



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4427

by Rep. Mark Batinick - Robert F. Martwick - David Harris -
Jack D. Franks, Grant Wehrli, et al.

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employee, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Provides that beginning January 1, 2017, a person under one of those Articles who (i) has terminated service, (ii) is eligible to receive a retirement annuity, (iii) has not received a retirement annuity under that Article, and (iv) meets certain other eligibility requirements may elect to receive, in lieu of a retirement annuity, a lump sum accelerated pension benefit payment equal to 75% of the present value of the retirement annuity or may elect to receive a lump sum partial accelerated pension benefit payment in exchange for a specified reduction in his or her retirement annuity and all other benefits under the Article. Provides that a person may not elect a percentage reduction of retirement annuity that would result in a partial accelerated benefit payment of less than \$50,000. Provides that if a person elects to receive a lump sum accelerated pension benefit payment in lieu of a retirement annuity, his or her credits and creditable service under that Article shall be terminated upon receipt of the accelerated pension benefit payment; except that the terminated service credit shall be used for the purposes of determining participation, benefits, or premiums under the State Employees Group Insurance Act of 1971. Contains provisions concerning return to service, rulemaking, qualified plan status, and new benefit increases. Amends the State Employees Group Insurance Act of 1971 to make related changes. Effective immediately.

LRB099 15486 RPS 39775 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Sections 3 and 10 as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose of
11 implementing specific programs providing benefits under this
12 Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Articles 2 (including an employee who,
21 in lieu of receiving an annuity under that Article, has elected
22 to receive an accelerated pension benefit payment under Section
23 2-154.5 of that Article), 14 (including an employee who has

1 elected to receive an alternative retirement cancellation
2 payment under Section 14-108.5 of the Illinois Pension Code in
3 lieu of an annuity or who, in lieu of receiving an annuity
4 under that Article, has elected to receive an accelerated
5 pension benefit payment under Section 14-147.5 of that
6 Article), 15 (including an employee who has retired under the
7 optional retirement program established under Section 15-158.2
8 or who, in lieu of receiving an annuity under that Article, has
9 elected to receive an accelerated pension benefit payment under
10 Section 15-185.5 of the Article), paragraphs (2), (3), or (5)
11 of Section 16-106 (including an employee who, in lieu of
12 receiving an annuity under that Article, has elected to receive
13 an accelerated pension benefit payment under Section 16-190.5
14 of the Illinois Pension Code), or Article 18 (including an
15 employee who, in lieu of receiving an annuity under that
16 Article, has elected to receive an accelerated pension benefit
17 payment under Section 18-161.5 of that Article) of the Illinois
18 Pension Code; (2) any person who was receiving group insurance
19 coverage under this Act as of March 31, 1978 by reason of his
20 status as an annuitant, even though the annuity in relation to
21 which such coverage was provided is a proportional annuity
22 based on less than the minimum period of service required for a
23 retirement annuity in the system involved; (3) any person not
24 otherwise covered by this Act who has retired as a
25 participating member under Article 2 of the Illinois Pension
26 Code but is ineligible for the retirement annuity under Section

1 2-119 of the Illinois Pension Code; (4) the spouse of any
2 person who is receiving a retirement annuity under Article 18
3 of the Illinois Pension Code and who is covered under a group
4 health insurance program sponsored by a governmental employer
5 other than the State of Illinois and who has irrevocably
6 elected to waive his or her coverage under this Act and to have
7 his or her spouse considered as the "annuitant" under this Act
8 and not as a "dependent"; or (5) an employee who retires, or
9 has retired, from a qualified position, as determined according
10 to rules promulgated by the Director, under a qualified local
11 government, a qualified rehabilitation facility, a qualified
12 domestic violence shelter or service, or a qualified child
13 advocacy center. (For definition of "retired employee", see (p)
14 post).

15 (b-5) (Blank).

16 (b-6) (Blank).

17 (b-7) (Blank).

18 (c) "Carrier" means (1) an insurance company, a corporation
19 organized under the Limited Health Service Organization Act or
20 the Voluntary Health Services Plan Act, a partnership, or other
21 nongovernmental organization, which is authorized to do group
22 life or group health insurance business in Illinois, or (2) the
23 State of Illinois as a self-insurer.

24 (d) "Compensation" means salary or wages payable on a
25 regular payroll by the State Treasurer on a warrant of the
26 State Comptroller out of any State, trust or federal fund, or

1 by the Governor of the State through a disbursing officer of
2 the State out of a trust or out of federal funds, or by any
3 Department out of State, trust, federal or other funds held by
4 the State Treasurer or the Department, to any person for
5 personal services currently performed, and ordinary or
6 accidental disability benefits under Articles 2, 14, 15
7 (including ordinary or accidental disability benefits under
8 the optional retirement program established under Section
9 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
10 Article 18 of the Illinois Pension Code, for disability
11 incurred after January 1, 1966, or benefits payable under the
12 Workers' Compensation or Occupational Diseases Act or benefits
13 payable under a sick pay plan established in accordance with
14 Section 36 of the State Finance Act. "Compensation" also means
15 salary or wages paid to an employee of any qualified local
16 government, qualified rehabilitation facility, qualified
17 domestic violence shelter or service, or qualified child
18 advocacy center.

19 (e) "Commission" means the State Employees Group Insurance
20 Advisory Commission authorized by this Act. Commencing July 1,
21 1984, "Commission" as used in this Act means the Commission on
22 Government Forecasting and Accountability as established by
23 the Legislative Commission Reorganization Act of 1984.

24 (f) "Contributory", when referred to as contributory
25 coverage, shall mean optional coverages or benefits elected by
26 the member toward the cost of which such member makes

1 contribution, or which are funded in whole or in part through
2 the acceptance of a reduction in earnings or the foregoing of
3 an increase in earnings by an employee, as distinguished from
4 noncontributory coverage or benefits which are paid entirely by
5 the State of Illinois without reduction of the member's salary.

6 (g) "Department" means any department, institution, board,
7 commission, officer, court or any agency of the State
8 government receiving appropriations and having power to
9 certify payrolls to the Comptroller authorizing payments of
10 salary and wages against such appropriations as are made by the
11 General Assembly from any State fund, or against trust funds
12 held by the State Treasurer and includes boards of trustees of
13 the retirement systems created by Articles 2, 14, 15, 16 and 18
14 of the Illinois Pension Code. "Department" also includes the
15 Illinois Comprehensive Health Insurance Board, the Board of
16 Examiners established under the Illinois Public Accounting
17 Act, and the Illinois Finance Authority.

18 (h) "Dependent", when the term is used in the context of
19 the health and life plan, means a member's spouse and any child
20 (1) from birth to age 26 including an adopted child, a child
21 who lives with the member from the time of the filing of a
22 petition for adoption until entry of an order of adoption, a
23 stepchild or adjudicated child, or a child who lives with the
24 member if such member is a court appointed guardian of the
25 child or (2) age 19 or over who has a mental or physical
26 disability from a cause originating prior to the age of 19 (age

1 26 if enrolled as an adult child dependent). For the health
2 plan only, the term "dependent" also includes (1) any person
3 enrolled prior to the effective date of this Section who is
4 dependent upon the member to the extent that the member may
5 claim such person as a dependent for income tax deduction
6 purposes and (2) any person who has received after June 30,
7 2000 an organ transplant and who is financially dependent upon
8 the member and eligible to be claimed as a dependent for income
9 tax purposes. A member requesting to cover any dependent must
10 provide documentation as requested by the Department of Central
11 Management Services and file with the Department any and all
12 forms required by the Department.

13 (i) "Director" means the Director of the Illinois
14 Department of Central Management Services.

15 (j) "Eligibility period" means the period of time a member
16 has to elect enrollment in programs or to select benefits
17 without regard to age, sex or health.

18 (k) "Employee" means and includes each officer or employee
19 in the service of a department who (1) receives his
20 compensation for service rendered to the department on a
21 warrant issued pursuant to a payroll certified by a department
22 or on a warrant or check issued and drawn by a department upon
23 a trust, federal or other fund or on a warrant issued pursuant
24 to a payroll certified by an elected or duly appointed officer
25 of the State or who receives payment of the performance of
26 personal services on a warrant issued pursuant to a payroll

1 certified by a Department and drawn by the Comptroller upon the
2 State Treasurer against appropriations made by the General
3 Assembly from any fund or against trust funds held by the State
4 Treasurer, and (2) is employed full-time or part-time in a
5 position normally requiring actual performance of duty during
6 not less than 1/2 of a normal work period, as established by
7 the Director in cooperation with each department, except that
8 persons elected by popular vote will be considered employees
9 during the entire term for which they are elected regardless of
10 hours devoted to the service of the State, and (3) except that
11 "employee" does not include any person who is not eligible by
12 reason of such person's employment to participate in one of the
13 State retirement systems under Articles 2, 14, 15 (either the
14 regular Article 15 system or the optional retirement program
15 established under Section 15-158.2) or 18, or under paragraph
16 (2), (3), or (5) of Section 16-106, of the Illinois Pension
17 Code, but such term does include persons who are employed
18 during the 6 month qualifying period under Article 14 of the
19 Illinois Pension Code. Such term also includes any person who
20 (1) after January 1, 1966, is receiving ordinary or accidental
21 disability benefits under Articles 2, 14, 15 (including
22 ordinary or accidental disability benefits under the optional
23 retirement program established under Section 15-158.2),
24 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
25 the Illinois Pension Code, for disability incurred after
26 January 1, 1966, (2) receives total permanent or total

1 temporary disability under the Workers' Compensation Act or
2 Occupational Disease Act as a result of injuries sustained or
3 illness contracted in the course of employment with the State
4 of Illinois, or (3) is not otherwise covered under this Act and
5 has retired as a participating member under Article 2 of the
6 Illinois Pension Code but is ineligible for the retirement
7 annuity under Section 2-119 of the Illinois Pension Code.
8 However, a person who satisfies the criteria of the foregoing
9 definition of "employee" except that such person is made
10 ineligible to participate in the State Universities Retirement
11 System by clause (4) of subsection (a) of Section 15-107 of the
12 Illinois Pension Code is also an "employee" for the purposes of
13 this Act. "Employee" also includes any person receiving or
14 eligible for benefits under a sick pay plan established in
15 accordance with Section 36 of the State Finance Act. "Employee"
16 also includes (i) each officer or employee in the service of a
17 qualified local government, including persons appointed as
18 trustees of sanitary districts regardless of hours devoted to
19 the service of the sanitary district, (ii) each employee in the
20 service of a qualified rehabilitation facility, (iii) each
21 full-time employee in the service of a qualified domestic
22 violence shelter or service, and (iv) each full-time employee
23 in the service of a qualified child advocacy center, as
24 determined according to rules promulgated by the Director.

