A) files with the Board a letter

1 cancelling the direction to discontinue contributing to
2 the System and requesting that such contributing resume,
3 and (B) pays into the System an amount equal to the total
4 of the discontinued contributions plus interest thereon at
5 5% per annum. Service credits earned in any other
6 "participating system" as defined in Article 20 of this
7 Code shall be considered for purposes of determining a
8 judge's eligibility to discontinue contributions under
9 this subdivision (a) (2).

10 (3) A participant who (i) has attained age 60, (ii)
11 continues to serve as a judge after becoming eligible to
12 receive the maximum rate of annuity, and (iii) has not
13 elected to discontinue contributing to the System under
14 subdivision (a) (2) of this Section (or has revoked any such
15 election) may elect, through a written direction filed with
16 the Board, to make contributions to the System based only
17 on the amount of the increases in salary received by the
18 judge on or after the date of the election, rather than the
19 total salary received. If a judge who is making
20 contributions to the System on the effective date of this
21 amendatory Act of the 91st General Assembly makes an
22 election to limit contributions under this subdivision
23 (a) (3) within 90 days after that effective date, the
24 election shall be deemed to become effective on that
25 effective date and the judge shall be entitled to receive a
26 refund of any excess contributions paid to the System

1 during that 90-day period; any other election under this
2 subdivision (a) (3) becomes effective on the first of the
3 month following the date of the election. An election to
4 limit contributions under this subdivision (a) (3) is
5 irrevocable. Service credits earned in any other
6 participating system as defined in Article 20 of this Code
7 shall be considered for purposes of determining a judge's
8 eligibility to make an election under this subdivision
9 (a) (3).

10 (b) Beginning July 1, 1969 and, in the case of Tier 1
11 participants, ending on June 30, 2016, each participant is
12 required to contribute 1% of each payment of salary towards the
13 automatic increase in annuity provided in Section 18-125.1.
14 However, such contributions need not be made by any participant
15 who has elected prior to September 15, 1969, not to be subject
16 to the automatic increase in annuity provisions.

17 (c) Effective July 13, 1953, each married participant
18 subject to the survivor's annuity provisions is required to
19 contribute 2 1/2% of each payment of salary, whether or not he
20 or she is required to make any other contributions under this
21 Section. Such contributions shall be made concurrently with the
22 contributions made for annuity purposes.

23 (d) Notwithstanding any other provision of this Article,
24 the required contributions for a Tier 2 participant ~~who first~~
25 ~~becomes a participant on or after January 1, 2011~~ shall not
26 exceed the contributions that would be due under this Article

1 if that participant's highest salary for annuity purposes were
2 \$106,800, plus any increase in that amount under Section
3 18-125.

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

5 (40 ILCS 5/18-133.5 new)

6 Sec. 18-133.5. Use of contributions for health care
7 subsidies. The System shall not use any contribution received
8 by the System under this Article to provide a subsidy for the
9 cost of participation in a retiree health care program.

10 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

11 Sec. 18-140. To certify required State contributions and
12 submit vouchers.

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

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

1 the amount of the required State contribution to the System for
2 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. On or before
10 January 15, 2013 and every January 15 thereafter, the Board
11 shall certify to the Governor and the General Assembly the
12 amount of the required State contribution for the next fiscal
13 year. The Board's certification must note any deviations from
14 the State Actuary's recommended changes, the reason or reasons
15 for not following the State Actuary's recommended changes, and
16 the fiscal impact of not following the State Actuary's
17 recommended changes on the required State contribution.

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

24 On or before July 1, 2005, the Board shall recalculate and
25 recertify to the Governor the amount of the required State
26 contribution to the System for State fiscal year 2006, taking

1 into account the changes in required State contributions made
2 by this amendatory Act of the 94th General Assembly.

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

9 (a-5) For purposes of Section (c-5) of Section 20 of the
10 Budget Stabilization Act, on or before November 1 of each year,
11 and as soon as possible after November 1, 2015, the Board shall
12 determine the amount of the State contribution to the System
13 that would have been required for the next fiscal year if this
14 amendatory Act of the 99th General Assembly had not taken
15 effect, using the best and most recent available data but based
16 on the law in effect on May 31, 2014. The Board shall submit to
17 the State Actuary, the Governor, and the General Assembly a
18 proposed certification, along with the relevant law, actuarial
19 assumptions, calculations, and data upon which that
20 certification is based.

