



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB5546

by Rep. Jeanne M Ives

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. With respect to the 5 State-funded Retirement Systems: requires each System to prepare and implement a Tier 3 plan by July 1, 2017 that aggregates State and employee contributions in individual participant accounts which are used for payouts after retirement. Provides that a Tier 1 or Tier 2 participant may irrevocably elect to participate in the Tier 3 plan instead of the defined benefit plan and may also elect to terminate all participation in the defined benefit plan and to have a specified amount credited to his or her account under the Tier 3 plan. Makes related changes in the State Employees Group Insurance Act of 1971. In the Downstate Teachers, State Employees, and State Universities Articles, authorizes a person to elect not to participate or to terminate participation in those Systems. In the General Assembly and Judges Articles, authorizes a participant to terminate his or her participation in the System. In the Illinois Municipal Retirement Fund (IMRF), State Employees, State Universities, and Downstate Teachers Articles, for participants who first become participants on or after the effective date, prohibits (i) payments for unused sick or vacation time from being used to calculate pensionable salary and (ii) unused sick or vacation time from being used to establish service credit. Imposes limitations on participation by certain persons. In the Downstate Teachers Article, prohibits an employer from making employee contributions on behalf of an employee, except for the sole purpose of allowing an employee to make pre-tax contributions. Amends the Illinois Educational Labor Relations Act to prohibit collective bargaining over that prohibition. Effective immediately.

LRB099 20200 RPS 44658 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 Article ~~Articles~~ 2 (including an  
21 employee who, in lieu of receiving an annuity under that  
22 Article, has retired under the Tier 3 plan established under  
23 Section 2-165.5 of that Article), 14 (including an employee who

1 has 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 an employee who, in lieu of receiving an  
4 annuity under that Article, has retired under the Tier 3 plan  
5 established under Section 14-155.5 of that Article), or 15  
6 (including an employee who has retired under the optional  
7 retirement program established under Section 15-158.2 or the  
8 Tier 3 plan established under Section 15-155.5 of the Illinois  
9 Pension Code), paragraphs (2), (3), or (5) of Section 16-106  
10 (including an employee who, in lieu of receiving an annuity  
11 under that Article, has retired under the Tier 3 plan  
12 established under Section 16-205.5 of the Illinois Pension  
13 Code), or Article 18 (including an employee who, in lieu of  
14 receiving an annuity under that Article, has retired under the  
15 Tier 3 plan established under Section 18-121.5 of that Article)  
16 of the Illinois Pension Code; (2) any person who was receiving  
17 group insurance coverage under this Act as of March 31, 1978 by  
18 reason of his status as an annuitant, even though the annuity  
19 in relation to which such coverage was provided is a  
20 proportional annuity based on less than the minimum period of  
21 service required for a retirement annuity in the system  
22 involved; (3) any person not otherwise covered by this Act who  
23 has retired as a participating member under Article 2 of the  
24 Illinois Pension Code but is ineligible for the retirement  
25 annuity under Section 2-119 of the Illinois Pension Code; (4)  
26 the spouse of any person who is receiving a retirement annuity

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

13 (b-5) (Blank).

14 (b-6) (Blank).

15 (b-7) (Blank).

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

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

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

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

22 (f) "Contributory", when referred to as contributory  
23 coverage, shall mean optional coverages or benefits elected by  
24 the member toward the cost of which such member makes  
25 contribution, or which are funded in whole or in part through  
26 the acceptance of a reduction in earnings or the foregoing of

1 an increase in earnings by an employee, as distinguished from  
2 noncontributory coverage or benefits which are paid entirely by  
3 the State of Illinois without reduction of the member's salary.

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

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

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

11 (i) "Director" means the Director of the Illinois  
12 Department of Central Management Services.

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

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

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



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

23 (1) "Member" means an employee, annuitant, retired  
24 employee or survivor. In the case of an annuitant or retired  
25 employee who first becomes an annuitant or retired employee on  
26 or after the effective date of this amendatory Act of the 97th

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

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

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

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

19 (p) "Retired employee" means any person who would be an  
20 annuitant as that term is defined herein but for the fact that  
21 such person retired prior to January 1, 1966. Such term also  
22 includes any person formerly employed by the University of  
23 Illinois in the Cooperative Extension Service who would be an  
24 annuitant but for the fact that such person was made ineligible  
25 to participate in the State Universities Retirement System by  
26 clause (4) of subsection (a) of Section 15-107 of the Illinois

1 Pension Code.

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

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

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

23 (q-4) "TRS" means the Teachers' Retirement System of the  
24 State of Illinois, created under Article 16 of the Illinois  
25 Pension Code.

26 (q-5) (Blank).

1 (q-6) (Blank).

2 (q-7) (Blank).

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

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

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

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

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

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

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

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

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

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

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

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

25           "TRS dependent beneficiary" does not include, as indicated  
26 under paragraph (2) of this subsection (w), a dependent of the

1 survivor of a TRS benefit recipient who first becomes a  
2 dependent of a survivor of a TRS benefit recipient on or after  
3 the effective date of this amendatory Act of the 97th General  
4 Assembly unless that dependent would have been eligible for  
5 coverage as a dependent of the deceased TRS benefit recipient  
6 upon whom the survivor benefit is based.

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

12 (y) (Blank).

13 (z) "Community college benefit recipient" means a person  
14 who:

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

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

19 (3) either (i) was a full-time employee of a community  
20 college district or an association of community college  
21 boards created under the Public Community College Act  
22 (other than an employee whose last employer under Article  
23 15 of the Illinois Pension Code was a community college  
24 district subject to Article VII of the Public Community  
25 College Act) and was eligible to participate in a group  
26 health benefit plan as an employee during the time of

1 employment with a community college district (other than a  
2 community college district subject to Article VII of the  
3 Public Community College Act) or an association of  
4 community college boards, or (ii) is the survivor of a  
5 person described in item (i).

6 (aa) "Community college dependent beneficiary" means a  
7 person who:

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

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

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



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

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

8 (5 ILCS 375/10) (from Ch. 127, par. 530)

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

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

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

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

24 (a-1) (Blank).

25 (a-2) (Blank).

26 (a-3) (Blank).

1 (a-4) (Blank).

2 (a-5) (Blank).

3 (a-6) (Blank).

4 (a-7) (Blank).

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

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

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

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

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

26 A separate calculation of the premiums based upon the

1 actual cost of each health care plan shall be so certified.

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

7 The Department of Central Management Services, or any  
8 successor agency designated to procure healthcare contracts  
9 pursuant to this Act, is authorized to establish funds,  
10 separate accounts provided by any bank or banks as defined by  
11 the Illinois Banking Act, or separate accounts provided by any  
12 savings and loan association or associations as defined by the  
13 Illinois Savings and Loan Act of 1985 to be held by the  
14 Director, outside the State treasury, for the purpose of  
15 receiving the transfer of moneys from the Local Government  
16 Health Insurance Reserve Fund. The Department may promulgate  
17 rules further defining the methodology for the transfers. Any  
18 interest earned by moneys in the funds or accounts shall inure  
19 to the Local Government Health Insurance Reserve Fund. The  
20 transferred moneys, and interest accrued thereon, shall be used  
21 exclusively for transfers to administrative service  
22 organizations or their financial institutions for payments of  
23 claims to claimants and providers under the self-insurance  
24 health plan. The transferred moneys, and interest accrued  
25 thereon, shall not be used for any other purpose including, but  
26 not limited to, reimbursement of administration fees due the

1 administrative service organization pursuant to its contract  
2 or contracts with the Department.

3 (a-10) For purposes of determining State contributions  
4 under this Section, service established under a Tier 3 plan  
5 under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code  
6 shall be included in determining an employee's creditable  
7 service. Any credit terminated as part of a transfer of  
8 contributions to a Tier 3 plan under Article 2, 14, 15, 16, or  
9 18 of the Illinois Pension Code shall also be included in  
10 determining an employee's creditable service.

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

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

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

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

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

24 (f) The Department shall establish by rule the extent to  
25 which other employee benefits will continue for persons in  
26 non-pay status or who are not in active service.

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

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

24 (i) Any unit of local government within the State of  
25 Illinois may apply to the Director to have its employees,  
26 annuitants, and their dependents provided group health



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

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

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

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

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

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

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

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

26 The Local Government Health Insurance Reserve Fund is

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

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

25 (j) Any rehabilitation facility within the State of  
26 Illinois may apply to the Director to have its employees,

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

26 The Director shall annually determine quarterly rates of

1 payment, subject to the following constraints:

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

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

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

19 (k) Any domestic violence shelter or service within the  
20 State of Illinois may apply to the Director to have its  
21 employees, annuitants, and their dependents provided group  
22 health coverage under this Act on a non-insured basis. To  
23 participate, a domestic violence shelter or service must agree  
24 to enroll all of its employees and pay the entire cost of  
25 providing such coverage for its employees. The domestic  
26 violence shelter shall not be required to enroll those of its

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

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

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

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

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

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

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

25 The Director shall annually determine monthly rates of  
26 payment subject to the following constraints: for those



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

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

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

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

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

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

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

25 (2) In subsequent years, a further adjustment shall be  
26 made to reflect the actual prior years' claims experience

1 of the employees of the child advocacy center.

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

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

6 Section 10. The Illinois Pension Code is amended by  
7 changing Sections 1-160, 2-117, 2-162, 7-109, 7-114, 7-116,  
8 7-139, 14-103.05, 14-103.10, 14-104.3, 14-106, 14-152.1,  
9 15-106, 15-108.1, 15-108.2, 15-112, 15-113.4, 15-134, 15-198,  
10 16-106, 16-123, 16-127, 16-217, 16-152.1, 16-203, 18-120,  
11 18-124, 18-125, 18-125.1, 18-127, 18-128.01, 18-133, 18-169,  
12 20-121, 20-123, 20-124, and 20-125 and by adding Sections  
13 2-105.3, 2-165.5, 14-103.41, 14-103.42, 14-103.43, 14-155.5,  
14 15-108.3, 15-200.5, 16-106.40, 16-106.41, 16-106.42, 16-205.5,  
15 18-110.1, 18-110.2, 18-110.3, and 18-121.5 as follows:

16 (40 ILCS 5/1-160)

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

18 (a) The provisions of this Section apply to a person who,  
19 on or after January 1, 2011, first becomes a member or a  
20 participant under any reciprocal retirement system or pension  
21 fund established under this Code, other than a retirement  
22 system or pension fund established under Article 2, 3, 4, 5, 6,  
23 15 or 18 of this Code, notwithstanding any other provision of  
24 this Code to the contrary, but do not apply to any self-managed

1 plan established under this Code, to any person with respect to  
2 service as a sheriff's law enforcement employee under Article  
3 7, or to any participant of the retirement plan established  
4 under Section 22-101. Notwithstanding anything to the contrary  
5 in this Section, for purposes of this Section, a person who  
6 participated in a retirement system under Article 15 prior to  
7 January 1, 2011 shall be deemed a person who first became a  
8 member or participant prior to January 1, 2011 under any  
9 retirement system or pension fund subject to this Section. The  
10 changes made to this Section by Public Act 98-596 are a  
11 clarification of existing law and are intended to be  
12 retroactive to the effective date of Public Act 96-889,  
13 notwithstanding the provisions of Section 1-103.1 of this Code.

14 The provisions of this Section do not apply to service  
15 under a Tier 3 plan established under Article 2, 14, 15, 16, or  
16 18 of this Code.

17 (b) "Final average salary" means the average monthly (or  
18 annual) salary obtained by dividing the total salary or  
19 earnings calculated under the Article applicable to the member  
20 or participant during the 96 consecutive months (or 8  
21 consecutive years) of service within the last 120 months (or 10  
22 years) of service in which the total salary or earnings  
23 calculated under the applicable Article was the highest by the  
24 number of months (or years) of service in that period. For the  
25 purposes of a person who first becomes a member or participant  
26 of any retirement system or pension fund to which this Section

1 applies on or after January 1, 2011, in this Code, "final  
2 average salary" shall be substituted for the following:

3 (1) In Article 7 (except for service as sheriff's law  
4 enforcement employees), "final rate of earnings".

5 (2) In Articles 8, 9, 10, 11, and 12, "highest average  
6 annual salary for any 4 consecutive years within the last  
7 10 years of service immediately preceding the date of  
8 withdrawal".

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

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

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

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

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

25 For the purposes of this Section, "consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

1 the United States Department of Labor that measures the average  
2 change in prices of goods and services purchased by all urban  
3 consumers, United States city average, all items, 1982-84 =  
4 100. The new amount resulting from each annual adjustment shall  
5 be determined by the Public Pension Division of the Department  
6 of Insurance and made available to the boards of the retirement  
7 systems and pension funds by November 1 of each year.

8 (c) A member or participant is entitled to a retirement  
9 annuity upon written application if he or she has attained age  
10 67 (beginning January 1, 2015, age 65 with respect to service  
11 under Article 8, 11, or 12 of this Code that is subject to this  
12 Section) and has at least 10 years of service credit and is  
13 otherwise eligible under the requirements of the applicable  
14 Article.

15 A member or participant who has attained age 62 (beginning  
16 January 1, 2015, age 60 with respect to service under Article  
17 8, 11, or 12 of this Code that is subject to this Section) and  
18 has at least 10 years of service credit and is otherwise  
19 eligible under the requirements of the applicable Article may  
20 elect to receive the lower retirement annuity provided in  
21 subsection (d) of this Section.

22 (d) The retirement annuity of a member or participant who  
23 is retiring after attaining age 62 (beginning January 1, 2015,  
24 age 60 with respect to service under Article 8, 11, or 12 of  
25 this Code that is subject to this Section) with at least 10  
26 years of service credit shall be reduced by one-half of 1% for

1 each full month that the member's age is under age 67  
2 (beginning January 1, 2015, age 65 with respect to service  
3 under Article 8, 11, or 12 of this Code that is subject to this  
4 Section).

5 (e) Any retirement annuity or supplemental annuity shall be  
6 subject to annual increases on the January 1 occurring either  
7 on or after the attainment of age 67 (beginning January 1,  
8 2015, age 65 with respect to service under Article 8, 11, or 12  
9 of this Code that is subject to this Section) or the first  
10 anniversary (the second anniversary with respect to service  
11 under Article 8 or 11) of the annuity start date, whichever is  
12 later. Each annual increase shall be calculated at 3% or  
13 one-half the annual unadjusted percentage increase (but not  
14 less than zero) in the consumer price index-u for the 12 months  
15 ending with the September preceding each November 1, whichever  
16 is less, of the originally granted retirement annuity. If the  
17 annual unadjusted percentage change in the consumer price  
18 index-u for the 12 months ending with the September preceding  
19 each November 1 is zero or there is a decrease, then the  
20 annuity shall not be increased.

21 Notwithstanding any provision of this Section to the  
22 contrary, with respect to service under Article 8 or 11 of this  
23 Code that is subject to this Section, no annual increase under  
24 this subsection shall be paid or accrue to any person in year  
25 2025. In all other years, the Fund shall continue to pay annual  
26 increases as provided in this Section.

1           Notwithstanding Section 1-103.1 of this Code, the changes  
2           in this amendatory Act of the 98th General Assembly are  
3           applicable without regard to whether the employee was in active  
4           service on or after the effective date of this amendatory Act  
5           of the 98th General Assembly.

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



1 September preceding each November 1, whichever is less, of the  
2 originally granted survivor's annuity. If the annual  
3 unadjusted percentage change in the consumer price index-u for  
4 the 12 months ending with the September preceding each November  
5 1 is zero or there is a decrease, then the annuity shall not be  
6 increased.

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

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

1 this Section under subsection (a) of this Section, then the  
2 person's retirement annuity or retirement pension under that  
3 system or fund shall be suspended during that employment. Upon  
4 termination of that employment, the person's retirement  
5 annuity or retirement pension payments shall resume and be  
6 recalculated if recalculation is provided for under the  
7 applicable Article of this Code.

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

1 (i) (Blank).

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

5 (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,  
6 eff. 11-19-13; 98-622, eff. 6-1-14; 98-641, eff. 6-9-14.)

7 (40 ILCS 5/2-105.3 new)

8 Sec. 2-105.3. Tier 1 participant; Tier 2 participant; Tier  
9 3 participant.

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

12 In the case of a Tier 1 participant who elects to  
13 participate in the Tier 3 plan under Section 2-165.5 of this  
14 Code, that participant shall be deemed a Tier 1 participant  
15 only with respect to service performed or established before  
16 the effective date of that election.

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

19 In the case of a Tier 2 participant who elects to  
20 participate in the Tier 3 plan under Section 2-165.5 of this  
21 Code, that Tier 2 member shall be deemed a Tier 2 member only  
22 with respect to service performed or established before the  
23 effective date of that election.

24 "Tier 3 participant": A Tier 1 or Tier 2 participant who  
25 elects to participate in the Tier 3 plan under Section 2-165.5

1 of this Code, but only with respect to service performed on or  
2 after the effective date of that election.

3 (40 ILCS 5/2-117) (from Ch. 108 1/2, par. 2-117)

4 Sec. 2-117. Participants - Election not to participate.

5 (a) Except as provided in subsection (c), every ~~Every~~  
6 person who was a member on November 1, 1947, or in military  
7 service on such date, is subject to the provisions of this  
8 system beginning upon such date, unless prior to such date he  
9 or she filed with the board a written notice of election not to  
10 participate.