25 (1) "Member" means an employee, annuitant, retired
26 employee or survivor. In the case of an annuitant or retired

1 employee who first becomes an annuitant or retired employee on
2 or after the effective date of this amendatory Act of the 97th
3 General Assembly, the individual must meet the minimum vesting
4 requirements of the applicable retirement system in order to be
5 eligible for group insurance benefits under that system. In the
6 case of a survivor who first becomes a survivor on or after the
7 effective date of this amendatory Act of the 97th General
8 Assembly, the deceased employee, annuitant, or retired
9 employee upon whom the annuity is based must have been eligible
10 to participate in the group insurance system under the
11 applicable retirement system in order for the survivor to be
12 eligible for group insurance benefits under that system.

13 (m) "Optional coverages or benefits" means those coverages
14 or benefits available to the member on his or her voluntary
15 election, and at his or her own expense.

16 (n) "Program" means the group life insurance, health
17 benefits and other employee benefits designed and contracted
18 for by the Director under this Act.

19 (o) "Health plan" means a health benefits program offered
20 by the State of Illinois for persons eligible for the plan.

21 (p) "Retired employee" means any person who would be an
22 annuitant as that term is defined herein but for the fact that
23 such person retired prior to January 1, 1966. Such term also
24 includes any person formerly employed by the University of
25 Illinois in the Cooperative Extension Service who would be an
26 annuitant but for the fact that such person was made ineligible

1 to participate in the State Universities Retirement System by
2 clause (4) of subsection (a) of Section 15-107 of the Illinois
3 Pension Code.

4 (q) "Survivor" means a person receiving an annuity as a
5 survivor of an employee or of an annuitant. "Survivor" also
6 includes: (1) the surviving dependent of a person who satisfies
7 the definition of "employee" except that such person is made
8 ineligible to participate in the State Universities Retirement
9 System by clause (4) of subsection (a) of Section 15-107 of the
10 Illinois Pension Code; (2) the surviving dependent of any
11 person formerly employed by the University of Illinois in the
12 Cooperative Extension Service who would be an annuitant except
13 for the fact that such person was made ineligible to
14 participate in the State Universities Retirement System by
15 clause (4) of subsection (a) of Section 15-107 of the Illinois
16 Pension Code; and (3) the surviving dependent of a person who
17 was an annuitant under this Act by virtue of receiving an
18 alternative retirement cancellation payment under Section
19 14-108.5 of the Illinois Pension Code.

20 (q-2) "SERS" means the State Employees' Retirement System
21 of Illinois, created under Article 14 of the Illinois Pension
22 Code.

23 (q-3) "SURS" means the State Universities Retirement
24 System, created under Article 15 of the Illinois Pension Code.

25 (q-4) "TRS" means the Teachers' Retirement System of the
26 State of Illinois, created under Article 16 of the Illinois

1 Pension Code.

2 (q-5) (Blank).

3 (q-6) (Blank).

4 (q-7) (Blank).

5 (r) "Medical services" means the services provided within
6 the scope of their licenses by practitioners in all categories
7 licensed under the Medical Practice Act of 1987.

8 (s) "Unit of local government" means any county,
9 municipality, township, school district (including a
10 combination of school districts under the Intergovernmental
11 Cooperation Act), special district or other unit, designated as
12 a unit of local government by law, which exercises limited
13 governmental powers or powers in respect to limited
14 governmental subjects, any not-for-profit association with a
15 membership that primarily includes townships and township
16 officials, that has duties that include provision of research
17 service, dissemination of information, and other acts for the
18 purpose of improving township government, and that is funded
19 wholly or partly in accordance with Section 85-15 of the
20 Township Code; any not-for-profit corporation or association,
21 with a membership consisting primarily of municipalities, that
22 operates its own utility system, and provides research,
23 training, dissemination of information, or other acts to
24 promote cooperation between and among municipalities that
25 provide utility services and for the advancement of the goals
26 and purposes of its membership; the Southern Illinois

1 Collegiate Common Market, which is a consortium of higher
2 education institutions in Southern Illinois; the Illinois
3 Association of Park Districts; and any hospital provider that
4 is owned by a county that has 100 or fewer hospital beds and
5 has not already joined the program. "Qualified local
6 government" means a unit of local government approved by the
7 Director and participating in a program created under
8 subsection (i) of Section 10 of this Act.

9 (t) "Qualified rehabilitation facility" means any
10 not-for-profit organization that is accredited by the
11 Commission on Accreditation of Rehabilitation Facilities or
12 certified by the Department of Human Services (as successor to
13 the Department of Mental Health and Developmental
14 Disabilities) to provide services to persons with disabilities
15 and which receives funds from the State of Illinois for
16 providing those services, approved by the Director and
17 participating in a program created under subsection (j) of
18 Section 10 of this Act.

19 (u) "Qualified domestic violence shelter or service" means
20 any Illinois domestic violence shelter or service and its
21 administrative offices funded by the Department of Human
22 Services (as successor to the Illinois Department of Public
23 Aid), approved by the Director and participating in a program
24 created under subsection (k) of Section 10.

25 (v) "TRS benefit recipient" means a person who:

26 (1) is not a "member" as defined in this Section; and

1 (2) is receiving a monthly benefit or retirement
2 annuity under Article 16 of the Illinois Pension Code; and

3 (3) either (i) has at least 8 years of creditable
4 service under Article 16 of the Illinois Pension Code, or
5 (ii) was enrolled in the health insurance program offered
6 under that Article on January 1, 1996, or (iii) is the
7 survivor of a benefit recipient who had at least 8 years of
8 creditable service under Article 16 of the Illinois Pension
9 Code or was enrolled in the health insurance program
10 offered under that Article on the effective date of this
11 amendatory Act of 1995, or (iv) is a recipient or survivor
12 of a recipient of a disability benefit under Article 16 of
13 the Illinois Pension Code.

14 (w) "TRS dependent beneficiary" means a person who:

15 (1) is not a "member" or "dependent" as defined in this
16 Section; and

17 (2) is a TRS benefit recipient's: (A) spouse, (B)
18 dependent parent who is receiving at least half of his or
19 her support from the TRS benefit recipient, or (C) natural,
20 step, adjudicated, or adopted child who is (i) under age
21 26, (ii) was, on January 1, 1996, participating as a
22 dependent beneficiary in the health insurance program
23 offered under Article 16 of the Illinois Pension Code, or
24 (iii) age 19 or over who has a mental or physical
25 disability from a cause originating prior to the age of 19
26 (age 26 if enrolled as an adult child).

1 "TRS dependent beneficiary" does not include, as indicated
2 under paragraph (2) of this subsection (w), a dependent of the
3 survivor of a TRS benefit recipient who first becomes a
4 dependent of a survivor of a TRS benefit recipient on or after
5 the effective date of this amendatory Act of the 97th General
6 Assembly unless that dependent would have been eligible for
7 coverage as a dependent of the deceased TRS benefit recipient
8 upon whom the survivor benefit is based.

9 (x) "Military leave" refers to individuals in basic
10 training for reserves, special/advanced training, annual
11 training, emergency call up, activation by the President of the
12 United States, or any other training or duty in service to the
13 United States Armed Forces.

14 (y) (Blank).

15 (z) "Community college benefit recipient" means a person
16 who:

17 (1) is not a "member" as defined in this Section; and

18 (2) is receiving a monthly survivor's annuity or
19 retirement annuity under Article 15 of the Illinois Pension
20 Code; and

21 (3) either (i) was a full-time employee of a community
22 college district or an association of community college
23 boards created under the Public Community College Act
24 (other than an employee whose last employer under Article
25 15 of the Illinois Pension Code was a community college
26 district subject to Article VII of the Public Community

1 College Act) and was eligible to participate in a group
2 health benefit plan as an employee during the time of
3 employment with a community college district (other than a
4 community college district subject to Article VII of the
5 Public Community College Act) or an association of
6 community college boards, or (ii) is the survivor of a
7 person described in item (i).

8 (aa) "Community college dependent beneficiary" means a
9 person who:

10 (1) is not a "member" or "dependent" as defined in this
11 Section; and

12 (2) is a community college benefit recipient's: (A)
13 spouse, (B) dependent parent who is receiving at least half
14 of his or her support from the community college benefit
15 recipient, or (C) natural, step, adjudicated, or adopted
16 child who is (i) under age 26, or (ii) age 19 or over and
17 has a mental or physical disability from a cause
18 originating prior to the age of 19 (age 26 if enrolled as
19 an adult child).

20 "Community college dependent beneficiary" does not
21 include, as indicated under paragraph (2) of this subsection
22 (aa), a dependent of the survivor of a community college
23 benefit recipient who first becomes a dependent of a survivor
24 of a community college benefit recipient on or after the
25 effective date of this amendatory Act of the 97th General
26 Assembly unless that dependent would have been eligible for

1 coverage as a dependent of the deceased community college
2 benefit recipient upon whom the survivor annuity is based.

3 (bb) "Qualified child advocacy center" means any Illinois
4 child advocacy center and its administrative offices funded by
5 the Department of Children and Family Services, as defined by
6 the Children's Advocacy Center Act (55 ILCS 80/), approved by
7 the Director and participating in a program created under
8 subsection (n) of Section 10.

9 (Source: P.A. 98-488, eff. 8-16-13; 99-143, eff. 7-27-15.)