21 On or before January 1 of each year, and as soon as
22 possible in 2016, the State Actuary shall issue a preliminary
23 report concerning the proposed certification and identifying,
24 if necessary, recommended changes in actuarial assumptions
25 that the Board must consider before finalizing its
26 certification.

1 On or before January 15 of each year, and as soon as
2 possible in 2016, the Board shall certify to the Governor and
3 the General Assembly the amount of the State contribution to
4 the System that would have been required for the next fiscal
5 year if this amendatory Act of the 99th General Assembly had
6 not taken effect, using the best and most recent available data
7 but based on the law in effect on May 31, 2014. The Board's
8 certification must note any deviations from the State Actuary's
9 recommended changes, the reason or reasons for not following
10 the State Actuary's recommended changes, and the impact of not
11 following the State Actuary's recommended changes.

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

26 If in any month the amount remaining unexpended from all

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

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/18-169)

12 Sec. 18-169. Application and expiration of new benefit
13 increases.

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article, that results from an amendment
18 to this Code that takes effect after the effective date of this
19 amendatory Act of the 94th General Assembly. "New benefit
20 increase", however, does not include any benefit increase
21 resulting from the changes made to this Article or Article 20
22 of this Code by this amendatory Act of the 99th General
23 Assembly.

24 (b) Notwithstanding any other provision of this Code or any
25 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

8 Every new benefit increase is contingent upon the General
9 Assembly providing the additional funding required under this
10 subsection. The Commission on Government Forecasting and
11 Accountability shall analyze whether adequate additional
12 funding has been provided for the new benefit increase and
13 shall report its analysis to the Public Pension Division of the
14 Department of Insurance ~~Financial and Professional Regulation~~.

15 A new benefit increase created by a Public Act that does not
16 include the additional funding required under this subsection
17 is null and void. If the Public Pension Division determines
18 that the additional funding provided for a new benefit increase
19 under this subsection is or has become inadequate, it may so
20 certify to the Governor and the State Comptroller and, in the
21 absence of corrective action by the General Assembly, the new
22 benefit increase shall expire at the end of the fiscal year in
23 which the certification is made.

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

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

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

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

15 (40 ILCS 5/18-175 new)

16 Sec. 18-175. Defined contribution plan.

17 (a) By July 1, 2017, the System shall prepare and implement
18 a voluntary defined contribution plan for up to 5% of eligible
19 active Tier 1 participants. The System shall determine the 5%
20 cap by the number of active Tier 1 participants on the
21 effective date of this Section. The defined contribution plan
22 developed under this Section shall be a plan that aggregates
23 employer and employee contributions in individual participant
24 accounts which, after meeting any other requirements, are used
25 for payouts after retirement in accordance with this Section

1 and any other applicable laws.

2 As used in this Section, "defined benefit plan" means the
3 retirement plan available under this Article to Tier 1
4 participants who have not made the election authorized under
5 this Section.

6 (1) Under the defined contribution plan, an active Tier
7 1 participant of this System could elect to cease accruing
8 benefits in the defined benefit plan under this Article and
9 begin accruing benefits for future service in the defined
10 contribution plan. Service credit under the defined
11 contribution plan may be used for determining retirement
12 eligibility under the defined benefit plan.

13 (2) Participants in the defined contribution plan
14 shall pay employee contributions at the same rate as Tier 1
15 participants in this System who do not participate in the
16 defined contribution plan.

17 (3) State contributions shall be paid into the accounts
18 of all participants in the defined contribution plan at a
19 uniform rate, expressed as a percentage of compensation and
20 determined for each year. This rate shall be no higher than
21 the employer's normal cost for Tier 1 participants in the
22 defined benefit plan for that year, as determined by the
23 System and expressed as a percentage of compensation, and
24 shall be no lower than 3% of compensation. The State shall
25 adjust this rate annually.

26 (4) The defined contribution plan shall require 5 years

1 of participation in the defined contribution plan before
2 vesting in State contributions. If the participant fails to
3 vest in them, the State contributions, and the earnings
4 thereon, shall be forfeited.

5 (5) The defined contribution plan may provide for
6 participants in the plan to be eligible for defined
7 disability benefits. If it does, the System shall reduce
8 the employee contributions credited to the participant's
9 defined contribution plan account by an amount determined
10 by the System to cover the cost of offering such benefits.