11 Every person who becomes a member after November 1, 1947,  
12 and who is then not a participant becomes a participant  
13 beginning upon the date of becoming a member unless, within 24  
14 months from that date, he or she has filed with the board a  
15 written notice of election not to participate.

16 (b) A member who has filed notice of an election not to  
17 participate (and a former member who has not yet begun to  
18 receive a retirement annuity under this Article) may become a  
19 participant with respect to the period for which the member  
20 elected not to participate upon filing with the board, before  
21 April 1, 1993, a written rescission of the election not to  
22 participate. Upon contributing an amount equal to the  
23 contributions he or she would have made as a participant from  
24 November 1, 1947, or the date of becoming a member, whichever  
25 is later, to the date of becoming a participant, with interest

1 at the rate of 4% per annum until the contributions are paid,  
2 the participant shall receive credit for service as a member  
3 prior to the date of the rescission, both before and after  
4 November 1, 1947. The required contributions shall be made  
5 before commencement of the retirement annuity; otherwise no  
6 credit for service prior to the date of participation shall be  
7 granted.

8 (c) Notwithstanding any other provision of this Article, an  
9 active participant may terminate his or her participation in  
10 this System (including active participation in the Tier 3 plan,  
11 if applicable) by notifying the System in writing. An active  
12 participant terminating participation in this System under  
13 this subsection shall be entitled to a refund of his or her  
14 contributions (other than contributions to the Tier 3 plan  
15 under Section 2-165.5) minus the benefits received prior to the  
16 termination of participation.

17 (Source: P.A. 86-273; 87-1265.)

18 (40 ILCS 5/2-162)

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

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

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

1 any benefit under this Article, that results from an amendment  
2 to this Code that takes effect after the effective date of this  
3 amendatory Act of the 94th General Assembly. "New benefit  
4 increase", however, does not include any benefit increase  
5 resulting from the changes made to this Article by this  
6 amendatory Act of the 99th General Assembly.

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

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

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

1 this subsection is or has become inadequate, it may so certify  
2 to the Governor and the State Comptroller and, in the absence  
3 of corrective action by the General Assembly, the new benefit  
4 increase shall expire at the end of the fiscal year in which  
5 the certification is made.

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

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

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

23 (40 ILCS 5/2-165.5 new)

24 Sec. 2-165.5. Tier 3 plan.

25 (a) By July 1, 2017, the System shall prepare and implement

1 a Tier 3 plan. The Tier 3 plan developed under this Section  
2 shall be a plan that aggregates State and employee  
3 contributions in individual participant accounts which, after  
4 meeting any other requirements, are used for payouts after  
5 retirement in accordance with this Section and any other  
6 applicable laws.

7 As used in this Section, "defined benefit plan" means the  
8 retirement plan available under this Article to Tier 1 or Tier  
9 2 participants who have not made the election authorized under  
10 this Section.

11 (1) A participant in the Tier 3 plan shall pay employee  
12 contributions at a rate determined by the participant, but  
13 not less than 3% of salary and not more than a percentage  
14 of salary determined by the Board in accordance with the  
15 requirements of State and federal law.

16 (2) State contributions shall be paid into the accounts  
17 of all participants in the Tier 3 plan at a uniform rate,  
18 expressed as a percentage of salary and determined for each  
19 year. This rate shall be no higher than 7.6% of salary and  
20 shall be no lower than 3% of salary. The State shall adjust  
21 this rate annually.

22 (3) The Tier 3 plan shall require 5 years of  
23 participation in the Tier 3 plan before vesting in State  
24 contributions. If the participant fails to vest in them,  
25 the State contributions, and the earnings thereon, shall be  
26 forfeited.



1           (4) The Tier 3 plan shall provide a variety of options  
2           for investments. These options shall include investments  
3           handled by the Illinois State Board of Investment as well  
4           as private sector investment options.

5           (5) The Tier 3 plan shall provide a variety of options  
6           for payouts to participants in the Tier 3 plan who are no  
7           longer active in the System and their survivors.

8           (6) To the extent authorized under federal law and as  
9           authorized by the System, the plan shall allow former  
10           participants in the plan to transfer or roll over employee  
11           and vested State contributions, and the earnings thereon,  
12           from the Tier 3 plan into other qualified retirement plans.

13           (7) The System shall reduce the employee contributions  
14           credited to the participant's Tier 3 plan account by an  
15           amount determined by the System to cover the cost of  
16           offering these benefits and any applicable administrative  
17           fees.

18           (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
19           participant of this System may elect, in writing, to cease  
20           accruing benefits in the defined benefit plan and begin  
21           accruing benefits for future service in the Tier 3 plan. The  
22           election to participate in the Tier 3 plan is voluntary and  
23           irrevocable.

24           (1) Service credit under the Tier 3 plan may be used  
25           for determining retirement eligibility under the defined  
26           benefit plan.

1           (2) The System shall make a good faith effort to  
2           contact all active Tier 1 and Tier 2 participants who are  
3           eligible to participate in the Tier 3 plan. The System  
4           shall mail information describing the option to join the  
5           Tier 3 plan to each of these employees to his or her last  
6           known address on file with the System. If the employee is  
7           not responsive to other means of contact, it is sufficient  
8           for the System to publish the details of the option on its  
9           website.

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

26           (b-5) A Tier 1 or Tier 2 participant who elects to

1 participate in the Tier 3 plan may irrevocably elect to  
2 terminate all participation in the defined benefit plan. Upon  
3 that election, the System shall transfer to the participant's  
4 individual account an amount equal to the amount of  
5 contribution refund that the participant would be eligible to  
6 receive if the member terminated employment on that date and  
7 elected a refund of contributions, including the prescribed  
8 rate of interest for the respective years. The System shall  
9 make the transfer as a tax free transfer in accordance with  
10 Internal Revenue Service guidelines, for purposes of funding  
11 the amount credited to the participant's individual account.

12 (c) In no event shall the System, its staff, its authorized  
13 representatives, or the Board be liable for any information  
14 given to an employee under this Section. The System may  
15 coordinate with the Illinois Department of Central Management  
16 Services and other retirement systems administering a Tier 3  
17 plan in accordance with this amendatory Act of the 99th General  
18 Assembly to provide information concerning the impact of the  
19 Tier 3 plan set forth in this Section.

20 (d) Notwithstanding any other provision of this Section, no  
21 person shall begin participating in the Tier 3 plan until it  
22 has attained qualified plan status and received all necessary  
23 approvals from the U.S. Internal Revenue Service.

24 (e) The System shall report on its progress under this  
25 Section, including the available details of the Tier 3 plan and  
26 the System's plans for informing eligible Tier 1 and Tier 2

1 participants about the plan, to the Governor and the General  
2 Assembly on or before January 15, 2017.

3 (f) The Illinois State Board of Investment shall be the  
4 plan sponsor for the Tier 3 plan established under this  
5 Section.

6 (g) The intent of this amendatory Act of the 99th General  
7 Assembly is to ensure that the State's normal cost of  
8 participation in the Tier 3 plan is similar, and if possible  
9 equal, to the State's normal cost of participation in the  
10 defined benefit plan, unless a lower State's normal cost is  
11 necessary to ensure cost neutrality.

12 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

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

15 Sec. 7-109. Employee.

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

17 (a) 1. Receives earnings as payment for the performance  
18 of personal services or official duties out of the  
19 general fund of a municipality, or out of any special  
20 fund or funds controlled by a municipality, or by an  
21 instrumentality thereof, or a participating  
22 instrumentality, including, in counties, the fees or  
23 earnings of any county fee office; and

24 2. Under the usual common law rules applicable in  
25 determining the employer-employee relationship, has

1           the status of an employee with a municipality, or any  
2           instrumentality thereof, or a participating  
3           instrumentality, including aldermen, county  
4           supervisors and other persons (excepting those  
5           employed as independent contractors) who are paid  
6           compensation, fees, allowances or other emolument for  
7           official duties, and, in counties, the several county  
8           fee offices.

9           (b) Serves as a township treasurer appointed under the  
10          School Code, as heretofore or hereafter amended, and who  
11          receives for such services regular compensation as  
12          distinguished from per diem compensation, and any regular  
13          employee in the office of any township treasurer whether or  
14          not his earnings are paid from the income of the permanent  
15          township fund or from funds subject to distribution to the  
16          several school districts and parts of school districts as  
17          provided in the School Code, or from both such sources; or  
18          is the chief executive officer, chief educational officer,  
19          chief fiscal officer, or other employee of a Financial  
20          Oversight Panel established pursuant to Article 1H of the  
21          School Code, other than a superintendent or certified  
22          school business official, except that such person shall not  
23          be treated as an employee under this Section if that person  
24          has negotiated with the Financial Oversight Panel, in  
25          conjunction with the school district, a contractual  
26          agreement for exclusion from this Section.

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

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

4 (a) Are eligible for inclusion under any of the  
5 following laws:

6 1. "An Act in relation to an Illinois State  
7 Teachers' Pension and Retirement Fund", approved May  
8 27, 1915, as amended;

9 2. Articles 15 and 16 of this Code.

10 However, such persons shall be included as employees to  
11 the extent of earnings that are not eligible for inclusion  
12 under the foregoing laws for services not of an  
13 instructional nature of any kind.

14 However, any member of the armed forces who is employed  
15 as a teacher of subjects in the Reserve Officers Training  
16 Corps of any school and who is not certified under the law  
17 governing the certification of teachers shall be included  
18 as an employee.

19 (b) Are designated by the governing body of a  
20 municipality in which a pension fund is required by law to  
21 be established for policemen or firemen, respectively, as  
22 performing police or fire protection duties, except that  
23 when such persons are the heads of the police or fire  
24 department and are not eligible to be included within any  
25 such pension fund, they shall be included within this  
26 Article; provided, that such persons shall not be excluded

1 to the extent of concurrent service and earnings not  
2 designated as being for police or fire protection duties.  
3 However, (i) any head of a police department who was a  
4 participant under this Article immediately before October  
5 1, 1977 and did not elect, under Section 3-109 of this Act,  
6 to participate in a police pension fund shall be an  
7 "employee", and (ii) any chief of police who elects to  
8 participate in this Fund under Section 3-109.1 of this  
9 Code, regardless of whether such person continues to be  
10 employed as chief of police or is employed in some other  
11 rank or capacity within the police department, shall be an  
12 employee under this Article for so long as such person is  
13 employed to perform police duties by a participating  
14 municipality and has not lawfully rescinded that election.

15 (c) Are contributors to or eligible to contribute to a  
16 Taft-Hartley pension plan to which the participating  
17 municipality is required to contribute as the person's  
18 employer based on earnings from the municipality. Nothing  
19 in this paragraph shall affect service credit or creditable  
20 service for any period of service prior to the effective  
21 date of this amendatory Act of the 98th General Assembly,  
22 and this paragraph shall not apply to individuals who are  
23 participating in the Fund prior to the effective date of  
24 this amendatory Act of the 98th General Assembly.

25 (d) Become an employee of any of the following  
26 participating instrumentalities on or after the effective

1 date of this amendatory Act of the 99th General Assembly:  
2 the Illinois Municipal League; the Illinois Association of  
3 Park Districts; the Illinois Supervisors, County  
4 Commissioners and Superintendents of Highways Association;  
5 an association, or not-for-profit corporation, membership  
6 in which is authorized under Section 85-15 of the Township  
7 Code; the United Counties Council; or the Will County  
8 Governmental League.

9 (3) All persons, including, without limitation, public  
10 defenders and probation officers, who receive earnings from  
11 general or special funds of a county for performance of  
12 personal services or official duties within the territorial  
13 limits of the county, are employees of the county (unless  
14 excluded by subsection (2) of this Section) notwithstanding  
15 that they may be appointed by and are subject to the direction  
16 of a person or persons other than a county board or a county  
17 officer. It is hereby established that an employer-employee  
18 relationship under the usual common law rules exists between  
19 such employees and the county paying their salaries by reason  
20 of the fact that the county boards fix their rates of  
21 compensation, appropriate funds for payment of their earnings  
22 and otherwise exercise control over them. This finding and this  
23 amendatory Act shall apply to all such employees from the date  
24 of appointment whether such date is prior to or after the  
25 effective date of this amendatory Act and is intended to  
26 clarify existing law pertaining to their status as



1 participating employees in the Fund.

2 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;  
3 97-813, eff. 7-13-12; 98-712, eff. 7-16-14.)

4 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

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

7 Sec. 7-114. Earnings. "Earnings":

8 (a) An amount to be determined by the board, equal to the  
9 sum of:

10 1. The total amount of money paid to an employee for  
11 personal services or official duties as an employee (except  
12 those employed as independent contractors) paid out of the  
13 general fund, or out of any special funds controlled by the  
14 municipality, or by any instrumentality thereof, or  
15 participating instrumentality, including compensation,  
16 fees, allowances, or other emolument paid for official  
17 duties (but not including automobile maintenance, travel  
18 expense, or reimbursements for expenditures incurred in  
19 the performance of duties or, in the case of a person who  
20 first becomes a participant on or after the effective date  
21 of this amendatory Act of the 99th General Assembly,  
22 payments for unused sick or vacation time) and, for fee  
23 offices, the fees or earnings of the offices to the extent  
24 such fees are paid out of funds controlled by the  
25 municipality, or instrumentality or participating

1 instrumentality; and

2 2. The money value, as determined by rules prescribed  
3 by the governing body of the municipality, or  
4 instrumentality thereof, of any board, lodging, fuel,  
5 laundry, and other allowances provided an employee in lieu  
6 of money.

7 (b) For purposes of determining benefits payable under this  
8 fund payments to a person who is engaged in an independently  
9 established trade, occupation, profession or business and who  
10 is paid for his service on a basis other than a monthly or  
11 other regular salary, are not earnings.

12 (c) If a disabled participating employee is eligible to  
13 receive Workers' Compensation for an accidental injury and the  
14 participating municipality or instrumentality which employed  
15 the participating employee when injured continues to pay the  
16 participating employee regular salary or other compensation or  
17 pays the employee an amount in excess of the Workers'  
18 Compensation amount, then earnings shall be deemed to be the  
19 total payments, including an amount equal to the Workers'  
20 Compensation payments. These payments shall be subject to  
21 employee contributions and allocated as if paid to the  
22 participating employee when the regular payroll amounts would  
23 have been paid if the participating employee had continued  
24 working, and creditable service shall be awarded for this  
25 period.

26 (d) If an elected official who is a participating employee

1 becomes disabled but does not resign and is not removed from  
2 office, then earnings shall include all salary payments made  
3 for the remainder of that term of office and the official shall  
4 be awarded creditable service for the term of office.

5 (e) If a participating employee is paid pursuant to "An Act  
6 to provide for the continuation of compensation for law  
7 enforcement officers, correctional officers and firemen who  
8 suffer disabling injury in the line of duty", approved  
9 September 6, 1973, as amended, the payments shall be deemed  
10 earnings, and the participating employee shall be awarded  
11 creditable service for this period.

12 (f) Additional compensation received by a person while  
13 serving as a supervisor of assessments, assessor, deputy  
14 assessor or member of a board of review from the State of  
15 Illinois pursuant to Section 4-10 or 4-15 of the Property Tax  
16 Code shall not be earnings for purposes of this Article and  
17 shall not be included in the contribution formula or  
18 calculation of benefits for such person pursuant to this  
19 Article.

20 (Source: P.A. 87-740; 88-670, eff. 12-2-94.)

21 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

24 Sec. 7-116. "Final rate of earnings":

25 (a) For retirement and survivor annuities, the monthly

1 earnings obtained by dividing the total earnings received by  
2 the employee during the period of either (1) the 48 consecutive  
3 months of service within the last 120 months of service in  
4 which his total earnings were the highest or (2) the employee's  
5 total period of service, by the number of months of service in  
6 such period.

7 (b) For death benefits, the higher of the rate determined  
8 under paragraph (a) of this Section or total earnings received  
9 in the last 12 months of service divided by twelve. If the  
10 deceased employee has less than 12 months of service, the  
11 monthly final rate shall be the monthly rate of pay the  
12 employee was receiving when he began service.

13 (c) For disability benefits, the total earnings of a  
14 participating employee in the last 12 calendar months of  
15 service prior to the date he becomes disabled divided by 12.

16 (d) In computing the final rate of earnings: (1) the  
17 earnings rate for all periods of prior service shall be  
18 considered equal to the average earnings rate for the last 3  
19 calendar years of prior service for which creditable service is  
20 received under Section 7-139 or, if there is less than 3 years  
21 of creditable prior service, the average for the total prior  
22 service period for which creditable service is received under  
23 Section 7-139; (2) for out of state service and authorized  
24 leave, the earnings rate shall be the rate upon which service  
25 credits are granted; (3) periods of military leave shall not be  
26 considered; (4) the earnings rate for all periods of disability

1 shall be considered equal to the rate of earnings upon which  
2 the employee's disability benefits are computed for such  
3 periods; (5) the earnings to be considered for each of the  
4 final three months of the final earnings period for persons who  
5 first became participants before January 1, 2012 and the  
6 earnings to be considered for each of the final 24 months for  
7 participants who first become participants on or after January  
8 1, 2012 shall not exceed 125% of the highest earnings of any  
9 other month in the final earnings period; ~~and~~ (6) the annual  
10 amount of final rate of earnings shall be the monthly amount  
11 multiplied by the number of months of service normally required  
12 by the position in a year; and (7) in the case of a person who  
13 first becomes a participant on or after the effective date of  
14 this amendatory Act of the 99th General Assembly, payments for  
15 unused sick or vacation time shall not be considered.