10 (5 ILCS 375/10) (from Ch. 127, par. 530)

11 Sec. 10. Contributions by the State and members.

12 (a) The State shall pay the cost of basic non-contributory
13 group life insurance and, subject to member paid contributions
14 set by the Department or required by this Section and except as
15 provided in this Section, the basic program of group health
16 benefits on each eligible member, except a member, not
17 otherwise covered by this Act, who has retired as a
18 participating member under Article 2 of the Illinois Pension
19 Code but is ineligible for the retirement annuity under Section
20 2-119 of the Illinois Pension Code, and part of each eligible
21 member's and retired member's premiums for health insurance
22 coverage for enrolled dependents as provided by Section 9. The
23 State shall pay the cost of the basic program of group health
24 benefits only after benefits are reduced by the amount of
25 benefits covered by Medicare for all members and dependents who

1 are eligible for benefits under Social Security or the Railroad
2 Retirement system or who had sufficient Medicare-covered
3 government employment, except that such reduction in benefits
4 shall apply only to those members and dependents who (1) first
5 become eligible for such Medicare coverage on or after July 1,
6 1992; or (2) are Medicare-eligible members or dependents of a
7 local government unit which began participation in the program
8 on or after July 1, 1992; or (3) remain eligible for, but no
9 longer receive Medicare coverage which they had been receiving
10 on or after July 1, 1992. The Department may determine the
11 aggregate level of the State's contribution on the basis of
12 actual cost of medical services adjusted for age, sex or
13 geographic or other demographic characteristics which affect
14 the costs of such programs.

15 The cost of participation in the basic program of group
16 health benefits for the dependent or survivor of a living or
17 deceased retired employee who was formerly employed by the
18 University of Illinois in the Cooperative Extension Service and
19 would be an annuitant but for the fact that he or she was made
20 ineligible to participate in the State Universities Retirement
21 System by clause (4) of subsection (a) of Section 15-107 of the
22 Illinois Pension Code shall not be greater than the cost of
23 participation that would otherwise apply to that dependent or
24 survivor if he or she were the dependent or survivor of an
25 annuitant under the State Universities Retirement System.

26 (a-1) (Blank).

1 (a-2) (Blank).

2 (a-3) (Blank).

3 (a-4) (Blank).

4 (a-5) (Blank).

5 (a-6) (Blank).

6 (a-7) (Blank).

7 (a-8) Any annuitant, survivor, or retired employee may
8 waive or terminate coverage in the program of group health
9 benefits. Any such annuitant, survivor, or retired employee who
10 has waived or terminated coverage may enroll or re-enroll in
11 the program of group health benefits only during the annual
12 benefit choice period, as determined by the Director; except
13 that in the event of termination of coverage due to nonpayment
14 of premiums, the annuitant, survivor, or retired employee may
15 not re-enroll in the program.

16 (a-8.5) Beginning on the effective date of this amendatory
17 Act of the 97th General Assembly, the Director of Central
18 Management Services shall, on an annual basis, determine the
19 amount that the State shall contribute toward the basic program
20 of group health benefits on behalf of annuitants (including
21 individuals who (i) participated in the General Assembly
22 Retirement System, the State Employees' Retirement System of
23 Illinois, the State Universities Retirement System, the
24 Teachers' Retirement System of the State of Illinois, or the
25 Judges Retirement System of Illinois and (ii) qualify as
26 annuitants under subsection (b) of Section 3 of this Act),

1 survivors (including individuals who (i) receive an annuity as
2 a survivor of an individual who participated in the General
3 Assembly Retirement System, the State Employees' Retirement
4 System of Illinois, the State Universities Retirement System,
5 the Teachers' Retirement System of the State of Illinois, or
6 the Judges Retirement System of Illinois and (ii) qualify as
7 survivors under subsection (q) of Section 3 of this Act), and
8 retired employees (as defined in subsection (p) of Section 3 of
9 this Act). The remainder of the cost of coverage for each
10 annuitant, survivor, or retired employee, as determined by the
11 Director of Central Management Services, shall be the
12 responsibility of that annuitant, survivor, or retired
13 employee.

14 Contributions required of annuitants, survivors, and
15 retired employees shall be the same for all retirement systems
16 and shall also be based on whether an individual has made an
17 election under Section 15-135.1 of the Illinois Pension Code.
18 Contributions may be based on annuitants', survivors', or
19 retired employees' Medicare eligibility, but may not be based
20 on Social Security eligibility.

21 (a-9) No later than May 1 of each calendar year, the
22 Director of Central Management Services shall certify in
23 writing to the Executive Secretary of the State Employees'
24 Retirement System of Illinois the amounts of the Medicare
25 supplement health care premiums and the amounts of the health
26 care premiums for all other retirees who are not Medicare

1 eligible.

2 A separate calculation of the premiums based upon the
3 actual cost of each health care plan shall be so certified.

4 The Director of Central Management Services shall provide
5 to the Executive Secretary of the State Employees' Retirement
6 System of Illinois such information, statistics, and other data
7 as he or she may require to review the premium amounts
8 certified by the Director of Central Management Services.

9 The Department of Central Management Services, or any
10 successor agency designated to procure healthcare contracts
11 pursuant to this Act, is authorized to establish funds,
12 separate accounts provided by any bank or banks as defined by
13 the Illinois Banking Act, or separate accounts provided by any
14 savings and loan association or associations as defined by the
15 Illinois Savings and Loan Act of 1985 to be held by the
16 Director, outside the State treasury, for the purpose of
17 receiving the transfer of moneys from the Local Government
18 Health Insurance Reserve Fund. The Department may promulgate
19 rules further defining the methodology for the transfers. Any
20 interest earned by moneys in the funds or accounts shall inure
21 to the Local Government Health Insurance Reserve Fund. The
22 transferred moneys, and interest accrued thereon, shall be used
23 exclusively for transfers to administrative service
24 organizations or their financial institutions for payments of
25 claims to claimants and providers under the self-insurance
26 health plan. The transferred moneys, and interest accrued

1 thereon, shall not be used for any other purpose including, but
2 not limited to, reimbursement of administration fees due the
3 administrative service organization pursuant to its contract
4 or contracts with the Department.

5 (a-10) To the extent that participation, benefits, or
6 premiums under this Act are based on a person's service credit
7 under an Article of the Illinois Pension Code, service credit
8 terminated in exchange for an accelerated pension benefit
9 payment under Section 2-154.5, 14-147.5, 15-185.5, 16-190.5,
10 or 18-161.5 of that Code shall be included in determining a
11 person's service credit for the purposes of this Act.

12 (b) State employees who become eligible for this program on
13 or after January 1, 1980 in positions normally requiring actual
14 performance of duty not less than 1/2 of a normal work period
15 but not equal to that of a normal work period, shall be given
16 the option of participating in the available program. If the
17 employee elects coverage, the State shall contribute on behalf
18 of such employee to the cost of the employee's benefit and any
19 applicable dependent supplement, that sum which bears the same
20 percentage as that percentage of time the employee regularly
21 works when compared to normal work period.

22 (c) The basic non-contributory coverage from the basic
23 program of group health benefits shall be continued for each
24 employee not in pay status or on active service by reason of
25 (1) leave of absence due to illness or injury, (2) authorized
26 educational leave of absence or sabbatical leave, or (3)

1 military leave. This coverage shall continue until expiration
2 of authorized leave and return to active service, but not to
3 exceed 24 months for leaves under item (1) or (2). This
4 24-month limitation and the requirement of returning to active
5 service shall not apply to persons receiving ordinary or
6 accidental disability benefits or retirement benefits through
7 the appropriate State retirement system or benefits under the
8 Workers' Compensation or Occupational Disease Act.

9 (d) The basic group life insurance coverage shall continue,
10 with full State contribution, where such person is (1) absent
11 from active service by reason of disability arising from any
12 cause other than self-inflicted, (2) on authorized educational
13 leave of absence or sabbatical leave, or (3) on military leave.

14 (e) Where the person is in non-pay status for a period in
15 excess of 30 days or on leave of absence, other than by reason
16 of disability, educational or sabbatical leave, or military
17 leave, such person may continue coverage only by making
18 personal payment equal to the amount normally contributed by
19 the State on such person's behalf. Such payments and coverage
20 may be continued: (1) until such time as the person returns to
21 a status eligible for coverage at State expense, but not to
22 exceed 24 months or (2) until such person's employment or
23 annuitant status with the State is terminated (exclusive of any
24 additional service imposed pursuant to law).

25 (f) The Department shall establish by rule the extent to
26 which other employee benefits will continue for persons in

1 non-pay status or who are not in active service.

2 (g) The State shall not pay the cost of the basic
3 non-contributory group life insurance, program of health
4 benefits and other employee benefits for members who are
5 survivors as defined by paragraphs (1) and (2) of subsection
6 (q) of Section 3 of this Act. The costs of benefits for these
7 survivors shall be paid by the survivors or by the University
8 of Illinois Cooperative Extension Service, or any combination
9 thereof. However, the State shall pay the amount of the
10 reduction in the cost of participation, if any, resulting from
11 the amendment to subsection (a) made by this amendatory Act of
12 the 91st General Assembly.

13 (h) Those persons occupying positions with any department
14 as a result of emergency appointments pursuant to Section 8b.8
15 of the Personnel Code who are not considered employees under
16 this Act shall be given the option of participating in the
17 programs of group life insurance, health benefits and other
18 employee benefits. Such persons electing coverage may
19 participate only by making payment equal to the amount normally
20 contributed by the State for similarly situated employees. Such
21 amounts shall be determined by the Director. Such payments and
22 coverage may be continued until such time as the person becomes
23 an employee pursuant to this Act or such person's appointment
24 is terminated.