11 (6) The defined contribution plan shall provide a
12 variety of options for investments. These options shall
13 include investments handled by the Illinois State Board of
14 Investment as well as private sector investment options.

15 (7) The defined contribution plan shall provide a
16 variety of options for payouts to retirees and their
17 survivors.

18 (8) To the extent authorized under federal law and as
19 authorized by the System, the plan shall allow former
20 participants in the plan to transfer or roll over employee
21 and vested State contributions, and the earnings thereon,
22 into other qualified retirement plans.

23 (9) The System shall reduce the employee contributions
24 credited to the participant's defined contribution plan
25 account by an amount determined by the System to cover the
26 cost of offering these benefits and any applicable

1 administrative fees.

2 (b) Only persons who are active Tier 1 participants of the
3 System on the effective date of this Section are eligible to
4 participate in the defined contribution plan. Participation in
5 the defined contribution plan shall be limited to the first 5%
6 of eligible persons who elect to participate. The election to
7 participate in the defined contribution plan is voluntary and
8 irrevocable.

9 (c) An eligible active Tier 1 participant may irrevocably
10 elect to participate in the defined contribution plan by filing
11 with the System a written application to participate that is
12 received by the System prior to its determination that 5% of
13 eligible persons have elected to participate in the defined
14 contribution plan.

15 When the System first determines that 5% of eligible
16 persons have elected to participate in the defined contribution
17 plan, the System shall provide notice to previously eligible
18 employees that the plan is no longer available and shall cease
19 accepting applications to participate.

20 (d) The System shall make a good faith effort to contact
21 each active Tier 1 participant who is eligible to participate
22 in the defined contribution plan. The System shall mail
23 information describing the option to join the defined
24 contribution plan to each of these employees to his or her last
25 known address on file with the System. If the employee is not
26 responsive to other means of contact, it is sufficient for the

1 System to publish the details of the option on its website.

2 Upon request for further information describing the
3 option, the System shall provide employees with information
4 from the System before exercising the option to join the plan,
5 including information on the impact to their vested benefits or
6 non-vested service. The individual consultation shall include
7 projections of the participant's defined benefits at
8 retirement or earlier termination of service and the value of
9 the participant's account at retirement or earlier termination
10 of service. The System shall not provide advice or counseling
11 with respect to whether the employee should exercise the
12 option. The System shall inform Tier 1 participants who are
13 eligible to participate in the defined contribution plan that
14 they may also wish to obtain information and counsel relating
15 to their option from any other available source, including but
16 not limited to labor organizations, private counsel, and
17 financial advisors.

18 (e) In no event shall the System, its staff, its authorized
19 representatives, or the Board be liable for any information
20 given to an employee under this Section. The System may
21 coordinate with the Illinois Department of Central Management
22 Services and other retirement systems administering a defined
23 contribution plan in accordance with this amendatory Act of the
24 99th General Assembly to provide information concerning the
25 impact of the option set forth in this Section.

26 (f) Notwithstanding any other provision of this Section, no

1 person shall begin participating in the defined contribution
2 plan until it has attained qualified plan status and received
3 all necessary approvals from the U.S. Internal Revenue Service.

4 (g) The System shall report on its progress under this
5 Section, including the available details of the defined
6 contribution plan and the System's plans for informing eligible
7 Tier 1 participants about the plan, to the Governor and the
8 General Assembly on or before January 15, 2018.

9 (h) The Illinois State Board of Investments shall be the
10 plan sponsor for the defined contribution plan established
11 under this Section.

12 (i) The intent of this amendatory Act of the 99th General
13 Assembly is to ensure that the State's normal cost of
14 participation in the defined contribution plan is similar, and
15 if possible equal, to the State's normal cost of participation
16 in the defined benefit plan, unless a lower State's normal cost
17 is necessary to ensure cost neutrality.

18 (40 ILCS 5/18-176 new)

19 Sec. 18-176. Defined contribution plan; termination. If
20 the defined contribution plan is terminated or becomes
21 inoperative pursuant to law, then each participant in the plan
22 shall automatically be deemed to have been a contributing Tier
23 1 participant in the System's defined benefit plan during the
24 time in which he or she participated in the defined
25 contribution plan, and for that purpose the System shall be

1 entitled to recover the amounts in the participant's defined
2 contribution accounts.