16 (Source: P.A. 97-609, eff. 1-1-12.)

17 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

20 Sec. 7-139. Credits and creditable service to employees.

21 (a) Each participating employee shall be granted credits  
22 and creditable service, for purposes of determining the amount  
23 of any annuity or benefit to which he or a beneficiary is  
24 entitled, as follows:

25 1. For prior service: Each participating employee who

1 is an employee of a participating municipality or  
2 participating instrumentality on the effective date shall  
3 be granted creditable service, but no credits under  
4 paragraph 2 of this subsection (a), for periods of prior  
5 service for which credit has not been received under any  
6 other pension fund or retirement system established under  
7 this Code, as follows:

8 If the effective date of participation for the  
9 participating municipality or participating  
10 instrumentality is on or before January 1, 1998, creditable  
11 service shall be granted for the entire period of prior  
12 service with that employer without any employee  
13 contribution.

14 If the effective date of participation for the  
15 participating municipality or participating  
16 instrumentality is after January 1, 1998, creditable  
17 service shall be granted for the last 20% of the period of  
18 prior service with that employer, but no more than 5 years,  
19 without any employee contribution. A participating  
20 employee may establish creditable service for the  
21 remainder of the period of prior service with that employer  
22 by making an application in writing, accompanied by payment  
23 of an employee contribution in an amount determined by the  
24 Fund, based on the employee contribution rates in effect at  
25 the time of application for the creditable service and the  
26 employee's salary rate on the effective date of

1 participation for that employer, plus interest at the  
2 effective rate from the date of the prior service to the  
3 date of payment. Application for this creditable service  
4 may be made at any time while the employee is still in  
5 service.

6 A municipality that (i) has at least 35 employees; (ii)  
7 is located in a county with at least 2,000,000 inhabitants;  
8 and (iii) maintains an independent defined benefit pension  
9 plan for the benefit of its eligible employees may restrict  
10 creditable service in whole or in part for periods of prior  
11 service with the employer if the governing body of the  
12 municipality adopts an irrevocable resolution to restrict  
13 that creditable service and files the resolution with the  
14 board before the municipality's effective date of  
15 participation.

16 Any person who has withdrawn from the service of a  
17 participating municipality or participating  
18 instrumentality prior to the effective date, who reenters  
19 the service of the same municipality or participating  
20 instrumentality after the effective date and becomes a  
21 participating employee is entitled to creditable service  
22 for prior service as otherwise provided in this subdivision  
23 (a)(1) only if he or she renders 2 years of service as a  
24 participating employee after the effective date.  
25 Application for such service must be made while in a  
26 participating status. The salary rate to be used in the

1 calculation of the required employee contribution, if any,  
2 shall be the employee's salary rate at the time of first  
3 reentering service with the employer after the employer's  
4 effective date of participation.

5 2. For current service, each participating employee  
6 shall be credited with:

7 a. Additional credits of amounts equal to each  
8 payment of additional contributions received from him  
9 under Section 7-173, as of the date the corresponding  
10 payment of earnings is payable to him.

11 b. Normal credits of amounts equal to each payment  
12 of normal contributions received from him, as of the  
13 date the corresponding payment of earnings is payable  
14 to him, and normal contributions made for the purpose  
15 of establishing out-of-state service credits as  
16 permitted under the conditions set forth in paragraph 6  
17 of this subsection (a).

18 c. Municipality credits in an amount equal to 1.4  
19 times the normal credits, except those established by  
20 out-of-state service credits, as of the date of  
21 computation of any benefit if these credits would  
22 increase the benefit.

23 d. Survivor credits equal to each payment of  
24 survivor contributions received from the participating  
25 employee as of the date the corresponding payment of  
26 earnings is payable, and survivor contributions made



1           for the purpose of establishing out-of-state service  
2           credits.

3           3. For periods of temporary and total and permanent  
4           disability benefits, each employee receiving disability  
5           benefits shall be granted creditable service for the period  
6           during which disability benefits are payable. Normal and  
7           survivor credits, based upon the rate of earnings applied  
8           for disability benefits, shall also be granted if such  
9           credits would result in a higher benefit to any such  
10          employee or his beneficiary.

11          4. For authorized leave of absence without pay: A  
12          participating employee shall be granted credits and  
13          creditable service for periods of authorized leave of  
14          absence without pay under the following conditions:

15               a. An application for credits and creditable  
16               service is submitted to the board while the employee is  
17               in a status of active employment.

18               b. Not more than 12 complete months of creditable  
19               service for authorized leave of absence without pay  
20               shall be counted for purposes of determining any  
21               benefits payable under this Article.

22               c. Credits and creditable service shall be granted  
23               for leave of absence only if such leave is approved by  
24               the governing body of the municipality, including  
25               approval of the estimated cost thereof to the  
26               municipality as determined by the fund, and employee

1 contributions, plus interest at the effective rate  
2 applicable for each year from the end of the period of  
3 leave to date of payment, have been paid to the fund in  
4 accordance with Section 7-173. The contributions shall  
5 be computed upon the assumption earnings continued  
6 during the period of leave at the rate in effect when  
7 the leave began.

8 d. Benefits under the provisions of Sections  
9 7-141, 7-146, 7-150 and 7-163 shall become payable to  
10 employees on authorized leave of absence, or their  
11 designated beneficiary, only if such leave of absence  
12 is creditable hereunder, and if the employee has at  
13 least one year of creditable service other than the  
14 service granted for leave of absence. Any employee  
15 contributions due may be deducted from any benefits  
16 payable.

17 e. No credits or creditable service shall be  
18 allowed for leave of absence without pay during any  
19 period of prior service.

20 5. For military service: The governing body of a  
21 municipality or participating instrumentality may elect to  
22 allow creditable service to participating employees who  
23 leave their employment to serve in the armed forces of the  
24 United States for all periods of such service, provided  
25 that the person returns to active employment within 90 days  
26 after completion of full time active duty, but no

1           creditable service shall be allowed such person for any  
2           period that can be used in the computation of a pension or  
3           any other pay or benefit, other than pay for active duty,  
4           for service in any branch of the armed forces of the United  
5           States. If necessary to the computation of any benefit, the  
6           board shall establish municipality credits for  
7           participating employees under this paragraph on the  
8           assumption that the employee received earnings at the rate  
9           received at the time he left the employment to enter the  
10          armed forces. A participating employee in the armed forces  
11          shall not be considered an employee during such period of  
12          service and no additional death and no disability benefits  
13          are payable for death or disability during such period.

14           Any participating employee who left his employment  
15          with a municipality or participating instrumentality to  
16          serve in the armed forces of the United States and who  
17          again became a participating employee within 90 days after  
18          completion of full time active duty by entering the service  
19          of a different municipality or participating  
20          instrumentality, which has elected to allow creditable  
21          service for periods of military service under the preceding  
22          paragraph, shall also be allowed creditable service for his  
23          period of military service on the same terms that would  
24          apply if he had been employed, before entering military  
25          service, by the municipality or instrumentality which  
26          employed him after he left the military service and the

1 employer costs arising in relation to such grant of  
2 creditable service shall be charged to and paid by that  
3 municipality or instrumentality.

4 Notwithstanding the foregoing, any participating  
5 employee shall be entitled to creditable service as  
6 required by any federal law relating to re-employment  
7 rights of persons who served in the United States Armed  
8 Services. Such creditable service shall be granted upon  
9 payment by the member of an amount equal to the employee  
10 contributions which would have been required had the  
11 employee continued in service at the same rate of earnings  
12 during the military leave period, plus interest at the  
13 effective rate.

14 5.1. In addition to any creditable service established  
15 under paragraph 5 of this subsection (a), creditable  
16 service may be granted for up to 48 months of service in  
17 the armed forces of the United States.

18 In order to receive creditable service for military  
19 service under this paragraph 5.1, a participating employee  
20 must (1) apply to the Fund in writing and provide evidence  
21 of the military service that is satisfactory to the Board;  
22 (2) obtain the written approval of the current employer;  
23 and (3) make contributions to the Fund equal to (i) the  
24 employee contributions that would have been required had  
25 the service been rendered as a member, plus (ii) an amount  
26 determined by the board to be equal to the employer's

1 normal cost of the benefits accrued for that military  
2 service, plus (iii) interest on items (i) and (ii) from the  
3 date of first membership in the Fund to the date of  
4 payment. The required interest shall be calculated at the  
5 regular interest rate.

6 The changes made to this paragraph 5.1 by Public Acts  
7 95-483 and 95-486 apply only to participating employees in  
8 service on or after August 28, 2007 (the effective date of  
9 those Public Acts).

10 6. For out-of-state service: Creditable service shall  
11 be granted for service rendered to an out-of-state local  
12 governmental body under the following conditions: The  
13 employee had participated and has irrevocably forfeited  
14 all rights to benefits in the out-of-state public employees  
15 pension system; the governing body of his participating  
16 municipality or instrumentality authorizes the employee to  
17 establish such service; the employee has 2 years current  
18 service with this municipality or participating  
19 instrumentality; the employee makes a payment of  
20 contributions, which shall be computed at 8% (normal) plus  
21 2% (survivor) times length of service purchased times the  
22 average rate of earnings for the first 2 years of service  
23 with the municipality or participating instrumentality  
24 whose governing body authorizes the service established  
25 plus interest at the effective rate on the date such  
26 credits are established, payable from the date the employee

1 completes the required 2 years of current service to date  
2 of payment. In no case shall more than 120 months of  
3 creditable service be granted under this provision.

4 7. For retroactive service: Any employee who could have  
5 but did not elect to become a participating employee, or  
6 who should have been a participant in the Municipal Public  
7 Utilities Annuity and Benefit Fund before that fund was  
8 superseded, may receive creditable service for the period  
9 of service not to exceed 50 months; however, a current or  
10 former elected or appointed official of a participating  
11 municipality may establish credit under this paragraph 7  
12 for more than 50 months of service as an official of that  
13 municipality, if the excess over 50 months is approved by  
14 resolution of the governing body of the affected  
15 municipality filed with the Fund before January 1, 2002.

16 Any employee who is a participating employee on or  
17 after September 24, 1981 and who was excluded from  
18 participation by the age restrictions removed by Public Act  
19 82-596 may receive creditable service for the period, on or  
20 after January 1, 1979, excluded by the age restriction and,  
21 in addition, if the governing body of the participating  
22 municipality or participating instrumentality elects to  
23 allow creditable service for all employees excluded by the  
24 age restriction prior to January 1, 1979, for service  
25 during the period prior to that date excluded by the age  
26 restriction. Any employee who was excluded from

1 participation by the age restriction removed by Public Act  
2 82-596 and who is not a participating employee on or after  
3 September 24, 1981 may receive creditable service for  
4 service after January 1, 1979. Creditable service under  
5 this paragraph shall be granted upon payment of the  
6 employee contributions which would have been required had  
7 he participated, with interest at the effective rate for  
8 each year from the end of the period of service established  
9 to date of payment.

10 8. For accumulated unused sick leave: A participating  
11 employee who first becomes a participating employee before  
12 the effective date of this amendatory Act of the 99th  
13 General Assembly and who is applying for a retirement  
14 annuity shall be entitled to creditable service for that  
15 portion of the employee's accumulated unused sick leave for  
16 which payment is not received, as follows:

17 a. Sick leave days shall be limited to those  
18 accumulated under a sick leave plan established by a  
19 participating municipality or participating  
20 instrumentality which is available to all employees or  
21 a class of employees.

22 b. Except as provided in item b-1, only sick leave  
23 days accumulated with a participating municipality or  
24 participating instrumentality with which the employee  
25 was in service within 60 days of the effective date of  
26 his retirement annuity shall be credited; If the

1 employee was in service with more than one employer  
2 during this period only the sick leave days with the  
3 employer with which the employee has the greatest  
4 number of unpaid sick leave days shall be considered.

5 b-1. If the employee was in the service of more  
6 than one employer as defined in item (2) of paragraph  
7 (a) of subsection (A) of Section 7-132, then the sick  
8 leave days from all such employers shall be credited,  
9 as long as the creditable service attributed to those  
10 sick leave days does not exceed the limitation in item  
11 f of this paragraph 8. In calculating the creditable  
12 service under this item b-1, the sick leave days from  
13 the last employer shall be considered first, then the  
14 remaining sick leave days shall be considered until  
15 there are no more days or the maximum creditable sick  
16 leave threshold under item f of this paragraph 8 has  
17 been reached.

18 c. The creditable service granted shall be  
19 considered solely for the purpose of computing the  
20 amount of the retirement annuity and shall not be used  
21 to establish any minimum service period required by any  
22 provision of the Illinois Pension Code, the effective  
23 date of the retirement annuity, or the final rate of  
24 earnings.

25 d. The creditable service shall be at the rate of  
26 1/20 of a month for each full sick day, provided that



1 no more than 12 months may be credited under this  
2 subdivision 8.

3 e. Employee contributions shall not be required  
4 for creditable service under this subdivision 8.

5 f. Each participating municipality and  
6 participating instrumentality with which an employee  
7 has service within 60 days of the effective date of his  
8 retirement annuity shall certify to the board the  
9 number of accumulated unpaid sick leave days credited  
10 to the employee at the time of termination of service.

11 9. For service transferred from another system:  
12 Credits and creditable service shall be granted for service  
13 under Article 4, 5, 8, 14, or 16 of this Act, to any active  
14 member of this Fund, and to any inactive member who has  
15 been a county sheriff, upon transfer of such credits  
16 pursuant to Section 4-108.3, 5-235, 8-226.7, 14-105.6, or  
17 16-131.4, and payment by the member of the amount by which  
18 (1) the employer and employee contributions that would have  
19 been required if he had participated in this Fund as a  
20 sheriff's law enforcement employee during the period for  
21 which credit is being transferred, plus interest thereon at  
22 the effective rate for each year, compounded annually, from  
23 the date of termination of the service for which credit is  
24 being transferred to the date of payment, exceeds (2) the  
25 amount actually transferred to the Fund. Such transferred  
26 service shall be deemed to be service as a sheriff's law

1 enforcement employee for the purposes of Section 7-142.1.

2 10. (Blank).

3 11. For service transferred from an Article 3 system  
4 under Section 3-110.3: Credits and creditable service  
5 shall be granted for service under Article 3 of this Act as  
6 provided in Section 3-110.3, to any active member of this  
7 Fund, upon transfer of such credits pursuant to Section  
8 3-110.3. If the board determines that the amount  
9 transferred is less than the true cost to the Fund of  
10 allowing that creditable service to be established, then in  
11 order to establish that creditable service, the member must  
12 pay to the Fund an additional contribution equal to the  
13 difference, as determined by the board in accordance with  
14 the rules and procedures adopted under this paragraph. If  
15 the member does not make the full additional payment as  
16 required by this paragraph prior to termination of his  
17 participation with that employer, then his or her  
18 creditable service shall be reduced by an amount equal to  
19 the difference between the amount transferred under  
20 Section 3-110.3, including any payments made by the member  
21 under this paragraph prior to termination, and the true  
22 cost to the Fund of allowing that creditable service to be  
23 established, as determined by the board in accordance with  
24 the rules and procedures adopted under this paragraph.

25 The board shall establish by rule the manner of making  
26 the calculation required under this paragraph 11, taking

1 into account the appropriate actuarial assumptions; the  
2 member's service, age, and salary history, and any other  
3 factors that the board determines to be relevant.

4 12. For omitted service: Any employee who was employed  
5 by a participating employer in a position that required  
6 participation, but who was not enrolled in the Fund, may  
7 establish such credits under the following conditions:

8 a. Application for such credits is received by the  
9 Board while the employee is an active participant of  
10 the Fund or a reciprocal retirement system.

11 b. Eligibility for participation and earnings are  
12 verified by the Authorized Agent of the participating  
13 employer for which the service was rendered.

14 Creditable service under this paragraph shall be  
15 granted upon payment of the employee contributions that  
16 would have been required had he participated, which shall  
17 be calculated by the Fund using the member contribution  
18 rate in effect during the period that the service was  
19 rendered.

20 (b) Creditable service - amount:

21 1. One month of creditable service shall be allowed for  
22 each month for which a participating employee made  
23 contributions as required under Section 7-173, or for which  
24 creditable service is otherwise granted hereunder. Not  
25 more than 1 month of service shall be credited and counted  
26 for 1 calendar month, and not more than 1 year of service

1 shall be credited and counted for any calendar year. A  
2 calendar month means a nominal month beginning on the first  
3 day thereof, and a calendar year means a year beginning  
4 January 1 and ending December 31.

5 2. A seasonal employee shall be given 12 months of  
6 creditable service if he renders the number of months of  
7 service normally required by the position in a 12-month  
8 period and he remains in service for the entire 12-month  
9 period. Otherwise a fractional year of service in the  
10 number of months of service rendered shall be credited.

11 3. An intermittent employee shall be given creditable  
12 service for only those months in which a contribution is  
13 made under Section 7-173.

14 (c) No application for correction of credits or creditable  
15 service shall be considered unless the board receives an  
16 application for correction while (1) the applicant is a  
17 participating employee and in active employment with a  
18 participating municipality or instrumentality, or (2) while  
19 the applicant is actively participating in a pension fund or  
20 retirement system which is a participating system under the  
21 Retirement Systems Reciprocal Act. A participating employee or  
22 other applicant shall not be entitled to credits or creditable  
23 service unless the required employee contributions are made in  
24 a lump sum or in installments made in accordance with board  
25 rule.