25 (i) Any unit of local government within the State of
26 Illinois may apply to the Director to have its employees,

1 annuitants, and their dependents provided group health
2 coverage under this Act on a non-insured basis. To participate,
3 a unit of local government must agree to enroll all of its
4 employees, who may select coverage under either the State group
5 health benefits plan or a health maintenance organization that
6 has contracted with the State to be available as a health care
7 provider for employees as defined in this Act. A unit of local
8 government must remit the entire cost of providing coverage
9 under the State group health benefits plan or, for coverage
10 under a health maintenance organization, an amount determined
11 by the Director based on an analysis of the sex, age,
12 geographic location, or other relevant demographic variables
13 for its employees, except that the unit of local government
14 shall not be required to enroll those of its employees who are
15 covered spouses or dependents under this plan or another group
16 policy or plan providing health benefits as long as (1) an
17 appropriate official from the unit of local government attests
18 that each employee not enrolled is a covered spouse or
19 dependent under this plan or another group policy or plan, and
20 (2) at least 50% of the employees are enrolled and the unit of
21 local government remits the entire cost of providing coverage
22 to those employees, except that a participating school district
23 must have enrolled at least 50% of its full-time employees who
24 have not waived coverage under the district's group health plan
25 by participating in a component of the district's cafeteria
26 plan. A participating school district is not required to enroll

1 a full-time employee who has waived coverage under the
2 district's health plan, provided that an appropriate official
3 from the participating school district attests that the
4 full-time employee has waived coverage by participating in a
5 component of the district's cafeteria plan. For the purposes of
6 this subsection, "participating school district" includes a
7 unit of local government whose primary purpose is education as
8 defined by the Department's rules.

9 Employees of a participating unit of local government who
10 are not enrolled due to coverage under another group health
11 policy or plan may enroll in the event of a qualifying change
12 in status, special enrollment, special circumstance as defined
13 by the Director, or during the annual Benefit Choice Period. A
14 participating unit of local government may also elect to cover
15 its annuitants. Dependent coverage shall be offered on an
16 optional basis, with the costs paid by the unit of local
17 government, its employees, or some combination of the two as
18 determined by the unit of local government. The unit of local
19 government shall be responsible for timely collection and
20 transmission of dependent premiums.

21 The Director shall annually determine monthly rates of
22 payment, subject to the following constraints:

23 (1) In the first year of coverage, the rates shall be
24 equal to the amount normally charged to State employees for
25 elected optional coverages or for enrolled dependents
26 coverages or other contributory coverages, or contributed

1 by the State for basic insurance coverages on behalf of its
2 employees, adjusted for differences between State
3 employees and employees of the local government in age,
4 sex, geographic location or other relevant demographic
5 variables, plus an amount sufficient to pay for the
6 additional administrative costs of providing coverage to
7 employees of the unit of local government and their
8 dependents.

9 (2) In subsequent years, a further adjustment shall be
10 made to reflect the actual prior years' claims experience
11 of the employees of the unit of local government.

12 In the case of coverage of local government employees under
13 a health maintenance organization, the Director shall annually
14 determine for each participating unit of local government the
15 maximum monthly amount the unit may contribute toward that
16 coverage, based on an analysis of (i) the age, sex, geographic
17 location, and other relevant demographic variables of the
18 unit's employees and (ii) the cost to cover those employees
19 under the State group health benefits plan. The Director may
20 similarly determine the maximum monthly amount each unit of
21 local government may contribute toward coverage of its
22 employees' dependents under a health maintenance organization.

23 Monthly payments by the unit of local government or its
24 employees for group health benefits plan or health maintenance
25 organization coverage shall be deposited in the Local
26 Government Health Insurance Reserve Fund.

1 The Local Government Health Insurance Reserve Fund is
2 hereby created as a nonappropriated trust fund to be held
3 outside the State Treasury, with the State Treasurer as
4 custodian. The Local Government Health Insurance Reserve Fund
5 shall be a continuing fund not subject to fiscal year
6 limitations. The Local Government Health Insurance Reserve
7 Fund is not subject to administrative charges or charge-backs,
8 including but not limited to those authorized under Section 8h
9 of the State Finance Act. All revenues arising from the
10 administration of the health benefits program established
11 under this Section shall be deposited into the Local Government
12 Health Insurance Reserve Fund. Any interest earned on moneys in
13 the Local Government Health Insurance Reserve Fund shall be
14 deposited into the Fund. All expenditures from this Fund shall
15 be used for payments for health care benefits for local
16 government and rehabilitation facility employees, annuitants,
17 and dependents, and to reimburse the Department or its
18 administrative service organization for all expenses incurred
19 in the administration of benefits. No other State funds may be
20 used for these purposes.

21 A local government employer's participation or desire to
22 participate in a program created under this subsection shall
23 not limit that employer's duty to bargain with the
24 representative of any collective bargaining unit of its
25 employees.

26 (j) Any rehabilitation facility within the State of

1 Illinois may apply to the Director to have its employees,
2 annuitants, and their eligible dependents provided group
3 health coverage under this Act on a non-insured basis. To
4 participate, a rehabilitation facility must agree to enroll all
5 of its employees and remit the entire cost of providing such
6 coverage for its employees, except that the rehabilitation
7 facility shall not be required to enroll those of its employees
8 who are covered spouses or dependents under this plan or
9 another group policy or plan providing health benefits as long
10 as (1) an appropriate official from the rehabilitation facility
11 attests that each employee not enrolled is a covered spouse or
12 dependent under this plan or another group policy or plan, and
13 (2) at least 50% of the employees are enrolled and the
14 rehabilitation facility remits the entire cost of providing
15 coverage to those employees. Employees of a participating
16 rehabilitation facility who are not enrolled due to coverage
17 under another group health policy or plan may enroll in the
18 event of a qualifying change in status, special enrollment,
19 special circumstance as defined by the Director, or during the
20 annual Benefit Choice Period. A participating rehabilitation
21 facility may also elect to cover its annuitants. Dependent
22 coverage shall be offered on an optional basis, with the costs
23 paid by the rehabilitation facility, its employees, or some
24 combination of the 2 as determined by the rehabilitation
25 facility. The rehabilitation facility shall be responsible for
26 timely collection and transmission of dependent premiums.

1 The Director shall annually determine quarterly rates of
2 payment, subject to the following constraints:

3 (1) In the first year of coverage, the rates shall be
4 equal to the amount normally charged to State employees for
5 elected optional coverages or for enrolled dependents
6 coverages or other contributory coverages on behalf of its
7 employees, adjusted for differences between State
8 employees and employees of the rehabilitation facility in
9 age, sex, geographic location or other relevant
10 demographic variables, plus an amount sufficient to pay for
11 the additional administrative costs of providing coverage
12 to employees of the rehabilitation facility and their
13 dependents.

14 (2) In subsequent years, a further adjustment shall be
15 made to reflect the actual prior years' claims experience
16 of the employees of the rehabilitation facility.

17 Monthly payments by the rehabilitation facility or its
18 employees for group health benefits shall be deposited in the
19 Local Government Health Insurance Reserve Fund.

20 (k) Any domestic violence shelter or service within the
21 State of Illinois may apply to the Director to have its
22 employees, annuitants, and their dependents provided group
23 health coverage under this Act on a non-insured basis. To
24 participate, a domestic violence shelter or service must agree
25 to enroll all of its employees and pay the entire cost of
26 providing such coverage for its employees. The domestic

1 violence shelter shall not be required to enroll those of its
2 employees who are covered spouses or dependents under this plan
3 or another group policy or plan providing health benefits as
4 long as (1) an appropriate official from the domestic violence
5 shelter attests that each employee not enrolled is a covered
6 spouse or dependent under this plan or another group policy or
7 plan and (2) at least 50% of the employees are enrolled and the
8 domestic violence shelter remits the entire cost of providing
9 coverage to those employees. Employees of a participating
10 domestic violence shelter who are not enrolled due to coverage
11 under another group health policy or plan may enroll in the
12 event of a qualifying change in status, special enrollment, or
13 special circumstance as defined by the Director or during the
14 annual Benefit Choice Period. A participating domestic
15 violence shelter may also elect to cover its annuitants.
16 Dependent coverage shall be offered on an optional basis, with
17 employees, or some combination of the 2 as determined by the
18 domestic violence shelter or service. The domestic violence
19 shelter or service shall be responsible for timely collection
20 and transmission of dependent premiums.

21 The Director shall annually determine rates of payment,
22 subject to the following constraints:

- 23 (1) In the first year of coverage, the rates shall be
24 equal to the amount normally charged to State employees for
25 elected optional coverages or for enrolled dependents
26 coverages or other contributory coverages on behalf of its

1 employees, adjusted for differences between State
2 employees and employees of the domestic violence shelter or
3 service in age, sex, geographic location or other relevant
4 demographic variables, plus an amount sufficient to pay for
5 the additional administrative costs of providing coverage
6 to employees of the domestic violence shelter or service
7 and their dependents.

8 (2) In subsequent years, a further adjustment shall be
9 made to reflect the actual prior years' claims experience
10 of the employees of the domestic violence shelter or
11 service.

12 Monthly payments by the domestic violence shelter or
13 service or its employees for group health insurance shall be
14 deposited in the Local Government Health Insurance Reserve
15 Fund.

16 (1) A public community college or entity organized pursuant
17 to the Public Community College Act may apply to the Director
18 initially to have only annuitants not covered prior to July 1,
19 1992 by the district's health plan provided health coverage
20 under this Act on a non-insured basis. The community college
21 must execute a 2-year contract to participate in the Local
22 Government Health Plan. Any annuitant may enroll in the event
23 of a qualifying change in status, special enrollment, special
24 circumstance as defined by the Director, or during the annual
25 Benefit Choice Period.

26 The Director shall annually determine monthly rates of

1 payment subject to the following constraints: for those
2 community colleges with annuitants only enrolled, first year
3 rates shall be equal to the average cost to cover claims for a
4 State member adjusted for demographics, Medicare
5 participation, and other factors; and in the second year, a
6 further adjustment of rates shall be made to reflect the actual
7 first year's claims experience of the covered annuitants.

8 (l-5) The provisions of subsection (l) become inoperative
9 on July 1, 1999.

10 (m) The Director shall adopt any rules deemed necessary for
11 implementation of this amendatory Act of 1989 (Public Act
12 86-978).