3 (40 ILCS 5/20-106) (from Ch. 108 1/2, par. 20-106)

4 Sec. 20-106. Final average salary.

5 (a) "Final average salary": The average (or other) salary
6 which is considered by a participating system in determining
7 the amount of the retirement annuity or survivor's annuity.

8 (b) Earnings credits under all participating systems shall
9 be considered by each system in determining final average
10 salary, but subject to the limitations imposed by this
11 amendatory Act of the 98th General Assembly for a participant
12 in a defined contribution plan established under Article 2, 14,
13 15, ~~or~~ 16, or 18 of this Code. In calculating a proportional
14 retirement or survivor's annuity based on these earnings
15 credits, the participating system shall apply any limitations
16 on earnings for annuity purposes that are imposed by the
17 Article governing the system.

18 (Source: P.A. 98-599, eff. 6-1-14.)

19 (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

20 Sec. 20-121. Calculation of proportional retirement
21 annuities.

22 (a) Upon retirement of the employee, a proportional
23 retirement annuity shall be computed by each participating
24 system in which pension credit has been established on the

1 basis of pension credits under each system. The computation
2 shall be in accordance with the formula or method prescribed by
3 each participating system which is in effect at the date of the
4 employee's latest withdrawal from service covered by any of the
5 systems in which he has pension credits which he elects to have
6 considered under this Article. However, the amount of any
7 retirement annuity payable under the self-managed plan
8 established under Section 15-158.2 of this Code or under the
9 defined contribution plan established under Article 2, 14, 15,
10 ~~or~~ 16, or 18 of this Code depends solely on the value of the
11 participant's vested account balances and is not subject to any
12 proportional adjustment under this Section.

13 (a-5) For persons who participate in a defined contribution
14 plan established under Article 2, 14, 15, ~~or~~ 16, or 18 of this
15 Code to whom the provisions of this Article apply, the pension
16 credits established under the defined contribution plan may be
17 considered in determining eligibility for or the amount of the
18 defined benefit retirement annuity that is payable by any other
19 participating system.

20 (b) Combined pension credit under all retirement systems
21 subject to this Article shall be considered in determining
22 whether the minimum qualification has been met and the formula
23 or method of computation which shall be applied, except as may
24 be otherwise provided with respect to vesting in State or
25 employer contributions in a defined contribution plan. If a
26 system has a step-rate formula for calculation of the

1 retirement annuity, pension credits covering previous service
2 which have been established under another system shall be
3 considered in determining which range or ranges of the
4 step-rate formula are to be applicable to the employee.

5 (c) Interest on pension credit shall continue to accumulate
6 in accordance with the provisions of the law governing the
7 retirement system in which the same has been established during
8 the time an employee is in the service of another employer, on
9 the assumption such employee, for interest purposes for pension
10 credit, is continuing in the service covered by such retirement
11 system.

12 (Source: P.A. 98-599, eff. 6-1-14.)

13 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

14 Sec. 20-123. Survivor's annuity. The provisions governing
15 a retirement annuity shall be applicable to a survivor's
16 annuity. Appropriate credits shall be established for
17 survivor's annuity purposes in those participating systems
18 which provide survivor's annuities, according to the same
19 conditions and subject to the same limitations and restrictions
20 herein prescribed for a retirement annuity. If a participating
21 system has no survivor's annuity benefit, or if the survivor's
22 annuity benefit under that system is waived, pension credit
23 established in that system shall not be considered in
24 determining eligibility for or the amount of the survivor's
25 annuity which may be payable by any other participating system.

1 For persons who participate in the self-managed plan
2 established under Section 15-158.2 or the portable benefit
3 package established under Section 15-136.4, pension credit
4 established under Article 15 may be considered in determining
5 eligibility for or the amount of the survivor's annuity that is
6 payable by any other participating system, but pension credit
7 established in any other system shall not result in any right
8 to a survivor's annuity under the Article 15 system.

9 For persons who participate in a defined contribution plan
10 established under Article 2, 14, 15, ~~or 16,~~ or 18 of this Code
11 to whom the provisions of this Article apply, the pension
12 credits established under the defined contribution plan may be
13 considered in determining eligibility for or the amount of the
14 defined benefit survivor's annuity that is payable by any other
15 participating system, but pension credits established in any
16 other system shall not result in any right to or increase in
17 the value of a survivor's annuity under the defined
18 contribution plan, which depends solely on the options chosen
19 and the value of the participant's vested account balances and
20 is not subject to any proportional adjustment under this
21 Section.