26 (d) Upon the granting of a retirement, surviving spouse or

1 child annuity, a death benefit or a separation benefit, on  
2 account of any employee, all individual accumulated credits  
3 shall thereupon terminate. Upon the withdrawal of additional  
4 contributions, the credits applicable thereto shall thereupon  
5 terminate. Terminated credits shall not be applied to increase  
6 the benefits any remaining employee would otherwise receive  
7 under this Article.

8 (Source: P.A. 97-415, eff. 8-16-11; 98-439, eff. 8-16-13;  
9 98-932, eff. 8-15-14.)

10 (40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)

11 Sec. 14-103.05. Employee.

12 (a) Except as provided in subsection (d), any ~~Any~~ person  
13 employed by a Department who receives salary for personal  
14 services rendered to the Department on a warrant issued  
15 pursuant to a payroll voucher certified by a Department and  
16 drawn by the State Comptroller upon the State Treasurer,  
17 including an elected official described in subparagraph (d) of  
18 Section 14-104, shall become an employee for purpose of  
19 membership in the Retirement System on the first day of such  
20 employment.

21 A person entering service on or after January 1, 1972 and  
22 prior to January 1, 1984 shall become a member as a condition  
23 of employment and shall begin making contributions as of the  
24 first day of employment.

25 A person entering service on or after January 1, 1984

1 shall, upon completion of 6 months of continuous service which  
2 is not interrupted by a break of more than 2 months, become a  
3 member as a condition of employment. Contributions shall begin  
4 the first of the month after completion of the qualifying  
5 period.

6 A person employed by the Chicago Metropolitan Agency for  
7 Planning on the effective date of this amendatory Act of the  
8 95th General Assembly who was a member of this System as an  
9 employee of the Chicago Area Transportation Study and makes an  
10 election under Section 14-104.13 to participate in this System  
11 for his or her employment with the Chicago Metropolitan Agency  
12 for Planning.

13 The qualifying period of 6 months of service is not  
14 applicable to: (1) a person who has been granted credit for  
15 service in a position covered by the State Universities  
16 Retirement System, the Teachers' Retirement System of the State  
17 of Illinois, the General Assembly Retirement System, or the  
18 Judges Retirement System of Illinois unless that service has  
19 been forfeited under the laws of those systems; (2) a person  
20 entering service on or after July 1, 1991 in a noncovered  
21 position; (3) a person to whom Section 14-108.2a or 14-108.2b  
22 applies; or (4) a person to whom subsection (a-5) of this  
23 Section applies.

24 (a-5) Except as provided in subsection (d), a ~~A~~ person  
25 entering service on or after December 1, 2010 and before the  
26 effective date of this amendatory Act of the 99th General

1 Assembly shall become a member as a condition of employment and  
2 shall begin making contributions as of the first day of  
3 employment. A person serving in the qualifying period on  
4 December 1, 2010 will become a member on December 1, 2010 and  
5 shall begin making contributions as of December 1, 2010.

6 (b) The term "employee" does not include the following:

7 (1) members of the State Legislature, and persons  
8 electing to become members of the General Assembly  
9 Retirement System pursuant to Section 2-105;

10 (2) incumbents of offices normally filled by vote of  
11 the people;

12 (3) except as otherwise provided in this Section, any  
13 person appointed by the Governor with the advice and  
14 consent of the Senate unless that person elects to  
15 participate in this system;

16 (3.1) any person serving as a commissioner of an ethics  
17 commission created under the State Officials and Employees  
18 Ethics Act unless that person elects to participate in this  
19 system with respect to that service as a commissioner;

20 (3.2) any person serving as a part-time employee in any  
21 of the following positions: Legislative Inspector General,  
22 Special Legislative Inspector General, employee of the  
23 Office of the Legislative Inspector General, Executive  
24 Director of the Legislative Ethics Commission, or staff of  
25 the Legislative Ethics Commission, regardless of whether  
26 he or she is in active service on or after July 8, 2004

1 (the effective date of Public Act 93-685), unless that  
2 person elects to participate in this System with respect to  
3 that service; in this item (3.2), a "part-time employee" is  
4 a person who is not required to work at least 35 hours per  
5 week;

6 (3.3) any person who has made an election under Section  
7 1-123 and who is serving either as legal counsel in the  
8 Office of the Governor or as Chief Deputy Attorney General;

9 (4) except as provided in Section 14-108.2 or  
10 14-108.2c, any person who is covered or eligible to be  
11 covered by the Teachers' Retirement System of the State of  
12 Illinois, the State Universities Retirement System, or the  
13 Judges Retirement System of Illinois;

14 (5) an employee of a municipality or any other  
15 political subdivision of the State;

16 (6) any person who becomes an employee after June 30,  
17 1979 as a public service employment program participant  
18 under the Federal Comprehensive Employment and Training  
19 Act and whose wages or fringe benefits are paid in whole or  
20 in part by funds provided under such Act;

21 (7) enrollees of the Illinois Young Adult Conservation  
22 Corps program, administered by the Department of Natural  
23 Resources, authorized grantee pursuant to Title VIII of the  
24 "Comprehensive Employment and Training Act of 1973", 29 USC  
25 993, as now or hereafter amended;

26 (8) enrollees and temporary staff of programs



1 administered by the Department of Natural Resources under  
2 the Youth Conservation Corps Act of 1970;

3 (9) any person who is a member of any professional  
4 licensing or disciplinary board created under an Act  
5 administered by the Department of Professional Regulation  
6 or a successor agency or created or re-created after the  
7 effective date of this amendatory Act of 1997, and who  
8 receives per diem compensation rather than a salary,  
9 notwithstanding that such per diem compensation is paid by  
10 warrant issued pursuant to a payroll voucher; such persons  
11 have never been included in the membership of this System,  
12 and this amendatory Act of 1987 (P.A. 84-1472) is not  
13 intended to effect any change in the status of such  
14 persons;

15 (10) any person who is a member of the Illinois Health  
16 Care Cost Containment Council, and receives per diem  
17 compensation rather than a salary, notwithstanding that  
18 such per diem compensation is paid by warrant issued  
19 pursuant to a payroll voucher; such persons have never been  
20 included in the membership of this System, and this  
21 amendatory Act of 1987 is not intended to effect any change  
22 in the status of such persons;

23 (11) any person who is a member of the Oil and Gas  
24 Board created by Section 1.2 of the Illinois Oil and Gas  
25 Act, and receives per diem compensation rather than a  
26 salary, notwithstanding that such per diem compensation is

1           paid by warrant issued pursuant to a payroll voucher;

2           (12) a person employed by the State Board of Higher  
3           Education in a position with the Illinois Century Network  
4           as of June 30, 2004, who remains continuously employed  
5           after that date by the Department of Central Management  
6           Services in a position with the Illinois Century Network  
7           and participates in the Article 15 system with respect to  
8           that employment;

9           (13) any person who first becomes a member of the Civil  
10          Service Commission on or after January 1, 2012;

11          (14) any person, other than the Director of Employment  
12          Security, who first becomes a member of the Board of Review  
13          of the Department of Employment Security on or after  
14          January 1, 2012;

15          (15) any person who first becomes a member of the Civil  
16          Service Commission on or after January 1, 2012;

17          (16) any person who first becomes a member of the  
18          Illinois Liquor Control Commission on or after January 1,  
19          2012;

20          (17) any person who first becomes a member of the  
21          Secretary of State Merit Commission on or after January 1,  
22          2012;

23          (18) any person who first becomes a member of the Human  
24          Rights Commission on or after January 1, 2012;

25          (19) any person who first becomes a member of the State  
26          Mining Board on or after January 1, 2012;

1           (20) any person who first becomes a member of the  
2           Property Tax Appeal Board on or after January 1, 2012;

3           (21) any person who first becomes a member of the  
4           Illinois Racing Board on or after January 1, 2012;

5           (22) any person who first becomes a member of the  
6           Department of State Police Merit Board on or after January  
7           1, 2012;

8           (23) any person who first becomes a member of the  
9           Illinois State Toll Highway Authority on or after January  
10          1, 2012; or

11          (24) any person who first becomes a member of the  
12          Illinois State Board of Elections on or after January 1,  
13          2012.

14          (c) An individual who represents or is employed as an  
15          officer or employee of a statewide labor organization that  
16          represents members of this System may participate in the System  
17          and shall be deemed an employee, provided that (1) the  
18          individual has previously earned creditable service under this  
19          Article, (2) the individual files with the System an  
20          irrevocable election to become a participant within 6 months  
21          after the effective date of this amendatory Act of the 94th  
22          General Assembly, and (3) the individual does not receive  
23          credit for that employment under any other provisions of this  
24          Code. An employee under this subsection (c) is responsible for  
25          paying to the System both (i) employee contributions based on  
26          the actual compensation received for service with the labor

1 organization and (ii) employer contributions based on the  
2 percentage of payroll certified by the board; all or any part  
3 of these contributions may be paid on the employee's behalf or  
4 picked up for tax purposes (if authorized under federal law) by  
5 the labor organization.

6 A person who is an employee as defined in this subsection  
7 (c) may establish service credit for similar employment prior  
8 to becoming an employee under this subsection by paying to the  
9 System for that employment the contributions specified in this  
10 subsection, plus interest at the effective rate from the date  
11 of service to the date of payment. However, credit shall not be  
12 granted under this subsection (c) for any such prior employment  
13 for which the applicant received credit under any other  
14 provision of this Code or during which the applicant was on a  
15 leave of absence.

16 (d) Notwithstanding any other provision of this Article,  
17 beginning on the effective date of this amendatory Act of the  
18 99th General Assembly, a person is not required, as a condition  
19 of employment or otherwise, to participate in this System. An  
20 active employee may terminate his or her participation in this  
21 System (including active participation in the Tier 3 plan, if  
22 applicable) by notifying the System in writing. An active  
23 employee terminating participation in this System under this  
24 subsection shall be entitled to a refund of his or her  
25 contributions (other than contributions to the Tier 3 plan  
26 under Section 14-155.5) minus the benefits received prior to

1 the termination of participation.

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

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

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

6 Sec. 14-103.10. Compensation.

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

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

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

25 (1) for vacation,

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

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

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

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

- 24 (1) for vacation;
- 25 (2) for accumulated unused sick leave;
- 26 (3) upon discharge or dismissal; and

1 (4) for approved holidays.

2 (f) Notwithstanding the other provisions of this Section,  
3 for service on or after July 1, 2013, "compensation" does not  
4 include any stipend payable to an employee for service on a  
5 board or commission.

6 (g) Notwithstanding any other provision of this Section,  
7 for an employee who first becomes a participant on or after the  
8 effective date of this amendatory Act of the 99th General  
9 Assembly, "compensation" does not include any payments or  
10 reimbursements for travel vouchers submitted more than 30 days  
11 after the last day of travel for which the voucher is  
12 submitted.

13 (Source: P.A. 98-449, eff. 8-16-13.)

14 (40 ILCS 5/14-103.41 new)

15 Sec. 14-103.41. Tier 1 member. "Tier 1 member": A member of  
16 this System who first became a member or participant before  
17 January 1, 2011 under any reciprocal retirement system or  
18 pension fund established under this Code other than a  
19 retirement system or pension fund established under Article 2,  
20 3, 4, 5, 6, or 18 of this Code.

21 In the case of a Tier 1 member who elects to participate in  
22 the Tier 3 plan under Section 14-155.5 of this Code, that Tier  
23 1 member shall be deemed a Tier 1 member only with respect to  
24 service performed or established before the effective date of  
25 that election.

1 (40 ILCS 5/14-103.42 new)

2 Sec. 14-103.42. Tier 2 member. "Tier 2 member": A member of  
3 this System who first becomes a member under this Article on or  
4 after January 1, 2011 and who is not a Tier 1 member.

5 In the case of a Tier 2 member who elects to participate in  
6 the Tier 3 plan under Section 14-155.5 of this Code, that Tier  
7 2 member shall be deemed a Tier 2 member only with respect to  
8 service performed or established before the effective date of  
9 that election.

10 (40 ILCS 5/14-103.43 new)

11 Sec. 14-103.43. Tier 3 member. "Tier 3 member": A Tier 1 or  
12 Tier 2 member who elects to participate in the Tier 3 plan  
13 under Section 14-155.5 of this Code, but only with respect to  
14 service performed on or after the effective date of that  
15 election.

16 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

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

19 Sec. 14-104.3. Notwithstanding provisions contained in  
20 Section 14-103.10, any person who first becomes a member before  
21 the effective date of this amendatory Act of the 99th General  
22 Assembly and who at the time of retirement and after December  
23 6, 1983 receives compensation in a lump sum for accumulated



1 vacation, sickness, or personal business may receive service  
2 credit for such periods by making contributions within 90 days  
3 of withdrawal, based on the rate of compensation in effect  
4 immediately prior to retirement and the contribution rate then  
5 in effect. Any person who first becomes a member on or after  
6 the effective date of this amendatory Act of the 99th General  
7 Assembly and who receives compensation in a lump sum for  
8 accumulated vacation, sickness, or personal business may not  
9 receive service credit for such periods. Exercising the option  
10 provided in this Section shall not change a member's date of  
11 withdrawal or final average compensation for purposes of  
12 computing the amount or effective date of a retirement annuity.  
13 Any annuitant who establishes service credit as herein provided  
14 shall have his retirement annuity adjusted retroactively to the  
15 date of retirement.

16 (Source: P.A. 83-1362.)

17 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

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

20 Sec. 14-106. Membership service credit.

21 (a) After January 1, 1944, all service of a member since he  
22 last became a member with respect to which contributions are  
23 made shall count as membership service; provided, that for  
24 service on and after July 1, 1950, 12 months of service shall  
25 constitute a year of membership service, the completion of 15

1 days or more of service during any month shall constitute 1  
2 month of membership service, 8 to 15 days shall constitute 1/2  
3 month of membership service and less than 8 days shall  
4 constitute 1/4 month of membership service. The payroll record  
5 of each department shall constitute conclusive evidence of the  
6 record of service rendered by a member.

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

16 (c) A person who first becomes a member before the  
17 effective date of this amendatory Act of the 99th General  
18 Assembly shall be entitled to additional service credit, under  
19 rules prescribed by the Board, for accumulated unused sick  
20 leave credited to his account in the last Department on the  
21 date of withdrawal from service or for any period for which he  
22 would have been eligible to receive benefits under a sick pay  
23 plan authorized by law, if he had suffered a sickness or  
24 accident on the date of withdrawal from service. It shall be  
25 the responsibility of the last Department to certify to the  
26 Board the length of time salary or benefits would have been

1 paid to the member based upon the accumulated unused sick leave  
2 or the applicable sick pay plan if he had become entitled  
3 thereto because of sickness on the date that his status as an  
4 employee terminated. This period of service credit granted  
5 under this paragraph shall not be considered in determining the  
6 date the retirement annuity is to begin, or final average  
7 compensation.

8 (d) A person who first becomes a member on or after the  
9 effective date of this amendatory Act of the 99th General  
10 Assembly shall not be entitled to additional service credit for  
11 accumulated unused sick leave.

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

13 (40 ILCS 5/14-152.1)

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

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

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

1 amendatory Act of the 99th General Assembly ~~this amendatory Act~~  
2 ~~of the 96th General Assembly.~~

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

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

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

1 the certification is made.

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

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

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

19 (40 ILCS 5/14-155.5 new)

20 Sec. 14-155.5. Tier 3 plan.

21 (a) By July 1, 2017, the System shall prepare and implement  
22 a Tier 3 plan. The Tier 3 plan developed under this Section  
23 shall be a plan that aggregates State and employee  
24 contributions in individual participant accounts which, after  
25 meeting any other requirements, are used for payouts after

1 retirement in accordance with this Section and any other  
2 applicable laws.

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

7 (1) A participant in the Tier 3 plan shall pay employee  
8 contributions at a rate determined by the participant, but  
9 not less than 3% of compensation and not more than a  
10 percentage of compensation determined by the board in  
11 accordance with the requirements of State and federal law.

12 (2) State contributions shall be paid into the accounts  
13 of all participants in the Tier 3 plan at a uniform rate,  
14 expressed as a percentage of compensation and determined  
15 for each year. This rate shall be no higher than 7.6% of  
16 compensation and shall be no lower than 3% of compensation.  
17 The State shall adjust this rate annually.

18 (3) The Tier 3 plan shall require 5 years of  
19 participation in the Tier 3 plan before vesting in State  
20 contributions. If the participant fails to vest in them,  
21 the State contributions, and the earnings thereon, shall be  
22 forfeited.

23 (4) The Tier 3 plan may provide for participants in the  
24 plan to be eligible for the defined disability benefits  
25 available to other participants under this Article. If it  
26 does, the System shall reduce the employee contributions

1 credited to the member's Tier 3 plan account by an amount  
2 determined by the System to cover the cost of offering such  
3 benefits.

4 (5) The Tier 3 plan shall provide a variety of options  
5 for investments. These options shall include investments  
6 handled by the Illinois State Board of Investment as well  
7 as private sector investment options.

8 (6) The Tier 3 plan shall provide a variety of options  
9 for payouts to participants in the Tier 3 plan who are no  
10 longer active in the System and their survivors.