13 (n) Any child advocacy center within the State of Illinois
14 may apply to the Director to have its employees, annuitants,
15 and their dependents provided group health coverage under this
16 Act on a non-insured basis. To participate, a child advocacy
17 center must agree to enroll all of its employees and pay the
18 entire cost of providing coverage for its employees. The child
19 advocacy center shall not be required to enroll those of its
20 employees who are covered spouses or dependents under this plan
21 or another group policy or plan providing health benefits as
22 long as (1) an appropriate official from the child advocacy
23 center attests that each employee not enrolled is a covered
24 spouse or dependent under this plan or another group policy or
25 plan and (2) at least 50% of the employees are enrolled and the
26 child advocacy center remits the entire cost of providing

1 coverage to those employees. Employees of a participating child
2 advocacy center who are not enrolled due to coverage under
3 another group health policy or plan may enroll in the event of
4 a qualifying change in status, special enrollment, or special
5 circumstance as defined by the Director or during the annual
6 Benefit Choice Period. A participating child advocacy center
7 may also elect to cover its annuitants. Dependent coverage
8 shall be offered on an optional basis, with the costs paid by
9 the child advocacy center, its employees, or some combination
10 of the 2 as determined by the child advocacy center. The child
11 advocacy center shall be responsible for timely collection and
12 transmission of dependent premiums.

13 The Director shall annually determine rates of payment,
14 subject to the following constraints:

15 (1) In the first year of coverage, the rates shall be
16 equal to the amount normally charged to State employees for
17 elected optional coverages or for enrolled dependents
18 coverages or other contributory coverages on behalf of its
19 employees, adjusted for differences between State
20 employees and employees of the child advocacy center in
21 age, sex, geographic location, or other relevant
22 demographic variables, plus an amount sufficient to pay for
23 the additional administrative costs of providing coverage
24 to employees of the child advocacy center and their
25 dependents.

26 (2) In subsequent years, a further adjustment shall be

1 made to reflect the actual prior years' claims experience
2 of the employees of the child advocacy center.

3 Monthly payments by the child advocacy center or its
4 employees for group health insurance shall be deposited into
5 the Local Government Health Insurance Reserve Fund.

6 (Source: P.A. 97-695, eff. 7-1-12; 98-488, eff. 8-16-13.)

7 Section 10. The Illinois Pension Code is amended by adding
8 Sections 2-154.5, 2-154.6, 14-147.5, 14-147.6, 15-185.5,
9 15-185.6, 16-190.5, 16-190.6, 18-161.5, and 18-161.6 and
10 amending Sections 2-162, 14-152.1, 15-198, 16-203, and 18-169
11 as follows:

12 (40 ILCS 5/2-154.5 new)

13 Sec. 2-154.5. Accelerated pension benefit payment.

14 (a) To be eligible for an accelerated pension benefit
15 payment provided in this Section, a person must:

16 (1) have terminated service;

17 (2) be eligible to receive a retirement annuity under
18 this Article;

19 (3) not have received any retirement annuity under this
20 Article;

21 (4) not have a QILDRO in effect against him or her
22 under this Article; and

23 (5) not have elected to receive a partial accelerated
24 pension benefit payment under Section 2-154.6.

1 Beginning January 1, 2017, an eligible person may make a
2 written election with the System to receive an accelerated
3 pension benefit payment in lieu of a retirement annuity.

4 A person who elects to receive an accelerated pension
5 benefit payment under this Section may not elect to proceed
6 under the Retirement Systems Reciprocal Act with respect to
7 service under this Article.

8 (b) The accelerated pension benefit payment under this
9 Section shall be a one-time lump sum payment in an amount equal
10 to 75% of the present value of the greatest retirement annuity
11 to which the eligible person is entitled at the date of the
12 election (including any anticipated annual increases but
13 disregarding any survivor benefits), as calculated by the
14 System using the actuarial tables and other assumptions adopted
15 by the Board.

16 (c) A person's credits and creditable service under this
17 Article shall be terminated upon the person's receipt of an
18 accelerated pension benefit payment under this Section, and no
19 other benefit shall be paid under this Article based on those
20 terminated credits and creditable service, including any
21 retirement, survivor, or other benefit; except that to the
22 extent that participation, benefits, or premiums under the
23 State Employees Group Insurance Act of 1971 are based on the
24 amount of service credit, the terminated service credit shall
25 be used for that purpose.

26 (d) If a person who has received an accelerated pension

1 benefit payment under this Section returns to active service
2 under this Article, then:

3 (1) Any benefits under the System earned as a result of
4 that return to active service shall be based solely on the
5 person's credits and creditable service arising from the
6 return to active service.

7 (2) The accelerated pension benefit payment may not be
8 repaid to the System, and the terminated credits and
9 creditable service may not under any circumstances be
10 reinstated.

11 (e) The accelerated pension benefit payment under this
12 Section may be subject to withholding or payment of applicable
13 taxes, but to the extent permitted by federal law, a person who
14 receives an accelerated pension benefit payment under this
15 Section may direct the System to pay all or a portion of that
16 payment as a rollover into another retirement plan or account
17 qualified under the Internal Revenue Code of 1986, as amended.

18 (f) The Board shall adopt any rules necessary to implement
19 this Section.

20 (g) No provision of this Section shall be interpreted in a
21 way that would cause the applicable System to cease to be a
22 qualified plan under the Internal Revenue Code of 1986.

23 (40 ILCS 5/2-154.6 new)

24 Sec. 2-154.6. Partial accelerated pension benefit payment.

25 (a) To be eligible for a partial accelerated pension

1 benefit payment provided in this Section, a person must:

2 (1) have terminated service;

3 (2) be eligible to receive a retirement annuity under
4 this Article;

5 (3) not have received any retirement annuity under this
6 Article;

7 (4) not have a QILDRO in effect against him or her
8 under this Article; and

9 (5) not have elected to receive an accelerated pension
10 benefit payment under Section 2-154.5.

11 Beginning January 1, 2017, an eligible person may make a
12 written election with the System to receive a partial
13 accelerated pension benefit payment in exchange for a reduction
14 in his or her retirement annuity and all other benefits under
15 this Article, including, but not limited to, survivors
16 benefits. In the written election, the eligible person shall
17 specify the percentage by which the retirement annuity shall be
18 reduced; however, a person may not elect a percentage reduction
19 of his or her retirement annuity and all other benefits under
20 this Article that would result in a partial accelerated pension
21 benefit payment of less than \$50,000.

22 Before providing the partial accelerated pension benefit
23 payment under this Section to a person, the System shall notify
24 that person if the percentage elected for the reduction in his
25 or her retirement annuity and all other benefits under this
26 Article would result in any applicable benefit being less than

1 the minimum amount specified for that benefit in this Article,
2 and the eligible person shall be provided the opportunity to
3 change the amount of his or her election.

4 A person who elects to receive a partial accelerated
5 pension benefit payment under this Section may not elect to
6 proceed under the Retirement Systems Reciprocal Act with
7 respect to service under this Article.

8 (b) The partial accelerated pension benefit payment under
9 this Section shall be a one-time lump sum payment in an amount
10 equal to 75% of the elected percentage. For the purposes of
11 this Section, "elected percentage" means the percentage, as
12 specified in the eligible person's written election, of the
13 present value of the greatest retirement annuity to which the
14 eligible person is entitled at the date of the election
15 (including any anticipated annual increases but disregarding
16 any survivor benefits), which shall be calculated by the System
17 using the actuarial tables and other assumptions adopted by the
18 Board.

19 A person who receives the partial accelerated pension
20 benefit payment shall have the amount of his or her retirement
21 annuity and all other benefits under this Article, including,
22 but not limited to, survivors benefits, reduced by the
23 percentage specified in that person's written election.

24 (c) The percentage reduction in retirement annuity and all
25 other benefits under this Article may not under any
26 circumstances be modified after the partial accelerated

1 pension benefit payment under this Section is received.
2 Notwithstanding any provision of this Article to the contrary,
3 a person who elects to receive a partial accelerated pension
4 benefit payment that results in an applicable benefit being
5 less than the minimum amount specified for that benefit in this
6 Article shall not be entitled to receive that minimum amount.

7 (d) If a person who has received a partial accelerated
8 pension benefit payment under this Section returns to active
9 service under this Article, then:

10 (1) Any benefits under the System earned as a result of
11 that return to active service shall be reduced by the
12 amount specified in that person's written election.

13 (2) The partial accelerated pension benefit payment
14 may not be repaid to the System.

15 (3) That person is not eligible to elect or receive any
16 additional partial accelerated pension benefit payment.

17 (e) The partial accelerated pension benefit payment under
18 this Section may be subject to withholding or payment of
19 applicable taxes, but to the extent permitted by federal law, a
20 person who receives a partial accelerated pension benefit
21 payment under this Section may direct the System to pay all or
22 a portion of that payment as a rollover into another retirement
23 plan or account qualified under the Internal Revenue Code of
24 1986, as amended.

25 (f) The Board shall adopt any rules necessary to implement
26 this Section.

1 (g) No provision of this Section shall be interpreted in a
2 way that would cause the applicable System to cease to be a
3 qualified plan under the Internal Revenue Code of 1986.

4 (40 ILCS 5/2-162)

5 (Text of Section WITHOUT the changes made by P.A. 98-599,
6 which has been held unconstitutional)

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

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after June 1, 2005 (the
14 effective date of Public Act 94-4). "New benefit increase",
15 however, does not include any benefit increase resulting from
16 the changes made to this Article by this amendatory Act of the
17 99th General Assembly ~~the effective date of this amendatory Act~~
18 ~~of the 94th General Assembly.~~

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

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

1 under this Section continues to apply to persons who applied
2 and qualified for the affected benefit while the new benefit
3 increase was in effect and to the affected beneficiaries and
4 alternate payees of such persons, but does not apply to any
5 other person, including without limitation a person who
6 continues in service after the expiration date and did not
7 apply and qualify for the affected benefit while the new
8 benefit increase was in effect.

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

10 (40 ILCS 5/14-147.5 new)

11 Sec. 14-147.5. Accelerated pension benefit payment.

12 (a) To be eligible for an accelerated pension benefit
13 payment provided in this Section, a person must:

14 (1) have terminated service;

15 (2) be eligible to receive a retirement annuity under
16 this Article;

17 (3) not have received any retirement annuity under this
18 Article;

19 (4) not have a QILDRO in effect against him or her
20 under this Article; and

21 (5) not have elected to receive a partial accelerated
22 pension benefit payment under Section 14-147.6.

23 Beginning January 1, 2017, an eligible person may make a
24 written election with the System to receive an accelerated
25 pension benefit payment in lieu of a retirement annuity.