22 (Source: P.A. 98-599, eff. 6-1-14.)

23 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

24 Sec. 20-124. Maximum benefits.

25 (a) In no event shall the combined retirement or survivors

1 annuities exceed the highest annuity which would have been
2 payable by any participating system in which the employee has
3 pension credits, if all of his pension credits had been
4 validated in that system.

5 If the combined annuities should exceed the highest maximum
6 as determined in accordance with this Section, the respective
7 annuities shall be reduced proportionately according to the
8 ratio which the amount of each proportional annuity bears to
9 the aggregate of all such annuities.

10 (b) In the case of a participant in the self-managed plan
11 established under Section 15-158.2 of this Code to whom the
12 provisions of this Article apply:

13 (i) For purposes of calculating the combined
14 retirement annuity and the proportionate reduction, if
15 any, in a retirement annuity other than one payable under
16 the self-managed plan, the amount of the Article 15
17 retirement annuity shall be deemed to be the highest
18 annuity to which the annuitant would have been entitled if
19 he or she had participated in the traditional benefit
20 package as defined in Section 15-103.1 rather than the
21 self-managed plan.

22 (ii) For purposes of calculating the combined
23 survivor's annuity and the proportionate reduction, if
24 any, in a survivor's annuity other than one payable under
25 the self-managed plan, the amount of the Article 15
26 survivor's annuity shall be deemed to be the highest

1 survivor's annuity to which the survivor would have been
2 entitled if the deceased employee had participated in the
3 traditional benefit package as defined in Section 15-103.1
4 rather than the self-managed plan.

5 (iii) Benefits payable under the self-managed plan are
6 not subject to proportionate reduction under this Section.

7 (c) In the case of a participant in a defined contribution
8 plan established under Article 2, 14, 15, ~~or 16,~~ or 18 of this
9 Code to whom the provisions of this Article apply:

10 (i) For purposes of calculating the combined
11 retirement annuity and the proportionate reduction, if
12 any, in a defined benefit retirement annuity, any benefit
13 payable under the defined contribution plan shall not be
14 considered.

15 (ii) For purposes of calculating the combined
16 survivor's annuity and the proportionate reduction, if
17 any, in a defined benefit survivor's annuity, any benefit
18 payable under the defined contribution plan shall not be
19 considered.

20 (iii) Benefits payable under a defined contribution
21 plan established under Article 2, 14, 15, ~~or 16,~~ or 18 of
22 this Code are not subject to proportionate reduction under
23 this Section.

24 (Source: P.A. 98-599, eff. 6-1-14.)

25 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

1 Sec. 20-125. Return to employment - suspension of benefits.
2 If a retired employee returns to employment which is covered by
3 a system from which he is receiving a proportional annuity
4 under this Article, his proportional annuity from all
5 participating systems shall be suspended during the period of
6 re-employment, except that this suspension does not apply to
7 any distributions payable under the self-managed plan
8 established under Section 15-158.2 or under a defined
9 contribution plan established under Article 2, 14, 15, ~~or 16,~~
10 or 18 of this Code.

11 The provisions of the Article under which such employment
12 would be covered shall govern the determination of whether the
13 employee has returned to employment, and if applicable the
14 exemption of temporary employment or employment not exceeding a
15 specified duration or frequency, for all participating systems
16 from which the retired employee is receiving a proportional
17 annuity under this Article, notwithstanding any contrary
18 provisions in the other Articles governing such systems.

19 (Source: P.A. 98-599, eff. 6-1-14.)

20 Section 97. Severability and inseverability. The
21 provisions of this Act are severable under Section 1.31 of the
22 Statute on Statutes, except that the changes made to
23 subsections (a), (a-1), (a-2), (d), and (e) of Section 18-125.1
24 and Sections 18-131, 18-132, 18-133, 18-140, 18-175, 20-106,
25 20-121, 20-123, 20-124, and 20-125 of the Illinois Pension Code

1 are mutually dependent and inseverable from one another but are
2 severable from any other provision of this Act.

3 Section 99. Effective date. This Act takes effect January
4 1, 2016.".