11 (7) To the extent authorized under federal law and as  
12 authorized by the System, the plan shall allow former  
13 participants in the plan to transfer or roll over employee  
14 and vested State contributions, and the earnings thereon,  
15 from the Tier 3 plan into other qualified retirement plans.

16 (8) The System shall reduce the employee contributions  
17 credited to the member's Tier 3 plan account by an amount  
18 determined by the System to cover the cost of offering  
19 these benefits and any applicable administrative fees.

20 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
21 member of this System may elect, in writing, to cease accruing  
22 benefits in the defined benefit plan and begin accruing  
23 benefits for future service in the Tier 3 plan. The election to  
24 participate in the Tier 3 plan is voluntary and irrevocable.

25 (1) Service credit under the Tier 3 plan may be used  
26 for determining retirement eligibility under the defined

1       benefit plan.

2           (2) The System shall make a good faith effort to  
3       contact all active Tier 1 and Tier 2 members who are  
4       eligible to participate in the Tier 3 plan. The System  
5       shall mail information describing the option to join the  
6       Tier 3 plan to each of these employees to his or her last  
7       known address on file with the System. If the employee is  
8       not responsive to other means of contact, it is sufficient  
9       for the System to publish the details of the option on its  
10       website.

11           (3) Upon request for further information describing  
12       the option, the System shall provide employees with  
13       information from the System before exercising the option to  
14       join the plan, including information on the impact to their  
15       benefits and service. The individual consultation shall  
16       include projections of the member's defined benefits at  
17       retirement or earlier termination of service and the value  
18       of the member's account at retirement or earlier  
19       termination of service. The System shall not provide advice  
20       or counseling with respect to whether the employee should  
21       exercise the option. The System shall inform Tier 1 and  
22       Tier 2 members who are eligible to participate in the Tier  
23       3 plan that they may also wish to obtain information and  
24       counsel relating to their option from any other available  
25       source, including but not limited to labor organizations,  
26       private counsel, and financial advisors.



1       (b-5) A Tier 1 or Tier 2 member who elects to participate  
2 in the Tier 3 plan may irrevocably elect to terminate all  
3 participation in the defined benefit plan. Upon that election,  
4 the System shall transfer to the member's individual account an  
5 amount equal to the amount of contribution refund that the  
6 member would be eligible to receive if the member terminated  
7 employment on that date and elected a refund of contributions,  
8 including regular interest for the respective years. The System  
9 shall make the transfer as a tax free transfer in accordance  
10 with Internal Revenue Service guidelines, for purposes of  
11 funding the amount credited to the member's individual account.

12       (c) In no event shall the System, its staff, its authorized  
13 representatives, or the Board be liable for any information  
14 given to an employee under this Section. The System may  
15 coordinate with the Illinois Department of Central Management  
16 Services and other retirement systems administering a Tier 3  
17 plan in accordance with this amendatory Act of the 99th General  
18 Assembly to provide information concerning the impact of the  
19 Tier 3 plan set forth in this Section.

20       (d) Notwithstanding any other provision of this Section, no  
21 person shall begin participating in the Tier 3 plan until it  
22 has attained qualified plan status and received all necessary  
23 approvals from the U.S. Internal Revenue Service.

24       (e) The System shall report on its progress under this  
25 Section, including the available details of the Tier 3 plan and  
26 the System's plans for informing eligible Tier 1 and Tier 2

1 members about the plan, to the Governor and the General  
2 Assembly on or before January 15, 2017.

3 (f) The Illinois State Board of Investment shall be the  
4 plan sponsor for the Tier 3 plan established under this  
5 Section.

6 (g) The intent of this amendatory Act of the 99th General  
7 Assembly is to ensure that the State's normal cost of  
8 participation in the Tier 3 plan is similar, and if possible  
9 equal, to the State's normal cost of participation in the  
10 defined benefit plan, unless a lower State's normal cost is  
11 necessary to ensure cost neutrality.

12 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

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

15 Sec. 15-106. Employer. "Employer": The University of  
16 Illinois, Southern Illinois University, Chicago State  
17 University, Eastern Illinois University, Governors State  
18 University, Illinois State University, Northeastern Illinois  
19 University, Northern Illinois University, Western Illinois  
20 University, the State Board of Higher Education, the Illinois  
21 Mathematics and Science Academy, the University Civil Service  
22 Merit Board, the Board of Trustees of the State Universities  
23 Retirement System, the Illinois Community College Board,  
24 community college boards, any association of community college  
25 boards organized under Section 3-55 of the Public Community

1 College Act, the Board of Examiners established under the  
2 Illinois Public Accounting Act, and, only during the period for  
3 which employer contributions required under Section 15-155 are  
4 paid, the following organizations: the alumni associations,  
5 the foundations and the athletic associations which are  
6 affiliated with the universities and colleges included in this  
7 Section as employers. An individual who begins employment after  
8 the effective date of this amendatory Act of the 99th General  
9 Assembly with an entity not defined as an employer in this  
10 Section shall not be deemed an employee for the purposes of  
11 this Article with respect to that employment and shall not be  
12 eligible to participate in the System with respect to that  
13 employment; provided, however, that those individuals who are  
14 both employed and already participants in the System on the  
15 effective date of this amendatory Act of the 99th General  
16 Assembly shall be allowed to continue as participants in the  
17 System for the duration of that employment and continue to earn  
18 service credit.

19 Notwithstanding any provision of law to the contrary, an  
20 individual who begins employment with any of the following  
21 employers on or after the effective date of this amendatory Act  
22 of the 99th General Assembly shall not be deemed an employee  
23 and shall not be eligible to participate in the System with  
24 respect to that employment: any association of community  
25 college boards organized under Section 3-55 of the Public  
26 Community College Act, the Association of Illinois

1 Middle-Grade Schools, the Illinois Association of School  
2 Administrators, the Illinois Association for Supervision and  
3 Curriculum Development, the Illinois Principals Association,  
4 the Illinois Association of School Business Officials, or the  
5 Illinois Special Olympics; provided, however, that those  
6 individuals who are both employed and already participants in  
7 the System on the effective date of this amendatory Act of the  
8 99th General Assembly shall be allowed to continue as  
9 participants in the System for the duration of that employment  
10 and continue to earn service credit.

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

22 The cities of Champaign and Urbana shall be considered  
23 employers, but only during the period for which contributions  
24 are required to be made under subsection (b-1) of Section  
25 15-155 and only with respect to individuals described in  
26 subsection (h) of Section 15-107.

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

3 (40 ILCS 5/15-108.1)

4 Sec. 15-108.1. Tier 1 member. "Tier 1 member": A  
5 participant or an annuitant of a retirement annuity under this  
6 Article, other than a participant in the self-managed plan  
7 under Section 15-158.2, who first became a participant or  
8 member before January 1, 2011 under any reciprocal retirement  
9 system or pension fund established under this Code, other than  
10 a retirement system or pension fund established under Articles  
11 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a  
12 person who first became a participant under this System before  
13 January 1, 2011 and who accepts a refund and is subsequently  
14 reemployed by an employer on or after January 1, 2011.

15 In the case of a Tier 1 member who elects to participate in  
16 the Tier 3 plan under Section 15-200.5 of this Code, that Tier  
17 1 member shall be deemed a Tier 1 member only with respect to  
18 service performed or established before the effective date of  
19 that election.

20 (Source: P.A. 98-92, eff. 7-16-13.)

21 (40 ILCS 5/15-108.2)

22 Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who  
23 first becomes a participant under this Article on or after  
24 January 1, 2011, other than a person in the self-managed plan

1 established under Section 15-158.2, unless the person is  
2 otherwise a Tier 1 member. The changes made to this Section by  
3 this amendatory Act of the 98th General Assembly are a  
4 correction of existing law and are intended to be retroactive  
5 to the effective date of Public Act 96-889, notwithstanding the  
6 provisions of Section 1-103.1 of this Code.

7 In the case of a Tier 2 member who elects to participate in  
8 the Tier 3 plan under Section 15-200.5 of this Code, that Tier  
9 2 member shall be deemed a Tier 2 member only with respect to  
10 service performed or established before the effective date of  
11 that election.

12 (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

13 (40 ILCS 5/15-108.3 new)

14 Sec. 15-108.3. Tier 3 member. "Tier 3 member": A Tier 1 or  
15 Tier 2 member who elects to participate in the Tier 3 plan  
16 under Section 15-200.5 of this Code, but only with respect to  
17 service performed on or after the effective date of that  
18 election.

19 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

20 Sec. 15-112. Final rate of earnings. "Final rate of  
21 earnings":

22 (a) This subsection (a) applies only to a Tier 1 member.

23 For an employee who is paid on an hourly basis or who  
24 receives an annual salary in installments during 12 months of

1 each academic year, the average annual earnings during the 48  
2 consecutive calendar month period ending with the last day of  
3 final termination of employment or the 4 consecutive academic  
4 years of service in which the employee's earnings were the  
5 highest, whichever is greater. For any other employee, the  
6 average annual earnings during the 4 consecutive academic years  
7 of service in which his or her earnings were the highest. For  
8 an employee with less than 48 months or 4 consecutive academic  
9 years of service, the average earnings during his or her entire  
10 period of service. The earnings of an employee with more than  
11 36 months of service under item (a) of Section 15-113.1 prior  
12 to the date of becoming a participant are, for such period,  
13 considered equal to the average earnings during the last 36  
14 months of such service.

15 (b) This subsection (b) applies to a Tier 2 member.

16 For an employee who is paid on an hourly basis or who  
17 receives an annual salary in installments during 12 months of  
18 each academic year, the average annual earnings obtained by  
19 dividing by 8 the total earnings of the employee during the 96  
20 consecutive months in which the total earnings were the highest  
21 within the last 120 months prior to termination.

22 For any other employee, the average annual earnings during  
23 the 8 consecutive academic years within the 10 years prior to  
24 termination in which the employee's earnings were the highest.  
25 For an employee with less than 96 consecutive months or 8  
26 consecutive academic years of service, whichever is necessary,

1 the average earnings during his or her entire period of  
2 service.

3 (c) For an employee on leave of absence with pay, or on  
4 leave of absence without pay who makes contributions during  
5 such leave, earnings are assumed to be equal to the basic  
6 compensation on the date the leave began.

7 (d) For an employee on disability leave, earnings are  
8 assumed to be equal to the basic compensation on the date  
9 disability occurs or the average earnings during the 24 months  
10 immediately preceding the month in which disability occurs,  
11 whichever is greater.

12 (e) For a Tier 1 member who retires on or after the  
13 effective date of this amendatory Act of 1997 with at least 20  
14 years of service as a firefighter or police officer under this  
15 Article, the final rate of earnings shall be the annual rate of  
16 earnings received by the participant on his or her last day as  
17 a firefighter or police officer under this Article, if that is  
18 greater than the final rate of earnings as calculated under the  
19 other provisions of this Section.

20 (f) If a Tier 1 member is an employee for at least 6 months  
21 during the academic year in which his or her employment is  
22 terminated, the annual final rate of earnings shall be 25% of  
23 the sum of (1) the annual basic compensation for that year, and  
24 (2) the amount earned during the 36 months immediately  
25 preceding that year, if this is greater than the final rate of  
26 earnings as calculated under the other provisions of this



1 Section.

2 (g) In the determination of the final rate of earnings for  
3 an employee, that part of an employee's earnings for any  
4 academic year beginning after June 30, 1997, which exceeds the  
5 employee's earnings with that employer for the preceding year  
6 by more than 20 percent shall be excluded; in the event that an  
7 employee has more than one employer this limitation shall be  
8 calculated separately for the earnings with each employer. In  
9 making such calculation, only the basic compensation of  
10 employees shall be considered, without regard to vacation or  
11 overtime or to contracts for summer employment.

12 (h) The following are not considered as earnings in  
13 determining final rate of earnings: (1) severance or separation  
14 pay, (2) retirement pay, (3) payment for unused sick leave, and  
15 (4) payments from an employer for the period used in  
16 determining final rate of earnings for any purpose other than  
17 (i) services rendered, (ii) leave of absence or vacation  
18 granted during that period, and (iii) vacation of up to 56 work  
19 days allowed upon termination of employment; except that, if  
20 the benefit has been collectively bargained between the  
21 employer and the recognized collective bargaining agent  
22 pursuant to the Illinois Educational Labor Relations Act,  
23 payment received during a period of up to 2 academic years for  
24 unused sick leave may be considered as earnings in accordance  
25 with the applicable collective bargaining agreement, subject  
26 to the 20% increase limitation of this Section, and if the

1 person first becomes a participant on or after the effective  
2 date of this amendatory Act of the 99th General Assembly,  
3 payments for unused sick or vacation time shall not be  
4 considered as earnings. Any unused sick leave considered as  
5 earnings under this Section shall not be taken into account in  
6 calculating service credit under Section 15-113.4.

7 (i) Intermittent periods of service shall be considered as  
8 consecutive in determining final rate of earnings.

9 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

10 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

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

13 Sec. 15-113.4. Service for unused sick leave. "Service for  
14 unused sick leave": A person who first becomes a participant  
15 before the effective date of this amendatory Act of the 99th  
16 General Assembly and who is an employee under this System or  
17 one of the other systems subject to Article 20 of this Code  
18 within 60 days immediately preceding the date on which his or  
19 her retirement annuity begins, is entitled to credit for  
20 service for that portion of unused sick leave earned in the  
21 course of employment with an employer and credited on the date  
22 of termination of employment by an employer for which payment  
23 is not received, in accordance with the following schedule: 30  
24 through 90 full calendar days and 20 through 59 full work days  
25 of unused sick leave, 1/4 of a year of service; 91 through 180

1 full calendar days and 60 through 119 full work days, 1/2 of a  
2 year of service; 181 through 270 full calendar days and 120  
3 through 179 full work days, 3/4 of a year of service; 271  
4 through 360 full calendar days and 180 through 240 full work  
5 days, one year of service. Only uncompensated, unused sick  
6 leave earned in accordance with an employer's sick leave  
7 accrual policy generally applicable to employees or a class of  
8 employees shall be taken into account in calculating service  
9 credit under this Section. Any uncompensated, unused sick leave  
10 granted by an employer to facilitate the hiring, retirement,  
11 termination, or other special circumstances of an employee  
12 shall not be taken into account in calculating service credit  
13 under this Section. If a participant transfers from one  
14 employer to another, the unused sick leave credited by the  
15 previous employer shall be considered in determining service to  
16 be credited under this Section, even if the participant  
17 terminated service prior to the effective date of P.A. 86-272  
18 (August 23, 1989); if necessary, the retirement annuity shall  
19 be recalculated to reflect such sick leave credit. Each  
20 employer shall certify to the board the number of days of  
21 unused sick leave accrued to the participant's credit on the  
22 date that the participant's status as an employee terminated.  
23 This period of unused sick leave shall not be considered in  
24 determining the date the retirement annuity begins. A person  
25 who first becomes a participant on or after the effective date  
26 of this amendatory Act of the 99th General Assembly shall not

1 receive service credit for unused sick leave.

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

3 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

4 Sec. 15-134. Participant.

5 (a) Except as provided in subsection (a-5), each ~~Each~~  
6 person shall, as a condition of employment, become a  
7 participant and be subject to this Article on the date that he  
8 or she becomes an employee, makes an election to participate  
9 in, or otherwise becomes a participant in one of the retirement  
10 programs offered under this Article, whichever date is later.

11 An employee who becomes a participant shall continue to be  
12 a participant until he or she becomes an annuitant, dies or  
13 accepts a refund of contributions.

14 (a-5) Notwithstanding any other provision of this Article,  
15 beginning on the effective date of this amendatory Act of the  
16 99th General Assembly, a person is not required, as a condition  
17 of employment or otherwise, to participate in this System. An  
18 active employee may terminate his or her participation in this  
19 System (including active participation in the Tier 3 plan, if  
20 applicable) by notifying the System in writing. An active  
21 employee terminating participation in this System under this  
22 subsection shall be entitled to a refund of his or her  
23 contributions (other than contributions to the self-managed  
24 plan under Section 15-158.2 or the Tier 3 plan under Section  
25 15-200.5) minus the benefits received prior to the termination

1 of participation.

2 (b) A person employed concurrently by 2 or more employers  
3 is eligible to participate in the system on compensation  
4 received from all employers.

5 (Source: P.A. 98-92, eff. 7-16-13.)

6 (40 ILCS 5/15-198)

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

9 Sec. 15-198. Application and expiration of new benefit  
10 increases.

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

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional  
2 funding at least sufficient to fund the resulting annual  
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

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

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

11 (40 ILCS 5/15-200.5 new)

12 Sec. 15-200.5. Tier 3 plan.

13 (a) By July 1, 2017, the System shall prepare and implement  
14 a Tier 3 plan. The Tier 3 plan developed under this Section  
15 shall be a plan that aggregates State and employee  
16 contributions in individual participant accounts which, after  
17 meeting any other requirements, are used for payouts after  
18 retirement in accordance with this Section and any other  
19 applicable laws.

20 As used in this Section, "defined benefit plan" means the  
21 traditional benefit package or the portable benefit package  
22 available under this Article to Tier 1 or Tier 2 members who  
23 have not made the election authorized under this Section and do  
24 not participate in the self-managed plan under Section  
25 15-158.2.

1           (1) A participant in the Tier 3 plan shall pay employee  
2           contributions at a rate determined by the participant, but  
3           not less than 3% of earnings and not more than a percentage  
4           of earnings determined by the Board in accordance with the  
5           requirements of State and federal law.