1 A person who elects to receive an accelerated pension
2 benefit payment under this Section may not elect to proceed
3 under the Retirement Systems Reciprocal Act with respect to
4 service under this Article.

5 (b) The accelerated pension benefit payment under this
6 Section shall be a one-time lump sum payment in an amount equal
7 to 75% of the present value of the greatest retirement annuity
8 to which the eligible person is entitled at the date of the
9 election (including any anticipated annual increases but
10 disregarding any survivor benefits), as calculated by the
11 System using the actuarial tables and other assumptions adopted
12 by the Board.

13 (c) A person's credits and creditable service under this
14 Article shall be terminated upon the person's receipt of an
15 accelerated pension benefit payment under this Section, and no
16 other benefit shall be paid under this Article based on those
17 terminated credits and creditable service, including any
18 retirement, survivor, or other benefit; except that to the
19 extent that participation, benefits, or premiums under the
20 State Employees Group Insurance Act of 1971 are based on the
21 amount of service credit, the terminated service credit shall
22 be used for that purpose.

23 (d) If a person who has received an accelerated pension
24 benefit payment under this Section returns to active service
25 under this Article, then:

26 (1) Any benefits under the System earned as a result of

1 that return to active service shall be based solely on the
2 person's credits and creditable service arising from the
3 return to active service.

4 (2) The accelerated pension benefit payment may not be
5 repaid to the System, and the terminated credits and
6 creditable service may not under any circumstances be
7 reinstated.

8 (e) The accelerated pension benefit payment under this
9 Section may be subject to withholding or payment of applicable
10 taxes, but to the extent permitted by federal law, a person who
11 receives an accelerated pension benefit payment under this
12 Section may direct the System to pay all or a portion of that
13 payment as a rollover into another retirement plan or account
14 qualified under the Internal Revenue Code of 1986, as amended.

15 (f) The Board shall adopt any rules necessary to implement
16 this Section.

17 (g) No provision of this Section shall be interpreted in a
18 way that would cause the applicable System to cease to be a
19 qualified plan under the Internal Revenue Code of 1986.

20 (40 ILCS 5/14-147.6 new)

21 Sec. 14-147.6. Partial accelerated pension benefit
22 payment.

23 (a) To be eligible for a partial accelerated pension
24 benefit payment provided in this Section, a person must:

25 (1) have terminated service;

1 (2) be eligible to receive a retirement annuity under
2 this Article;

3 (3) not have received any retirement annuity under this
4 Article;

5 (4) not have a QILDRO in effect against him or her
6 under this Article; and

7 (5) not have elected to receive an accelerated pension
8 benefit payment under Section 14-147.5.

9 Beginning January 1, 2017, an eligible person may make a
10 written election with the System to receive a partial
11 accelerated pension benefit payment in exchange for a reduction
12 in his or her retirement annuity and all other benefits under
13 this Article, including, but not limited to, survivors
14 benefits. In the written election, the eligible person shall
15 specify the percentage by which the retirement annuity shall be
16 reduced; however, a person may not elect a percentage reduction
17 of his or her retirement annuity and all other benefits under
18 this Article that would result in a partial accelerated pension
19 benefit payment of less than \$50,000.

20 Before providing the partial accelerated pension benefit
21 payment under this Section to a person, the System shall notify
22 that person if the percentage elected for the reduction in his
23 or her retirement annuity and all other benefits under this
24 Article would result in any applicable benefit being less than
25 the minimum amount specified for that benefit in this Article,
26 and the eligible person shall be provided the opportunity to

1 change the amount of his or her election.

2 A person who elects to receive a partial accelerated
3 pension benefit payment under this Section may not elect to
4 proceed under the Retirement Systems Reciprocal Act with
5 respect to service under this Article.

6 (b) The partial accelerated pension benefit payment under
7 this Section shall be a one-time lump sum payment in an amount
8 equal to 75% of the elected percentage. For the purposes of
9 this Section, "elected percentage" means the percentage, as
10 specified in the eligible person's written election, of the
11 present value of the greatest retirement annuity to which the
12 eligible person is entitled at the date of the election
13 (including any anticipated annual increases but disregarding
14 any survivor benefits), which shall be calculated by the System
15 using the actuarial tables and other assumptions adopted by the
16 Board.

17 A person who receives the partial accelerated pension
18 benefit payment shall have the amount of his or her retirement
19 annuity and all other benefits under this Article, including,
20 but not limited to, survivors benefits, reduced by the
21 percentage specified in that person's written election.

22 (c) The percentage reduction in retirement annuity and all
23 other benefits under this Article may not under any
24 circumstances be modified after the partial accelerated
25 pension benefit payment under this Section is received.
26 Notwithstanding any provision of this Article to the contrary,

1 a person who elects to receive a partial accelerated pension
2 benefit payment that results in an applicable benefit being
3 less than the minimum amount specified for that benefit in this
4 Article shall not be entitled to receive that minimum amount.

5 (d) If a person who has received a partial accelerated
6 pension benefit payment under this Section returns to active
7 service under this Article, then:

8 (1) Any benefits under the System earned as a result of
9 that return to active service shall be reduced by the
10 amount specified in that person's written election.

11 (2) The partial accelerated pension benefit payment
12 may not be repaid to the System.

13 (3) That person is not eligible to elect or receive any
14 additional partial accelerated pension benefit payment.

15 (e) The partial accelerated pension benefit payment under
16 this Section may be subject to withholding or payment of
17 applicable taxes, but to the extent permitted by federal law, a
18 person who receives a partial accelerated pension benefit
19 payment under this Section may direct the System to pay all or
20 a portion of that payment as a rollover into another retirement
21 plan or account qualified under the Internal Revenue Code of
22 1986, as amended.

23 (f) The Board shall adopt any rules necessary to implement
24 this Section.

25 (g) No provision of this Section shall be interpreted in a
26 way that would cause the applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (40 ILCS 5/14-152.1)

3 (Text of Section WITHOUT the changes made by P.A. 98-599,
4 which has been held unconstitutional)

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

7 (a) As used in this Section, "new benefit increase" means
8 an increase in the amount of any benefit provided under this
9 Article, or an expansion of the conditions of eligibility for
10 any benefit under this Article, that results from an amendment
11 to this Code that takes effect after June 1, 2005 (the
12 effective date of Public Act 94-4). "New benefit increase",
13 however, does not include any benefit increase resulting from
14 the changes made to this Article by Public Act 96-37 or by this
15 amendatory Act of the 99th General Assembly ~~this amendatory Act~~
16 ~~of the 96th General Assembly.~~

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

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

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

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

23 (e) Except as otherwise provided in the language creating
24 the new benefit increase, a new benefit increase that expires
25 under this Section continues to apply to persons who applied
26 and qualified for the affected benefit while the new benefit

1 increase was in effect and to the affected beneficiaries and
2 alternate payees of such persons, but does not apply to any
3 other person, including without limitation a person who
4 continues in service after the expiration date and did not
5 apply and qualify for the affected benefit while the new
6 benefit increase was in effect.

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

8 (40 ILCS 5/15-185.5 new)

9 Sec. 15-185.5. Accelerated pension benefit payment.

10 (a) To be eligible for an accelerated pension benefit
11 payment provided in this Section, a person must:

12 (1) have terminated service;

13 (2) be eligible to receive a retirement annuity under
14 this Article;

15 (3) not have received any retirement annuity under this
16 Article;

17 (4) not have a QILDRO in effect against him or her
18 under this Article;

19 (5) not have elected to receive a partial accelerated
20 pension benefit payment under Section 15-185.6; and

21 (6) not be a participant in the self-managed plan
22 created in Section 15-158.2.

23 Beginning January 1, 2017, an eligible person may make a
24 written election with the System to receive an accelerated
25 pension benefit payment in lieu of a retirement annuity.

1 A person who elects to receive an accelerated pension
2 benefit payment under this Section may not elect to proceed
3 under the Retirement Systems Reciprocal Act with respect to
4 service under this Article.

5 (b) The accelerated pension benefit payment under this
6 Section shall be a one-time lump sum payment in an amount equal
7 to 75% of the present value of the greatest retirement annuity
8 to which the eligible person is entitled at the date of the
9 election (including any anticipated annual increases but
10 disregarding any survivor benefits), as calculated by the
11 System using the actuarial tables and other assumptions adopted
12 by the Board.

13 (c) A person's credits and creditable service under this
14 Article shall be terminated upon the person's receipt of an
15 accelerated pension benefit payment under this Section, and no
16 other benefit shall be paid under this Article based on those
17 terminated credits and creditable service, including any
18 retirement, survivor, or other benefit; except that to the
19 extent that participation, benefits, or premiums under the
20 State Employees Group Insurance Act of 1971 are based on the
21 amount of service credit, the terminated service credit shall
22 be used for that purpose.

23 (d) If a person who has received an accelerated pension
24 benefit payment under this Section returns to active service
25 under this Article, then:

26 (1) Any benefits under the System earned as a result of

1 that return to active service shall be based solely on the
2 person's credits and creditable service arising from the
3 return to active service.

4 (2) The accelerated pension benefit payment may not be
5 repaid to the System, and the terminated credits and
6 creditable service may not under any circumstances be
7 reinstated.

8 (e) The accelerated pension benefit payment under this
9 Section may be subject to withholding or payment of applicable
10 taxes, but to the extent permitted by federal law, a person who
11 receives an accelerated pension benefit payment under this
12 Section may direct the System to pay all or a portion of that
13 payment as a rollover into another retirement plan or account
14 qualified under the Internal Revenue Code of 1986, as amended.

15 (f) The Board shall adopt any rules necessary to implement
16 this Section.

17 (g) No provision of this Section shall be interpreted in a
18 way that would cause the applicable System to cease to be a
19 qualified plan under the Internal Revenue Code of 1986.