6           (2) State contributions shall be paid into the accounts  
7           of all participants in the Tier 3 plan at a uniform rate,  
8           expressed as a percentage of earnings and determined for  
9           each year. This rate shall be no higher than 7.6% of  
10           earnings and shall be no lower than 3% of earnings. The  
11           State shall adjust this rate annually.

12           (3) The Tier 3 plan shall require 5 years of  
13           participation in the Tier 3 plan before vesting in State  
14           contributions. If the participant fails to vest in them,  
15           the State contributions, and the earnings thereon, shall be  
16           forfeited.

17           (4) The Tier 3 plan may provide for participants in the  
18           plan to be eligible for the defined disability benefits  
19           available to other participants under this Article. If it  
20           does, the System shall reduce the employee contributions  
21           credited to the member's Tier 3 plan account by an amount  
22           determined by the System to cover the cost of offering such  
23           benefits.

24           (5) The Tier 3 plan shall provide a variety of options  
25           for investments. These options shall include investments  
26           handled by the System as well as private sector investment



1 options.

2 (6) The Tier 3 plan shall provide a variety of options  
3 for payouts to participants in the Tier 3 plan who are no  
4 longer active in the System and their survivors.

5 (7) To the extent authorized under federal law and as  
6 authorized by the System, the plan shall allow former  
7 participants in the plan to transfer or roll over employee  
8 and vested State contributions, and the earnings thereon,  
9 from the Tier 3 plan into other qualified retirement plans.

10 (8) The System shall reduce the employee contributions  
11 credited to the member's Tier 3 plan account by an amount  
12 determined by the System to cover the cost of offering  
13 these benefits and any applicable administrative fees.

14 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
15 member of this System may elect, in writing, to cease accruing  
16 benefits in the defined benefit plan and begin accruing  
17 benefits for future service in the Tier 3 plan. An active Tier  
18 1 or Tier 2 member who elects to cease accruing benefits in his  
19 or her defined benefit plan shall be prohibited from purchasing  
20 service credit on or after the date of his or her election. A  
21 Tier 1 or Tier 2 member who elects to participate in the Tier 3  
22 plan shall not receive interest accruals to his or her Rule 2  
23 benefit on or after the date of his or her election. The  
24 election to participate in the Tier 3 plan is voluntary and  
25 irrevocable.

26 (1) Service credit under the Tier 3 plan may be used

1       for determining retirement eligibility under the defined  
2       benefit plan.

3       (2) The System shall make a good faith effort to  
4       contact all active Tier 1 and Tier 2 members who are  
5       eligible to participate in the Tier 3 plan. The System  
6       shall mail information describing the option to join the  
7       Tier 3 plan to each of these employees to his or her last  
8       known address on file with the System. If the employee is  
9       not responsive to other means of contact, it is sufficient  
10       for the System to publish the details of the option on its  
11       website.

12       (3) Upon request for further information describing  
13       the option, the System shall provide employees with  
14       information from the System before exercising the option to  
15       join the plan, including information on the impact to their  
16       benefits and service. The individual consultation shall  
17       include projections of the member's defined benefits at  
18       retirement or earlier termination of service and the value  
19       of the member's account at retirement or earlier  
20       termination of service. The System shall not provide advice  
21       or counseling with respect to whether the employee should  
22       exercise the option. The System shall inform Tier 1 and  
23       Tier 2 members who are eligible to participate in the Tier  
24       3 plan that they may also wish to obtain information and  
25       counsel relating to their option from any other available  
26       source, including but not limited to labor organizations,

1 private counsel, and financial advisors.

2 (b-5) A Tier 1 or Tier 2 member who elects to participate  
3 in the Tier 3 plan may irrevocably elect to terminate all  
4 participation in the defined benefit plan. Upon that election,  
5 the System shall transfer to the member's individual account an  
6 amount equal to the amount of contribution refund that the  
7 member would be eligible to receive if the member terminated  
8 employment on that date and elected a refund of contributions,  
9 including interest at the effective rate for the respective  
10 years. The System shall make the transfer as a tax free  
11 transfer in accordance with Internal Revenue Service  
12 guidelines, for purposes of funding the amount credited to the  
13 member's individual account.

14 (c) In no event shall the System, its staff, its authorized  
15 representatives, or the Board be liable for any information  
16 given to an employee under this Section. The System may  
17 coordinate with the Illinois Department of Central Management  
18 Services and other retirement systems administering a Tier 3  
19 plan in accordance with this amendatory Act of the 99th General  
20 Assembly to provide information concerning the impact of the  
21 Tier 3 plan set forth in this Section.

22 (d) Notwithstanding any other provision of this Section, no  
23 person shall begin participating in the Tier 3 plan until it  
24 has attained qualified plan status and received all necessary  
25 approvals from the U.S. Internal Revenue Service.

26 (e) The System shall report on its progress under this

1 Section, including the available details of the Tier 3 plan and  
2 the System's plans for informing eligible Tier 1 and Tier 2  
3 members about the plan, to the Governor and the General  
4 Assembly on or before January 15, 2017.

5 (f) The intent of this amendatory Act of the 99th General  
6 Assembly is to ensure that the State's normal cost of  
7 participation in the Tier 3 plan is similar, and if possible  
8 equal, to the State's normal cost of participation in the  
9 defined benefit plan, unless a lower State's normal cost is  
10 necessary to ensure cost neutrality.

11 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

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

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

20 (1) Any educational, administrative, professional or  
21 other staff employed in the public common schools included  
22 within this system in a position requiring certification  
23 under the law governing the certification of teachers;

24 (2) Any educational, administrative, professional or  
25 other staff employed in any facility of the Department of

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

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

22 (4) Any employee of a school board association  
23 operating in compliance with Article 23 of the School Code  
24 who is certificated under the law governing the  
25 certification of teachers, provided that he or she becomes  
26 such an employee before the effective date of this

1 amendatory Act of the 99th General Assembly;

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

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

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

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

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

22 (8) Any officer or employee of a statewide teacher  
23 organization or officer of a national teacher organization  
24 who is certified under the law governing certification of  
25 teachers, provided: (i) the individual had previously  
26 established creditable service under this Article, (ii)

1 the individual files with the system an irrevocable  
2 election to become a member before the effective date of  
3 this amendatory Act of the 97th General Assembly, (iii) the  
4 individual does not receive credit for such service under  
5 any other Article of this Code, and (iv) the individual  
6 first became an officer or employee of the teacher  
7 organization and becomes a member before the effective date  
8 of this amendatory Act of the 97th General Assembly;

9 (9) Any educational, administrative, professional, or  
10 other staff employed in a charter school operating in  
11 compliance with the Charter Schools Law who is certificated  
12 under the law governing the certification of teachers;

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

1 pilot program receiving funds under Section 2-389 of the  
2 School Code shall be considered service as a teacher if  
3 employee and employer contributions have been received by  
4 the system and the system has not refunded those  
5 contributions.

6 An annuitant receiving a retirement annuity under this  
7 Article or under Article 17 of this Code who is employed by a  
8 board of education or other employer as permitted under Section  
9 16-118 or 16-150.1 is not a "teacher" for purposes of this  
10 Article. A person who has received a single-sum retirement  
11 benefit under Section 16-136.4 of this Article is not a  
12 "teacher" for purposes of this Article.

13 (Source: P.A. 97-651, eff. 1-5-12; 98-463, eff. 8-16-13.)

14 (40 ILCS 5/16-106.40 new)

15 Sec. 16-106.40. Tier 1 member. "Tier 1 member": A member  
16 under this Article who first became a member or participant  
17 before January 1, 2011 under any reciprocal retirement system  
18 or pension fund established under this Code other than a  
19 retirement system or pension fund established under Article 2,  
20 3, 4, 5, 6, or 18 of this Code.

21 In the case of a Tier 1 member who elects to participate in  
22 the Tier 3 plan under Section 16-205.5 of this Code, that Tier  
23 1 member shall be deemed a Tier 1 member only with respect to  
24 service performed or established before the effective date of  
25 that election.



1 (40 ILCS 5/16-106.41 new)

2 Sec. 16-106.41. Tier 2 member. "Tier 2 member": A member of  
3 the System who first becomes a member under this Article on or  
4 after January 1, 2011 and who is not a Tier 1 member.

5 In the case of a Tier 2 member who elects to participate in  
6 the Tier 3 plan under Section 16-205.5 of this Code, the Tier 2  
7 member shall be deemed a Tier 2 member only with respect to  
8 service performed or established before the effective date of  
9 that election.

10 (40 ILCS 5/16-106.42 new)

11 Sec. 16-106.42. Tier 3 member. "Tier 3 member": A Tier 1 or  
12 Tier 2 member who elects to participate in the Tier 3 plan  
13 under Section 16-205.5 of this Code, but only with respect to  
14 service performed on or after the effective date of that  
15 election.

16 (40 ILCS 5/16-123) (from Ch. 108 1/2, par. 16-123)

17 Sec. 16-123. Membership of System.

18 (a) Except as provided in subsection (c), the ~~The~~  
19 membership of this System shall be composed of all teachers  
20 employed after June 30, 1939 who become members as a condition  
21 of employment on the date they become teachers. Membership  
22 shall continue until the date a member becomes an annuitant,  
23 dies, accepts a single-sum retirement benefit, accepts a

1 refund, or forfeits the rights to a refund.

2 (b) This Article does not apply to any person first  
3 employed after June 30, 1979 as a public service employment  
4 program participant under the Federal Comprehensive Employment  
5 and Training Act and whose wages or fringe benefits are paid in  
6 whole or in part by funds provided under such Act.

7 (c) Notwithstanding any other provision of this Article,  
8 beginning on the effective date of this amendatory Act of the  
9 99th General Assembly, a person is not required, as a condition  
10 of employment or otherwise, to participate in this System. An  
11 active teacher may terminate his or her membership in this  
12 System (including active participation in the Tier 3 plan, if  
13 applicable) by notifying the System in writing. An active  
14 teacher terminating his or her membership in this System under  
15 this subsection shall be entitled to a refund of his or her  
16 contributions (other than contributions to the Tier 3 plan  
17 under Section 16-205.5) minus the benefits received prior to  
18 the termination of membership.

19 (Source: P.A. 87-11.)

20 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

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

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

24 (a) Each member shall receive regular credit for all  
25 service as a teacher from the date membership begins, for which

1 satisfactory evidence is supplied and all contributions have  
2 been paid.

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

7 (1) Prior service as a teacher.

8 (2) Service in a capacity essentially similar or  
9 equivalent to that of a teacher, in the public common  
10 schools in school districts in this State not included  
11 within the provisions of this System, or of any other  
12 State, territory, dependency or possession of the United  
13 States, or in schools operated by or under the auspices of  
14 the United States, or under the auspices of any agency or  
15 department of any other State, and service during any  
16 period of professional speech correction or special  
17 education experience for a public agency within this State  
18 or any other State, territory, dependency or possession of  
19 the United States, and service prior to February 1, 1951 as  
20 a recreation worker for the Illinois Department of Public  
21 Safety, for a period not exceeding the lesser of 2/5 of the  
22 total creditable service of the member or 10 years. The  
23 maximum service of 10 years which is allowable under this  
24 paragraph shall be reduced by the service credit which is  
25 validated by other retirement systems under paragraph (i)  
26 of Section 15-113 and paragraph 1 of Section 17-133. Credit

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

18 (3) Any periods immediately following teaching  
19 service, under this System or under Article 17, (or  
20 immediately following service prior to February 1, 1951 as  
21 a recreation worker for the Illinois Department of Public  
22 Safety) spent in active service with the military forces of  
23 the United States; periods spent in educational programs  
24 that prepare for return to teaching sponsored by the  
25 federal government following such active military service;  
26 if a teacher returns to teaching service within one

1 calendar year after discharge or after the completion of  
2 the educational program, a further period, not exceeding  
3 one calendar year, between time spent in military service  
4 or in such educational programs and the return to  
5 employment as a teacher under this System; and a period of  
6 up to 2 years of active military service not immediately  
7 following employment as a teacher.

8 The changes to this Section and Section 16-128 relating  
9 to military service made by P.A. 87-794 shall apply not  
10 only to persons who on or after its effective date are in  
11 service as a teacher under the System, but also to persons  
12 whose status as a teacher terminated prior to that date,  
13 whether or not the person is an annuitant on that date. In  
14 the case of an annuitant who applies for credit allowable  
15 under this Section for a period of military service that  
16 did not immediately follow employment, and who has made the  
17 required contributions for such credit, the annuity shall  
18 be recalculated to include the additional service credit,  
19 with the increase taking effect on the date the System  
20 received written notification of the annuitant's intent to  
21 purchase the credit, if payment of all the required  
22 contributions is made within 60 days of such notice, or  
23 else on the first annuity payment date following the date  
24 of payment of the required contributions. In calculating  
25 the automatic annual increase for an annuity that has been  
26 recalculated under this Section, the increase attributable

1 to the additional service allowable under P.A. 87-794 shall  
2 be included in the calculation of automatic annual  
3 increases accruing after the effective date of the  
4 recalculation.

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

16 The total period of military service for which credit  
17 is granted shall not exceed 5 years for any member unless  
18 the service: (A) is validated before July 1, 1964, and (B)  
19 does not extend beyond July 1, 1963. Credit for military  
20 service shall be granted under this Section only if not  
21 more than 5 years of the military service for which credit  
22 is granted under this Section is used by the member to  
23 qualify for a military retirement allotment from any branch  
24 of the armed forces of the United States. The changes to  
25 this subdivision (b)(3) made by Public Act 86-272 shall  
26 apply not only to persons who on or after its effective

1 date (August 23, 1989) are in service as a teacher under  
2 the System, but also to persons whose status as such a  
3 teacher terminated prior to such effective date, whether or  
4 not such person is an annuitant on that date.

5 (4) Any periods served as a member of the General  
6 Assembly.

7 (5) (i) Any periods for which a teacher, as defined in  
8 Section 16-106, is granted a leave of absence, provided he  
9 or she returns to teaching service creditable under this  
10 System or the State Universities Retirement System  
11 following the leave; (ii) periods during which a teacher is  
12 involuntarily laid off from teaching, provided he or she  
13 returns to teaching following the lay-off; (iii) periods  
14 prior to July 1, 1983 during which a teacher ceased covered  
15 employment due to pregnancy, provided that the teacher  
16 returned to teaching service creditable under this System  
17 or the State Universities Retirement System following the  
18 pregnancy and submits evidence satisfactory to the Board  
19 documenting that the employment ceased due to pregnancy;  
20 and (iv) periods prior to July 1, 1983 during which a  
21 teacher ceased covered employment for the purpose of  
22 adopting an infant under 3 years of age or caring for a  
23 newly adopted infant under 3 years of age, provided that  
24 the teacher returned to teaching service creditable under  
25 this System or the State Universities Retirement System  
26 following the adoption and submits evidence satisfactory

1 to the Board documenting that the employment ceased for the  
2 purpose of adopting an infant under 3 years of age or  
3 caring for a newly adopted infant under 3 years of age.  
4 However, total credit under this paragraph (5) may not  
5 exceed 3 years.

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

23 Optional credit may be purchased under this subsection  
24 (b) (5) for periods during which a teacher has been granted  
25 a leave of absence pursuant to Section 24-13 of the School  
26 Code. A teacher whose service under this Article terminated



1 prior to the effective date of P.A. 86-1488 shall be  
2 eligible to purchase such optional credit. If a teacher who  
3 purchases this optional credit is already receiving a  
4 retirement annuity under this Article, the annuity shall be  
5 recalculated as if the annuitant had applied for the leave  
6 of absence credit at the time of retirement. The difference  
7 between the entitled annuity and the actual annuity shall  
8 be credited to the purchase of the optional credit. The  
9 remainder of the purchase cost of the optional credit shall  
10 be paid on or before April 1, 1992.

11 The change in this paragraph made by Public Act 86-273  
12 shall be applicable to teachers who retire after June 1,  
13 1989, as well as to teachers who are in service on that  
14 date.

15 (6) For a person who first becomes a member before the  
16 effective date of this amendatory Act of the 99th General  
17 Assembly, any ~~Any~~ days of unused and uncompensated  
18 accumulated sick leave earned by a teacher. The service  
19 credit granted under this paragraph shall be the ratio of  
20 the number of unused and uncompensated accumulated sick  
21 leave days to 170 days, subject to a maximum of 2 years of  
22 service credit. Prior to the member's retirement, each  
23 former employer shall certify to the System the number of  
24 unused and uncompensated accumulated sick leave days  
25 credited to the member at the time of termination of  
26 service. The period of unused sick leave shall not be

1 considered in determining the effective date of  
2 retirement. A member is not required to make contributions  
3 in order to obtain service credit for unused sick leave.

4 Credit for sick leave shall, at retirement, be granted  
5 by the System for any retiring regional or assistant  
6 regional superintendent of schools who first becomes a  
7 member before the effective date of this amendatory Act of  
8 the 99th General Assembly at the rate of 6 days per year of  
9 creditable service or portion thereof established while  
10 serving as such superintendent or assistant  
11 superintendent.

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

16 (8) Service as a substitute teacher for work performed  
17 prior to July 1, 1990.

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

20 (10) Up to 2 years of employment with Southern Illinois  
21 University - Carbondale from September 1, 1959 to August  
22 31, 1961, or with Governors State University from September  
23 1, 1972 to August 31, 1974, for which the teacher has no  
24 credit under Article 15. To receive credit under this item  
25 (10), a teacher must apply in writing to the Board and pay  
26 the required contributions before May 1, 1993 and have at

1           least 12 years of service credit under this Article.

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

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

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

1           Credit may not be granted under this Section covering any  
2 period for which an age retirement or disability retirement  
3 allowance has been paid.

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

5           (40 ILCS 5/16-152.1) (from Ch. 108 1/2, par. 16-152.1)

6           Sec. 16-152.1. Pickup of contributions.

7           (a) Each employer may pick up the member contributions  
8 required under Section 16-152 for all salary earned after  
9 December 31, 1981. If an employer decides not to pick up the  
10 member contributions, the amount that would have been picked up  
11 shall continue to be deducted from salary. If contributions are  
12 picked up, they shall be treated as employer contributions in  
13 determining tax treatment under the United States Internal  
14 Revenue Code. The employer shall pay these member contributions  
15 from the same source of funds which is used in paying salary to  
16 the member. The employer may pick up these contributions by a  
17 reduction in the cash salary of the member or by an offset  
18 against a future salary increase or by a combination of a  
19 reduction in salary and offset against a future salary  
20 increase. If member contributions are picked up, they shall be  
21 treated for all purposes of this Article 16 in the same manner  
22 as member contributions made prior to the date the pick up  
23 began.

24           (b) The State Board of Education shall pick up the  
25 contributions of regional superintendents required under

1 Section 16-152 for all salary earned for the 1982 calendar year  
2 and thereafter.

3 (c) Effective July 1, 1983, each employer shall pick up the  
4 member contributions required under Section 16-152 for all  
5 salary earned after such date. Contributions so picked up shall  
6 be treated as employer contributions in determining tax  
7 treatment under the United States Internal Revenue Code. The  
8 employer shall pay these member contributions from the same  
9 source of funds which is used in paying salary to the member.  
10 The employer may pick up these contributions by a reduction in  
11 the cash salary of the member or by an offset against a future  
12 salary increase or by a combination of a reduction in salary  
13 and offset against a future salary increase. Member  
14 contributions so picked up shall be treated for all purposes of  
15 this Article 16 in the same manner as member contributions made  
16 prior to the date the pick up began.

17 (d) Subject to the requirements of federal law and the  
18 rules of the board, beginning July 1, 1998 a member who is  
19 employed on a full-time basis may elect to have the employer  
20 pick up optional contributions that the member has elected to  
21 pay to the System, and the contributions so picked up shall be  
22 treated as employer contributions for the purposes of  
23 determining federal tax treatment. The election to have  
24 optional contributions picked up is irrevocable. At the time of  
25 making the election, the member shall execute a binding,  
26 irrevocable payroll deduction authorization. Upon receiving

1 notice of the election, the employer shall pick up the  
2 contributions by a reduction in the cash salary of the member  
3 and shall pay the contributions from the same source of funds  
4 that is used to pay earnings to the member.

5 (e) Beginning on the effective date of this amendatory Act  
6 of the 99th General Assembly, no employer shall pay employee  
7 contributions on behalf of an employee, except for the sole  
8 purpose of allowing the employee to make pre-tax contributions  
9 as provided in this Section. The provisions of this subsection  
10 (e) do not apply to an employment contract or collective  
11 bargaining agreement that is in effect on the effective date of  
12 this amendatory Act of the 99th General Assembly. However, any  
13 such contract or agreement that is subsequently modified,  
14 amended, or renewed shall be subject to the provisions of this  
15 subsection (e).

16 (Source: P.A. 90-448, eff. 8-16-97.)

17 (40 ILCS 5/16-203)

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

20 Sec. 16-203. Application and expiration of new benefit  
21 increases.

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

1 to this Code that takes effect after June 1, 2005 (the  
2 effective date of Public Act 94-4). "New benefit increase",  
3 however, does not include any benefit increase resulting from  
4 the changes made to this Article by Public Act 95-910 or this  
5 amendatory Act of the 99th General Assembly ~~this amendatory Act~~  
6 ~~of the 95th General Assembly.~~

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

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

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

1 this subsection is or has become inadequate, it may so certify  
2 to the Governor and the State Comptroller and, in the absence  
3 of corrective action by the General Assembly, the new benefit  
4 increase shall expire at the end of the fiscal year in which  
5 the certification is made.

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

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

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

23 (40 ILCS 5/16-205.5 new)

24 Sec. 16-205.5. Tier 3 plan.

25 (a) By July 1, 2017, the System shall prepare and implement



1 a Tier 3 plan. The Tier 3 plan developed under this Section  
2 shall be a plan that aggregates State and employee  
3 contributions in individual participant accounts which, after  
4 meeting any other requirements, are used for payouts after  
5 retirement in accordance with this Section and any other  
6 applicable laws.

7 As used in this Section, "defined benefit plan" means the  
8 retirement plan available under this Article to Tier 1 or Tier  
9 2 members who have not made the election authorized under this  
10 Section.

11 (1) A participant in the Tier 3 plan shall pay employee  
12 contributions at a rate determined by the participant, but  
13 not less than 3% of salary and not more than a percentage  
14 of salary determined by the Board in accordance with the  
15 requirements of State and federal law.

16 (2) State contributions shall be paid into the accounts  
17 of all participants in the Tier 3 plan at a uniform rate,  
18 expressed as a percentage of salary and determined for each  
19 year. This rate shall be no higher than 7.6% of salary and  
20 shall be no lower than 3% of salary. The State shall adjust  
21 this rate annually.

22 (3) The Tier 3 plan shall require 5 years of  
23 participation in the Tier 3 plan before vesting in State  
24 contributions. If the participant fails to vest in them,  
25 the State contributions, and the earnings thereon, shall be  
26 forfeited.

1           (4) The Tier 3 plan may provide for participants in the  
2           plan to be eligible for the defined disability benefits  
3           available to other participants under this Article. If it  
4           does, the System shall reduce the employee contributions  
5           credited to the member's Tier 3 plan account by an amount  
6           determined by the System to cover the cost of offering such  
7           benefits.

8           (5) The Tier 3 plan shall provide a variety of options  
9           for investments. These options shall include investments  
10           in a fund created by the System and managed in accordance  
11           with legal and fiduciary standards, as well as investment  
12           options otherwise available.

13           (6) The Tier 3 plan shall provide a variety of options  
14           for payouts to participants in the Tier 3 plan who are no  
15           longer active in the System and their survivors.

16           (7) To the extent authorized under federal law and as  
17           authorized by the System, the plan shall allow former  
18           participants in the plan to transfer or roll over employee  
19           and vested State contributions, and the earnings thereon,  
20           from the Tier 3 plan into other qualified retirement plans.

21           (8) The System shall reduce the employee contributions  
22           credited to the member's Tier 3 plan account by an amount  
23           determined by the System to cover the cost of offering  
24           these benefits and any applicable administrative fees.

25           (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
26           member of this System may elect, in writing, to cease accruing

1 benefits in the defined benefit plan and begin accruing  
2 benefits for future service in the Tier 3 plan. An active Tier  
3 1 or Tier 2 member who elects to cease accruing benefits in his  
4 or her defined benefit plan shall be prohibited from purchasing  
5 service credit on or after the date of his or her election. A  
6 Tier 1 or Tier 2 member making the irrevocable election  
7 provided under this subsection shall not receive interest  
8 accruals to his or her benefit under paragraph (A) of  
9 subsection (a) of Section 16-133 of this Code on or after the  
10 date of his or her election. The election to participate in the  
11 Tier 3 plan is voluntary and irrevocable.

12 (1) Service credit under the Tier 3 plan may be used  
13 for determining retirement eligibility under the defined  
14 benefit plan.

15 (2) The System shall make a good faith effort to  
16 contact all active Tier 1 and Tier 2 members who are  
17 eligible to participate in the Tier 3 plan. The System  
18 shall mail information describing the option to join the  
19 Tier 3 plan to each of these employees to his or her last  
20 known address on file with the System. If the employee is  
21 not responsive to other means of contact, it is sufficient  
22 for the System to publish the details of the option on its  
23 website.

24 (3) Upon request for further information describing  
25 the option, the System shall provide employees with  
26 information from the System before exercising the option to

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

14 (b-5) A Tier 1 or Tier 2 member who elects to participate  
15 in the Tier 3 plan may irrevocably elect to terminate all  
16 participation in the defined benefit plan. Upon that election,  
17 the System shall transfer to the member's individual account an  
18 amount equal to the amount of contribution refund that the  
19 member would be eligible to receive if the member terminated  
20 employment on that date and elected a refund of contributions,  
21 including regular interest for the respective years. The System  
22 shall make the transfer as a tax free transfer in accordance  
23 with Internal Revenue Service guidelines, for purposes of  
24 funding the amount credited to the member's individual account.

25 (c) In no event shall the System, its staff, its authorized  
26 representatives, or the Board be liable for any information

1 given to an employee under this Section. The System may  
2 coordinate with the Illinois Department of Central Management  
3 Services and other retirement systems administering a Tier 3  
4 plan in accordance with this amendatory Act of the 99th General  
5 Assembly to provide information concerning the impact of the  
6 Tier 3 plan set forth in this Section.

7 (d) Notwithstanding any other provision of this Section, no  
8 person shall begin participating in the Tier 3 plan until it  
9 has attained qualified plan status and received all necessary  
10 approvals from the U.S. Internal Revenue Service.

11 (e) The System shall report on its progress under this  
12 Section, including the available details of the Tier 3 plan and  
13 the System's plans for informing eligible Tier 1 and Tier 2  
14 members about the plan, to the Governor and the General  
15 Assembly on or before January 15, 2017.

16 (f) The intent of this amendatory Act of the 99th General  
17 Assembly is to ensure that the State's normal cost of  
18 participation in the Tier 3 plan is similar, and if possible  
19 equal, to the State's normal cost of participation in the  
20 defined benefit plan, unless a lower State's normal cost is  
21 necessary to ensure cost neutrality.

22 (40 ILCS 5/18-110.1 new)

23 Sec. 18-110.1. Tier 1 participant. "Tier 1 participant": A  
24 participant who first became a participant of this System  
25 before January 1, 2011.

1       In the case of a Tier 1 participant who elects to  
2 participate in the Tier 3 plan under Section 18-121.5 of this  
3 Code, that Tier 1 participant shall be deemed a Tier 1  
4 participant only with respect to service performed or  
5 established before the effective date of that election.

6           (40 ILCS 5/18-110.2 new)

7       Sec. 18-110.2. Tier 2 participant. "Tier 2 participant": A  
8 participant who first becomes a participant of this System on  
9 or after January 1, 2011.

10       In the case of a Tier 2 participant who elects to  
11 participate in the Tier 3 plan under Section 18-121.5 of this  
12 Code, that Tier 2 participant shall be deemed a Tier 2  
13 participant only with respect to service performed or  
14 established before the effective date of that election.

15           (40 ILCS 5/18-110.3 new)

16       Sec. 18-110.3. Tier 3 participant. "Tier 3 participant": A  
17 Tier 1 or Tier 2 participant who elects to participate in the  
18 Tier 3 plan under Section 18-121.5 of this Code, but only with  
19 respect to service performed on or after the effective date of  
20 that election.

21           (40 ILCS 5/18-120) (from Ch. 108 1/2, par. 18-120)

22       Sec. 18-120. Employee participation.

23       (a) Except as provided in subsection (b), an An eligible

1 judge who is not a participant shall become a participant  
2 beginning on the date he or she becomes an eligible judge,  
3 unless the judge files with the board a written notice of  
4 election not to participate within 30 days of the date of being  
5 notified of the option.

6 A person electing not to participate shall thereafter be  
7 ineligible to become a participant unless the election is  
8 revoked as provided in Section 18-121.

9 (b) Notwithstanding any other provision of this Article, an  
10 active participant may terminate his or her participation in  
11 this System (including active participation in the Tier 3 plan,  
12 if applicable) by notifying the System in writing. An active  
13 participant terminating participation in this System under  
14 this subsection shall be entitled to a refund of his or her  
15 contributions (other than contributions to the Tier 3 plan  
16 under Section 18-121.5) minus the benefits received prior to  
17 the termination of participation.

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

19 (40 ILCS 5/18-121.5 new)

20 Sec. 18-121.5. Tier 3 plan.

21 (a) By July 1, 2017, the System shall prepare and implement  
22 a Tier 3 plan. The Tier 3 plan developed under this Section  
23 shall be a plan that aggregates State and employee  
24 contributions in individual participant accounts which, after  
25 meeting any other requirements, are used for payouts after

1 retirement in accordance with this Section and any other  
2 applicable laws.

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

7 (1) A participant in the Tier 3 plan shall pay employee  
8 contributions at a rate determined by the participant, but  
9 not less than 3% of salary and not more than a percentage  
10 of salary determined by the Board in accordance with the  
11 requirements of State and federal law.

12 (2) State contributions shall be paid into the accounts  
13 of all participants in the Tier 3 plan at a uniform rate,  
14 expressed as a percentage of salary and determined for each  
15 year. This rate shall be no higher than 7.6% of salary and  
16 shall be no lower than 3% of salary. The State shall adjust  
17 this rate annually.

18 (3) The Tier 3 plan shall require 5 years of  
19 participation in the Tier 3 plan before vesting in State  
20 contributions. If the participant fails to vest in them,  
21 the State contributions, and the earnings thereon, shall be  
22 forfeited.

23 (4) The Tier 3 plan may provide for participants in the  
24 plan to be eligible for defined disability benefits. If it  
25 does, the System shall reduce the employee contributions  
26 credited to the participant's Tier 3 plan account by an



1 amount determined by the System to cover the cost of  
2 offering such benefits.

3 (5) The Tier 3 plan shall provide a variety of options  
4 for investments. These options shall include investments  
5 handled by the Illinois State Board of Investment as well  
6 as private sector investment options.

7 (6) The Tier 3 plan shall provide a variety of options  
8 for payouts to participants in the Tier 3 plan who are no  
9 longer active in the System and their survivors.

10 (7) To the extent authorized under federal law and as  
11 authorized by the System, the plan shall allow former  
12 participants in the plan to transfer or roll over employee  
13 and vested State contributions, and the earnings thereon,  
14 into other qualified retirement plans.

15 (8) The System shall reduce the employee contributions  
16 credited to the participant's Tier 3 plan account by an  
17 amount determined by the System to cover the cost of  
18 offering these benefits and any applicable administrative  
19 fees.

20 (b) Under the Tier 3 plan, an active Tier 1 or Tier 2  
21 participant of this System may elect, in writing, to cease  
22 accruing benefits in the defined benefit plan and begin  
23 accruing benefits for future service in the Tier 3 plan. The  
24 election to participate in the Tier 3 plan is voluntary and  
25 irrevocable.

26 (1) Service credit under the Tier 3 plan may be used

1       for determining retirement eligibility under the defined  
2       benefit plan.

3       (2) The System shall make a good faith effort to  
4       contact all active Tier 1 and Tier 2 participants who are  
5       eligible to participate in the Tier 3 plan. The System  
6       shall mail information describing the option to join the  
7       Tier 3 plan to each of these employees to his or her last  
8       known address on file with the System. If the employee is  
9       not responsive to other means of contact, it is sufficient  
10       for the System to publish the details of the option on its  
11       website.

12       (3) Upon request for further information describing  
13       the option, the System shall provide employees with  
14       information from the System before exercising the option to  
15       join the plan, including information on the impact to their  
16       benefits and service. The individual consultation shall  
17       include projections of the participant's defined benefits  
18       at retirement or earlier termination of service and the  
19       value of the participant's account at retirement or earlier  
20       termination of service. The System shall not provide advice  
21       or counseling with respect to whether the employee should  
22       exercise the option. The System shall inform Tier 1 and  
23       Tier 2 participants who are eligible to participate in the  
24       Tier 3 plan that they may also wish to obtain information  
25       and counsel relating to their option from any other  
26       available source, including but not limited to private

1 counsel and financial advisors.

2 (b-5) A Tier 1 or Tier 2 participant who elects to  
3 participate in the Tier 3 plan may irrevocably elect to  
4 terminate all participation in the defined benefit plan. Upon  
5 that election, the System shall transfer to the participant's  
6 individual account an amount equal to the amount of  
7 contribution refund that the participant would be eligible to  
8 receive if the participant terminated employment on that date  
9 and elected a refund of contributions, including interest at  
10 the prescribed rate of interest for the respective years. The  
11 System shall make the transfer as a tax free transfer in  
12 accordance with Internal Revenue Service guidelines, for  
13 purposes of funding the amount credited to the participant's  
14 individual account.

15 (c) In no event shall the System, its staff, its authorized  
16 representatives, or the Board be liable for any information  
17 given to an employee under this Section. The System may  
18 coordinate with the Illinois Department of Central Management  
19 Services and other retirement systems administering a Tier 3  
20 plan in accordance with this amendatory Act of the 99th General  
21 Assembly to provide information concerning the impact of the  
22 Tier 3 plan set forth in this Section.

23 (d) Notwithstanding any other provision of this Section, no  
24 person shall begin participating in the Tier 3 plan until it  
25 has attained qualified plan status and received all necessary  
26 approvals from the U.S. Internal Revenue Service.

1       (e) The System shall report on its progress under this  
2       Section, including the available details of the Tier 3 plan and  
3       the System's plans for informing eligible Tier 1 and Tier 2  
4       participants about the plan, to the Governor and the General  
5       Assembly on or before January 15, 2017.