20 (40 ILCS 5/15-185.6 new)

21 Sec. 15-185.6. Partial accelerated pension benefit
22 payment.

23 (a) To be eligible for a partial accelerated pension
24 benefit payment provided in this Section, a person must:

25 (1) have terminated service;

1 (2) be eligible to receive a retirement annuity under
2 this Article;

3 (3) not have received any retirement annuity under this
4 Article;

5 (4) not have a QILDRO in effect against him or her
6 under this Article;

7 (5) not have elected to receive an accelerated pension
8 benefit payment under Section 15-185.5; and

9 (6) not be a participant in the self-managed plan
10 created in Section 15-158.2.

11 Beginning January 1, 2017, an eligible person may make a
12 written election with the System to receive a partial
13 accelerated pension benefit payment in exchange for a reduction
14 in his or her retirement annuity and all other benefits under
15 this Article, including, but not limited to, survivors
16 benefits. In the written election, the eligible person shall
17 specify the percentage by which the retirement annuity shall be
18 reduced; however, a person may not elect a percentage reduction
19 of his or her retirement annuity and all other benefits under
20 this Article that would result in a partial accelerated pension
21 benefit payment of less than \$50,000.

22 Before providing the partial accelerated pension benefit
23 payment under this Section to a person, the System shall notify
24 that person if the percentage elected for the reduction in his
25 or her retirement annuity and all other benefits under this
26 Article would result in any applicable benefit being less than

1 the minimum amount specified for that benefit in this Article,
2 and the eligible person shall be provided the opportunity to
3 change the amount of his or her election.

4 A person who elects to receive a partial accelerated
5 pension benefit payment under this Section may not elect to
6 proceed under the Retirement Systems Reciprocal Act with
7 respect to service under this Article.

8 (b) The partial accelerated pension benefit payment under
9 this Section shall be a one-time lump sum payment in an amount
10 equal to 75% of the elected percentage. For the purposes of
11 this Section, "elected percentage" means the percentage, as
12 specified in the eligible person's written election, of the
13 present value of the greatest retirement annuity to which the
14 eligible person is entitled at the date of the election
15 (including any anticipated annual increases but disregarding
16 any survivor benefits), which shall be calculated by the System
17 using the actuarial tables and other assumptions adopted by the
18 Board.

19 A person who receives the partial accelerated pension
20 benefit payment shall have the amount of his or her retirement
21 annuity and all other benefits under this Article, including,
22 but not limited to, survivors benefits, reduced by the
23 percentage specified in that person's written election.

24 (c) The percentage reduction in retirement annuity and all
25 other benefits under this Article may not under any
26 circumstances be modified after the partial accelerated

1 pension benefit payment under this Section is received.
2 Notwithstanding any provision of this Article to the contrary,
3 a person who elects to receive a partial accelerated pension
4 benefit payment that results in an applicable benefit being
5 less than the minimum amount specified for that benefit in this
6 Article shall not be entitled to receive that minimum amount.

7 (d) If a person who has received a partial accelerated
8 pension benefit payment under this Section returns to active
9 service under this Article, then:

10 (1) Any benefits under the System earned as a result of
11 that return to active service shall be reduced by the
12 amount specified in that person's written election.

13 (2) The partial accelerated pension benefit payment
14 may not be repaid to the System.

15 (3) That person is not eligible to elect or receive any
16 additional partial accelerated pension benefit payment.

17 (e) The partial accelerated pension benefit payment under
18 this Section may be subject to withholding or payment of
19 applicable taxes, but to the extent permitted by federal law, a
20 person who receives a partial accelerated pension benefit
21 payment under this Section may direct the System to pay all or
22 a portion of that payment as a rollover into another retirement
23 plan or account qualified under the Internal Revenue Code of
24 1986, as amended.

25 (f) The Board shall adopt any rules necessary to implement
26 this Section.

1 (g) No provision of this Section shall be interpreted in a
2 way that would cause the applicable System to cease to be a
3 qualified plan under the Internal Revenue Code of 1986.

4 (40 ILCS 5/15-198)

5 (Text of Section WITHOUT the changes made by P.A. 98-599,
6 which has been held unconstitutional)

7 Sec. 15-198. Application and expiration of new benefit
8 increases.

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after June 1, 2005 (the
14 effective date of Public Act 94-4). "New benefit increase",
15 however, does not include any benefit increase resulting from
16 the changes made to this Article by this amendatory Act of the
17 99th General Assembly ~~the effective date of this amendatory Act~~
18 ~~of the 94th General Assembly.~~

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

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

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

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

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

1 under this Section continues to apply to persons who applied
2 and qualified for the affected benefit while the new benefit
3 increase was in effect and to the affected beneficiaries and
4 alternate payees of such persons, but does not apply to any
5 other person, including without limitation a person who
6 continues in service after the expiration date and did not
7 apply and qualify for the affected benefit while the new
8 benefit increase was in effect.

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

10 (40 ILCS 5/16-190.5 new)

11 Sec. 16-190.5. Accelerated pension benefit payment.

12 (a) To be eligible for an accelerated pension benefit
13 payment provided in this Section, a person must:

14 (1) have terminated service;

15 (2) be eligible to receive a retirement annuity under
16 this Article;

17 (3) not have received any retirement annuity under this
18 Article;

19 (4) not have a QILDRO in effect against him or her
20 under this Article; and

21 (5) not have elected to receive a partial accelerated
22 pension benefit payment under Section 16-190.6.

23 Beginning January 1, 2017, an eligible person may make a
24 written election with the System to receive an accelerated
25 pension benefit payment in lieu of a retirement annuity.

1 A person who elects to receive an accelerated pension
2 benefit payment under this Section may not elect to proceed
3 under the Retirement Systems Reciprocal Act with respect to
4 service under this Article.

5 (b) The accelerated pension benefit payment under this
6 Section shall be a one-time lump sum payment in an amount equal
7 to 75% of the present value of the greatest retirement annuity
8 to which the eligible person is entitled at the date of the
9 election (including any anticipated annual increases but
10 disregarding any survivor benefits), as calculated by the
11 System using the actuarial tables and other assumptions adopted
12 by the Board.

13 (c) A person's credits and creditable service under this
14 Article shall be terminated upon the person's receipt of an
15 accelerated pension benefit payment under this Section, and no
16 other benefit shall be paid under this Article based on those
17 terminated credits and creditable service, including any
18 retirement, survivor, or other benefit; except that to the
19 extent that participation, benefits, or premiums under the
20 State Employees Group Insurance Act of 1971 are based on the
21 amount of service credit, the terminated service credit shall
22 be used for that purpose.

23 (d) If a person who has received an accelerated pension
24 benefit payment under this Section returns to active service
25 under this Article, then:

26 (1) Any benefits under the System earned as a result of

1 that return to active service shall be based solely on the
2 person's credits and creditable service arising from the
3 return to active service.

4 (2) The accelerated pension benefit payment may not be
5 repaid to the System, and the terminated credits and
6 creditable service may not under any circumstances be
7 reinstated.

8 (e) The accelerated pension benefit payment under this
9 Section may be subject to withholding or payment of applicable
10 taxes, but to the extent permitted by federal law, a person who
11 receives an accelerated pension benefit payment under this
12 Section may direct the System to pay all or a portion of that
13 payment as a rollover into another retirement plan or account
14 qualified under the Internal Revenue Code of 1986, as amended.

15 (f) The Board shall adopt any rules necessary to implement
16 this Section.

17 (g) No provision of this Section shall be interpreted in a
18 way that would cause the applicable System to cease to be a
19 qualified plan under the Internal Revenue Code of 1986.

20 (40 ILCS 5/16-190.6 new)

21 Sec. 16-190.6. Partial accelerated pension benefit
22 payment.

23 (a) To be eligible for a partial accelerated pension
24 benefit payment provided in this Section, a person must:

25 (1) have terminated service;

1 (2) be eligible to receive a retirement annuity under
2 this Article;

3 (3) not have received any retirement annuity under this
4 Article;

5 (4) not have a QILDRO in effect against him or her
6 under this Article; and

7 (5) not have elected to receive an accelerated pension
8 benefit payment under Section 16-190.5.

9 Beginning January 1, 2017, an eligible person may make a
10 written election with the System to receive a partial
11 accelerated pension benefit payment in exchange for a reduction
12 in his or her retirement annuity and all other benefits under
13 this Article, including, but not limited to, survivors
14 benefits. In the written election, the eligible person shall
15 specify the percentage by which the retirement annuity shall be
16 reduced; however, a person may not elect a percentage reduction
17 of his or her retirement annuity and all other benefits under
18 this Article that would result in a partial accelerated pension
19 benefit payment of less than \$50,000.

20 Before providing the partial accelerated pension benefit
21 payment under this Section to a person, the System shall notify
22 that person if the percentage elected for the reduction in his
23 or her retirement annuity and all other benefits under this
24 Article would result in any applicable benefit being less than
25 the minimum amount specified for that benefit in this Article,
26 and the eligible person shall be provided the opportunity to

1 change the amount of his or her election.

2 A person who elects to receive a partial accelerated
3 pension benefit payment under this Section may not elect to
4 proceed under the Retirement Systems Reciprocal Act with
5 respect to service under this Article.

6 (b) The partial accelerated pension benefit payment under
7 this Section shall be a one-time lump sum payment in an amount
8 equal to 75% of the elected percentage. For the purposes of
9 this Section, "elected percentage" means the percentage, as
10 specified in the eligible person's written election, of the
11 present value of the greatest retirement annuity to which the
12 eligible person is entitled at the date of the election
13 (including any anticipated annual increases but disregarding
14 any survivor benefits), which shall be calculated by the System
15 using the actuarial tables and other assumptions adopted by the
16 Board.

17 A person who receives the partial accelerated pension
18 benefit payment shall have the amount of his or her retirement
19 annuity and all other benefits under this Article, including,
20 but not limited to, survivors benefits, reduced by the
21 percentage specified in that person's written election.

22 (c) The percentage reduction in retirement annuity and all
23 other benefits under this Article may not under any
24 circumstances be modified after the partial accelerated
25 pension benefit payment under this Section is received.
26 Notwithstanding any provision of this Article to the contrary,

1 a person who elects to receive a partial accelerated pension
2 benefit payment that results in an applicable benefit being
3 less than the minimum amount specified for that benefit in this
4 Article shall not be entitled to receive that minimum amount.

5 (d) If a person who has received a partial accelerated
6 pension benefit payment under this Section returns to active
7 service under this Article, then:

8 (1) Any benefits under the System earned as a result of
9 that return to active service shall be reduced by the
10 amount specified in that person's written election.

11 (2) The partial accelerated pension benefit payment
12 may not be repaid to the System.

13 (3) That person is not eligible to elect or receive any
14 additional partial accelerated pension benefit payment.

15 (e) The partial accelerated pension benefit payment under
16 this Section may be subject to withholding or payment of
17 applicable taxes, but to the extent permitted by federal law, a
18 person who receives a partial accelerated pension benefit
19 payment under this Section may direct the System to pay all or
20 a portion of that payment as a rollover into another retirement
21 plan or account qualified under the Internal Revenue Code of
22 1986, as amended.

23 (f) The Board shall adopt any rules necessary to implement
24 this Section.

25 (g) No provision of this Section shall be interpreted in a
26 way that would cause the applicable System to cease to be a

1 qualified plan under the Internal Revenue Code of 1986.

2 (40 ILCS 5/16-203)

3 (Text of Section WITHOUT the changes made by P.A. 98-599,
4 which has been held unconstitutional)

5 Sec. 16-203. Application and expiration of new benefit
6 increases.

7 (a) As used in this Section, "new benefit increase" means
8 an increase in the amount of any benefit provided under this
9 Article, or an expansion of the conditions of eligibility for
10 any benefit under this Article, that results from an amendment
11 to this Code that takes effect after June 1, 2005 (the
12 effective date of Public Act 94-4). "New benefit increase",
13 however, does not include any benefit increase resulting from
14 the changes made to this Article by Public Act 95-910 or by
15 this amendatory Act of the 99th General Assembly ~~this~~
16 ~~amendatory Act of the 95th General Assembly.~~

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

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

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

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

23 (e) Except as otherwise provided in the language creating
24 the new benefit increase, a new benefit increase that expires
25 under this Section continues to apply to persons who applied
26 and qualified for the affected benefit while the new benefit

1 increase was in effect and to the affected beneficiaries and
2 alternate payees of such persons, but does not apply to any
3 other person, including without limitation a person who
4 continues in service after the expiration date and did not
5 apply and qualify for the affected benefit while the new
6 benefit increase was in effect.

7 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

8 (40 ILCS 5/18-161.5 new)

9 Sec. 18-161.5. Accelerated pension benefit payment.

10 (a) To be eligible for an accelerated pension benefit
11 payment provided in this Section, a person must:

12 (1) have terminated service;

13 (2) be eligible to receive a retirement annuity under
14 this Article;

15 (3) not have received any retirement annuity under this
16 Article;

17 (4) not have a QILDRO in effect against him or her
18 under this Article; and

19 (5) not have elected to receive a partial accelerated
20 pension benefit payment under Section 18-161.6.

21 Beginning January 1, 2017, an eligible person may make a
22 written election with the System to receive an accelerated
23 pension benefit payment in lieu of a retirement annuity.

24 A person who elects to receive an accelerated pension
25 benefit payment under this Section may not elect to proceed

1 under the Retirement Systems Reciprocal Act with respect to
2 service under this Article.

3 (b) The accelerated pension benefit payment under this
4 Section shall be a one-time lump sum payment in an amount equal
5 to 75% of the present value of the greatest retirement annuity
6 to which the eligible person is entitled at the date of the
7 election (including any anticipated annual increases but
8 disregarding any survivor benefits), as calculated by the
9 System using the actuarial tables and other assumptions adopted
10 by the Board.

11 (c) A person's credits and creditable service under this
12 Article shall be terminated upon the person's receipt of an
13 accelerated pension benefit payment under this Section, and no
14 other benefit shall be paid under this Article based on those
15 terminated credits and creditable service, including any
16 retirement, survivor, or other benefit; except that to the
17 extent that participation, benefits, or premiums under the
18 State Employees Group Insurance Act of 1971 are based on the
19 amount of service credit, the terminated service credit shall
20 be used for that purpose.

21 (d) If a person who has received a partial accelerated
22 pension benefit payment under this Section returns to active
23 service under this Article, then:

24 (1) Any benefits under the System earned as a result of
25 that return to active service shall be based solely on the
26 person's credits and creditable service arising from the

1 return to active service.

2 (2) The accelerated pension benefit payment may not be
3 repaid to the System, and the terminated credits and
4 creditable service may not under any circumstances be
5 reinstated.

6 (e) The accelerated pension benefit payment under this
7 Section may be subject to withholding or payment of applicable
8 taxes, but to the extent permitted by federal law, a person who
9 receives an accelerated pension benefit payment under this
10 Section may direct the System to pay all or a portion of that
11 payment as a rollover into another retirement plan or account
12 qualified under the Internal Revenue Code of 1986, as amended.

13 (f) The Board shall adopt any rules necessary to implement
14 this Section.

15 (g) No provision of this Section shall be interpreted in a
16 way that would cause the applicable System to cease to be a
17 qualified plan under the Internal Revenue Code of 1986.

18 (40 ILCS 5/18-161.6 new)

19 Sec. 18-161.6. Partial accelerated pension benefit
20 payment.

21 (a) To be eligible for a partial accelerated pension
22 benefit payment provided in this Section, a person must:

23 (1) have terminated service;

24 (2) be eligible to receive a retirement annuity under
25 this Article;

1 (3) not have received any retirement annuity under this
2 Article;

3 (4) not have a QILDRO in effect against him or her
4 under this Article; and

5 (5) not have elected to receive an accelerated pension
6 benefit payment under Section 18-161.5.

7 Beginning January 1, 2017, an eligible person may make a
8 written election with the System to receive a partial
9 accelerated pension benefit payment in exchange for a reduction
10 in his or her retirement annuity and all other benefits under
11 this Article, including, but not limited to, survivors
12 benefits. In the written election, the eligible person shall
13 specify the percentage by which the retirement annuity shall be
14 reduced; however, a person may not elect a percentage reduction
15 of his or her retirement annuity and all other benefits under
16 this Article that would result in a partial accelerated pension
17 benefit payment of less than \$50,000.

18 Before providing the partial accelerated pension benefit
19 payment under this Section to a person, the System shall notify
20 that person if the percentage elected for the reduction in his
21 or her retirement annuity and all other benefits under this
22 Article would result in any applicable benefit being less than
23 the minimum amount specified for that benefit in this Article,
24 and the eligible person shall be provided the opportunity to
25 change the amount of his or her election.

26 A person who elects to receive a partial accelerated

1 pension benefit payment under this Section may not elect to
2 proceed under the Retirement Systems Reciprocal Act with
3 respect to service under this Article.

4 (b) The partial accelerated pension benefit payment under
5 this Section shall be a one-time lump sum payment in an amount
6 equal to 75% of the elected percentage. For the purposes of
7 this Section, "elected percentage" means the percentage, as
8 specified in the eligible person's written election, of the
9 present value of the greatest retirement annuity to which the
10 eligible person is entitled at the date of the election
11 (including any anticipated annual increases but disregarding
12 any survivor benefits), which shall be calculated by the System
13 using the actuarial tables and other assumptions adopted by the
14 Board.

15 A person who receives the partial accelerated pension
16 benefit payment shall have the amount of his or her retirement
17 annuity and all other benefits under this Article, including,
18 but not limited to, survivors benefits, reduced by the
19 percentage specified in that person's written election.

20 (c) The percentage reduction in retirement annuity and all
21 other benefits under this Article may not under any
22 circumstances be modified after the partial accelerated
23 pension benefit payment under this Section is received.
24 Notwithstanding any provision of this Article to the contrary,
25 a person who elects to receive a partial accelerated pension
26 benefit payment that results in an applicable benefit being

1 less than the minimum amount specified for that benefit in this
2 Article shall not be entitled to receive that minimum amount.

3 (d) If a person who has received an accelerated pension
4 benefit payment under this Section returns to active service
5 under this Article, then:

6 (1) Any benefits under the System earned as a result of
7 that return to active service shall be reduced by the
8 amount specified in that person's written election.

9 (2) The partial accelerated pension benefit payment
10 may not be repaid to the System.

11 (3) That person is not eligible to elect or receive any
12 additional partial accelerated pension benefit payment.

13 (e) The partial accelerated pension benefit payment under
14 this Section may be subject to withholding or payment of
15 applicable taxes, but to the extent permitted by federal law, a
16 person who receives a partial accelerated pension benefit
17 payment under this Section may direct the System to pay all or
18 a portion of that payment as a rollover into another retirement
19 plan or account qualified under the Internal Revenue Code of
20 1986, as amended.

21 (f) The Board shall adopt any rules necessary to implement
22 this Section.

23 (g) No provision of this Section shall be interpreted in a
24 way that would cause the applicable System to cease to be a
25 qualified plan under the Internal Revenue Code of 1986.

1 (40 ILCS 5/18-169)

2 Sec. 18-169. 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 June 1, 2005 (the
9 effective date of Public Act 94-4). "New benefit increase",
10 however, does not include any benefit increase resulting from
11 the changes made to this Article by this amendatory Act of the
12 99th General Assembly ~~the effective date of this amendatory Act~~
13 of the 94th General Assembly.

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

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

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

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

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

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

1 apply and qualify for the affected benefit while the new
2 benefit increase was in effect.

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

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.

1		INDEX
2		Statutes amended in order of appearance
3	5 ILCS 375/3	from Ch. 127, par. 523
4	5 ILCS 375/10	from Ch. 127, par. 530
5	40 ILCS 5/2-154.5 new	
6	40 ILCS 5/2-154.6 new	
7	40 ILCS 5/2-162	
8	40 ILCS 5/14-147.5 new	
9	40 ILCS 5/14-147.6 new	
10	40 ILCS 5/14-152.1	
11	40 ILCS 5/15-185.5 new	
12	40 ILCS 5/15-185.6 new	
13	40 ILCS 5/15-198	
14	40 ILCS 5/16-190.5 new	
15	40 ILCS 5/16-190.6 new	
16	40 ILCS 5/16-203	
17	40 ILCS 5/18-161.5 new	
18	40 ILCS 5/18-161.6 new	
19	40 ILCS 5/18-169	