6       (f) The Illinois State Board of Investment shall be the  
7       plan sponsor for the Tier 3 plan established under this  
8       Section.

9       (g) The intent of this amendatory Act of the 99th General  
10       Assembly is to ensure that the State's normal cost of  
11       participation in the Tier 3 plan is similar, and if possible  
12       equal, to the State's normal cost of participation in the  
13       defined benefit plan, unless a lower State's normal cost is  
14       necessary to ensure cost neutrality.

15       (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

16       Sec. 18-124. Retirement annuities - conditions for  
17       eligibility.

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

21       A participant whose employment as a judge is terminated,  
22       regardless of age or cause is entitled to a retirement annuity  
23       beginning on the date specified in a written application  
24       subject to the following:

25       (1) the date the annuity begins is subsequent to the

1 date of final termination of employment, or the date 30  
2 days prior to the receipt of the application by the board  
3 for annuities based on disability, or one year before the  
4 receipt of the application by the board for annuities based  
5 on attained age;

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

9 (3) the participant has at least 10 years of service  
10 credit except that a participant terminating service after  
11 June 30 1975, with at least 6 years of service credit,  
12 shall be entitled to a retirement annuity at age 62 or  
13 over;

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

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

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

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

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

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

3 Sec. 18-125. Retirement annuity amount.

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

8 (b) Except as provided in subsection (b-5), effective July  
9 1, 1971, the retirement annuity for any participant in service  
10 on or after such date shall be 3 1/2% of final average salary,  
11 as defined in this Section, for each of the first 10 years of  
12 service, and 5% of such final average salary for each year of  
13 service on excess of 10.

14 For purposes of this Section, final average salary for a  
15 Tier 1 participant who first serves as a judge before August  
16 10, 2009 (the effective date of Public Act 96-207) shall be:

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

20 (2) for a participant who terminates service after June  
21 30, 1975 and before July 1, 1982, the salary on the last  
22 day of employment as a judge.

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

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

5           (5) for a participant who terminates service on or  
6           after the effective date of this amendatory Act of 1995,  
7           the salary on the last day of employment as a judge, or the  
8           highest salary received by the participant for employment  
9           as a judge in a position held by the participant for at  
10          least 4 consecutive years, whichever is greater.

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

16          For a Tier 1 participant who first serves as a judge on or  
17          after August 10, 2009 (the effective date of Public Act 96-207)  
18          ~~and before January 1, 2011 (the effective date of Public Act~~  
19          ~~96-889)~~, final average salary shall be the average monthly  
20          salary obtained by dividing the total salary of the participant  
21          during the period of: (1) the 48 consecutive months of service  
22          within the last 120 months of service in which the total  
23          compensation was the highest, or (2) the total period of  
24          service, if less than 48 months, by the number of months of  
25          service in that period.

26          The maximum retirement annuity for any participant shall be

1 85% of final average salary.

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

9 For a Tier 2 participant ~~who first serves as a judge on or~~  
10 ~~after January 1, 2011 (the effective date of Public Act~~  
11 ~~96-889)~~, final average salary shall be the average monthly  
12 salary obtained by dividing the total salary of the judge  
13 during the 96 consecutive months of service within the last 120  
14 months of service in which the total salary was the highest by  
15 the number of months of service in that period; however,  
16 beginning January 1, 2011, the annual salary may not exceed  
17 \$106,800, except that that amount shall annually thereafter be  
18 increased by the lesser of (i) 3% of that amount, including all  
19 previous adjustments, or (ii) the annual unadjusted percentage  
20 increase (but not less than zero) in the consumer price index-u  
21 for the 12 months ending with the September preceding each  
22 November 1. "Consumer price index-u" means the index published  
23 by the Bureau of Labor Statistics of the United States  
24 Department of Labor that measures the average change in prices  
25 of goods and services purchased by all urban consumers, United  
26 States city average, all items, 1982-84 = 100. The new amount



1 resulting from each annual adjustment shall be determined by  
2 the Public Pension Division of the Department of Insurance and  
3 made available to the Board by November 1st of each year.

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

16 The reduction in retirement annuity imposed by this  
17 subsection shall not apply in the case of retirement on account  
18 of disability.

19 (d) Notwithstanding any other provision of this Article,  
20 for a Tier 2 participant ~~who first serves as a judge on or~~  
21 ~~after January 1, 2011 (the effective date of Public Act 96-889)~~  
22 ~~and~~ who is retiring after attaining age 62, the retirement  
23 annuity shall be reduced by 1/2 of 1% for each month that the  
24 participant's age is under age 67 at the time the annuity  
25 commences.

26 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;

1 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11.)

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

3 Sec. 18-125.1. Automatic increase in retirement annuity. A  
4 participant who retires from service after June 30, 1969,  
5 shall, in January of the year next following the year in which  
6 the first anniversary of retirement occurs, and in January of  
7 each year thereafter, have the amount of his or her originally  
8 granted retirement annuity increased as follows: for each year  
9 up to and including 1971, 1 1/2%; for each year from 1972  
10 through 1979 inclusive, 2%; and for 1980 and each year  
11 thereafter, 3%.

12 Notwithstanding any other provision of this Article, a  
13 retirement annuity for a Tier 2 participant ~~who first serves as~~  
14 ~~a judge on or after January 1, 2011 (the effective date of~~  
15 ~~Public Act 96-889)~~ shall be increased in January of the year  
16 next following the year in which the first anniversary of  
17 retirement occurs, but in no event prior to age 67, and in  
18 January of each year thereafter, by an amount equal to 3% or  
19 the annual percentage increase in the consumer price index-u as  
20 determined by the Public Pension Division of the Department of  
21 Insurance under subsection (b-5) of Section 18-125, whichever  
22 is less, of the retirement annuity then being paid.

23 This Section is not applicable to a participant who retires  
24 before he or she has made contributions at the rate prescribed  
25 in Section 18-133 for automatic increases for not less than the

1 equivalent of one full year, unless such a participant arranges  
2 to pay the system the amount required to bring the total  
3 contributions for the automatic increase to the equivalent of  
4 one year's contribution based upon his or her last year's  
5 salary.

6 This Section is applicable to all participants (other than  
7 Tier 3 participants who do not have any service credit as a  
8 Tier 1 or Tier 2 participant) in service after June 30, 1969  
9 unless a participant has elected, prior to September 1, 1969,  
10 in a written direction filed with the board not to be subject  
11 to the provisions of this Section. Any participant in service  
12 on or after July 1, 1992 shall have the option of electing  
13 prior to April 1, 1993, in a written direction filed with the  
14 board, to be covered by the provisions of the 1969 amendatory  
15 Act. Such participant shall be required to make the aforesaid  
16 additional contributions with compound interest at 4% per  
17 annum.

18 Any participant who has become eligible to receive the  
19 maximum rate of annuity and who resumes service as a judge  
20 after receiving a retirement annuity under this Article shall  
21 have the amount of his or her retirement annuity increased by  
22 3% of the originally granted annuity amount for each year of  
23 such resumed service, beginning in January of the year next  
24 following the date of such resumed service, upon subsequent  
25 termination of such resumed service.

26 Beginning January 1, 1990, all automatic annual increases

1 payable under this Section shall be calculated as a percentage  
2 of the total annuity payable at the time of the increase,  
3 including previous increases granted under this Article.

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

5 (40 ILCS 5/18-127) (from Ch. 108 1/2, par. 18-127)

6 Sec. 18-127. Retirement annuity - suspension on  
7 reemployment.

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

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

1           (b) Beginning January 1, 1991, any participant receiving a  
2 retirement annuity who accepts temporary employment from an  
3 employer other than a county for a period not exceeding 75  
4 working days in any calendar year shall not be deemed to be  
5 regularly employed for compensation or to have resumed service  
6 as a judge for the purposes of this Article. A day shall be  
7 considered a working day if the annuitant performs on it any of  
8 his duties under the temporary employment agreement.

9           (c) Except as provided in subsection (a), beginning January  
10 1, 1993, retirement annuities shall not be subject to  
11 suspension upon resumption of employment for an employer, and  
12 any retirement annuity that is then so suspended shall be  
13 reinstated on that date.

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

18           (e) A participant receiving a retirement annuity under this  
19 Article who serves as a part-time employee in any of the  
20 following positions: Legislative Inspector General, Special  
21 Legislative Inspector General, employee of the Office of the  
22 Legislative Inspector General, Executive Director of the  
23 Legislative Ethics Commission, or staff of the Legislative  
24 Ethics Commission, but has not elected to participate in the  
25 Article 14 System with respect to that service, shall not be  
26 deemed to be regularly employed for compensation by an employer

1 other than a county, nor to have resumed service as a judge, on  
2 the basis of that service, and the retirement annuity payments  
3 and other benefits of that person under this Code shall not be  
4 suspended, diminished, or otherwise impaired solely as a  
5 consequence of that service. This subsection (e) applies  
6 without regard to whether the person is in service as a judge  
7 under this Article on or after the effective date of this  
8 amendatory Act of the 93rd General Assembly. In this  
9 subsection, a "part-time employee" is a person who is not  
10 required to work at least 35 hours per week.

11 (f) A participant receiving a retirement annuity under this  
12 Article who has made an election under Section 1-123 and who is  
13 serving either as legal counsel in the Office of the Governor  
14 or as Chief Deputy Attorney General shall not be deemed to be  
15 regularly employed for compensation by an employer other than a  
16 county, nor to have resumed service as a judge, on the basis of  
17 that service, and the retirement annuity payments and other  
18 benefits of that person under this Code shall not be suspended,  
19 diminished, or otherwise impaired solely as a consequence of  
20 that service. This subsection (f) applies without regard to  
21 whether the person is in service as a judge under this Article  
22 on or after the effective date of this amendatory Act of the  
23 93rd General Assembly.

24 (g) Notwithstanding any other provision of this Article, if  
25 a Tier 2 participant ~~person who first becomes a participant~~  
26 ~~under this System on or after January 1, 2011 (the effective~~

1 ~~date of this amendatory Act of the 96th General Assembly)~~ is  
2 receiving a retirement annuity under this Article and becomes a  
3 member or participant under this Article or any other Article  
4 of this Code and is employed on a full-time basis, then the  
5 person's retirement annuity under this System shall be  
6 suspended during that employment. Upon termination of that  
7 employment, the person's retirement annuity shall resume and,  
8 if appropriate, be recalculated under the applicable  
9 provisions of this Article.

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

11 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)

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

13 (a) Upon the death of an annuitant, his or her surviving  
14 spouse shall be entitled to a survivor's annuity of 66 2/3% of  
15 the annuity the annuitant was receiving immediately prior to  
16 his or her death, inclusive of annual increases in the  
17 retirement annuity to the date of death.

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

24 (c) Upon the death of a participant who had terminated  
25 service with at least 10 years of service, his or her surviving

1 spouse shall be entitled to a survivor's annuity of 66 2/3% of  
2 the annuity earned by the deceased participant at the date of  
3 death.

4 (d) Upon the death of an annuitant, active participant, or  
5 participant who had terminated service with at least 10 years  
6 of service, each surviving child under the age of 18 or  
7 disabled as defined in Section 18-128 shall be entitled to a  
8 child's annuity in an amount equal to 5% of the decedent's  
9 final salary, not to exceed in total for all such children the  
10 greater of 20% of the decedent's last salary or 66 2/3% of the  
11 annuity received or earned by the decedent as provided under  
12 subsections (a) and (b) of this Section. This child's annuity  
13 shall be paid whether or not a survivor's annuity was elected  
14 under Section 18-123.

15 (e) The changes made in the survivor's annuity provisions  
16 by Public Act 82-306 shall apply to the survivors of a deceased  
17 participant or annuitant whose death occurs on or after August  
18 21, 1981.

19 (f) Beginning January 1, 1990, every survivor's annuity  
20 shall be increased (1) on each January 1 occurring on or after  
21 the commencement of the annuity if the deceased member died  
22 while receiving a retirement annuity, or (2) in other cases, on  
23 each January 1 occurring on or after the first anniversary of  
24 the commencement of the annuity, by an amount equal to 3% of  
25 the current amount of the annuity, including any previous  
26 increases under this Article. Such increases shall apply



1 without regard to whether the deceased member was in service on  
2 or after the effective date of this amendatory Act of 1991, but  
3 shall not accrue for any period prior to January 1, 1990.

4 (g) Notwithstanding any other provision of this Article,  
5 the initial survivor's annuity for a survivor of a Tier 2  
6 participant ~~who first serves as a judge after January 1, 2011~~  
7 ~~(the effective date of Public Act 96-889)~~ shall be in the  
8 amount of 66 2/3% of the annuity received or earned by the  
9 decedent, and shall be increased (1) on each January 1  
10 occurring on or after the commencement of the annuity if the  
11 deceased participant died while receiving a retirement  
12 annuity, or (2) in other cases, on each January 1 occurring on  
13 or after the first anniversary of the commencement of the  
14 annuity, but in no event prior to age 67, by an amount equal to  
15 3% or the annual unadjusted percentage increase in the consumer  
16 price index-u as determined by the Public Pension Division of  
17 the Department of Insurance under subsection (b-5) of Section  
18 18-125, whichever is less, of the survivor's annuity then being  
19 paid.

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

21 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

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

23 (a) Effective July 1, 1967, each participant is required to  
24 contribute 7 1/2% of each payment of salary toward the  
25 retirement annuity. Such contributions shall continue during

1 the entire time the participant is in service, with the  
2 following exceptions:

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

6 (2) A participant who continues to serve as a judge  
7 after becoming eligible to receive the maximum rate of  
8 annuity may elect, through a written direction filed with  
9 the Board, to discontinue contributing to the System. Any  
10 such option elected by a judge shall be irrevocable unless  
11 prior to January 1, 2000, and while continuing to serve as  
12 judge, the judge (A) files with the Board a letter  
13 cancelling the direction to discontinue contributing to  
14 the System and requesting that such contributing resume,  
15 and (B) pays into the System an amount equal to the total  
16 of the discontinued contributions plus interest thereon at  
17 5% per annum. Service credits earned in any other  
18 "participating system" as defined in Article 20 of this  
19 Code shall be considered for purposes of determining a  
20 judge's eligibility to discontinue contributions under  
21 this subdivision (a) (2).

22 (3) A participant who (i) has attained age 60, (ii)  
23 continues to serve as a judge after becoming eligible to  
24 receive the maximum rate of annuity, and (iii) has not  
25 elected to discontinue contributing to the System under  
26 subdivision (a) (2) of this Section (or has revoked any such

1 election) may elect, through a written direction filed with  
2 the Board, to make contributions to the System based only  
3 on the amount of the increases in salary received by the  
4 judge on or after the date of the election, rather than the  
5 total salary received. If a judge who is making  
6 contributions to the System on the effective date of this  
7 amendatory Act of the 91st General Assembly makes an  
8 election to limit contributions under this subdivision  
9 (a)(3) within 90 days after that effective date, the  
10 election shall be deemed to become effective on that  
11 effective date and the judge shall be entitled to receive a  
12 refund of any excess contributions paid to the System  
13 during that 90-day period; any other election under this  
14 subdivision (a)(3) becomes effective on the first of the  
15 month following the date of the election. An election to  
16 limit contributions under this subdivision (a)(3) is  
17 irrevocable. Service credits earned in any other  
18 participating system as defined in Article 20 of this Code  
19 shall be considered for purposes of determining a judge's  
20 eligibility to make an election under this subdivision  
21 (a)(3).

22 (b) Beginning July 1, 1969, each participant is required to  
23 contribute 1% of each payment of salary towards the automatic  
24 increase in annuity provided in Section 18-125.1. However, such  
25 contributions need not be made by any participant who has  
26 elected prior to September 15, 1969, not to be subject to the

1 automatic increase in annuity provisions.

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

8 (d) Notwithstanding any other provision of this Article,  
9 the required contributions for a Tier 2 participant ~~who first~~  
10 ~~becomes a participant on or after January 1, 2011~~ shall not  
11 exceed the contributions that would be due under this Article  
12 if that participant's highest salary for annuity purposes were  
13 \$106,800, plus any increase in that amount under Section  
14 18-125.

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

16 (40 ILCS 5/18-169)

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

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

1 resulting from the changes made by this amendatory Act of the  
2 99th General Assembly.

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

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

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

1 the certification is made.

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

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

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

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

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

22 Sec. 20-121. Calculation of proportional retirement  
23 annuities.

24 (a) Upon retirement of the employee, a proportional  
25 retirement annuity shall be computed by each participating

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

13 (a-5) For persons who participate in a Tier 3 plan  
14 established under Article 2, 14, 15, 16, or 18 of this Code to  
15 whom the provisions of this Article apply, the pension credits  
16 established under the Tier 3 plan may be considered in  
17 determining eligibility for or the amount of the defined  
18 benefit retirement annuity that is payable by any other  
19 participating system.

20 (b) Combined pension credit under all retirement systems  
21 subject to this Article shall be considered in determining  
22 whether the minimum qualification has been met and the formula  
23 or method of computation which shall be applied, except as may  
24 be otherwise provided with respect to vesting in State or  
25 employer contributions in a Tier 3 plan. If a system has a  
26 step-rate formula for calculation of the retirement annuity,

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

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

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

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

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

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



1 determining eligibility for or the amount of the survivor's  
2 annuity which may be payable by any other participating system.

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

11 For persons who participate in a Tier 3 plan established  
12 under Article 2, 14, 15, 16, or 18 of this Code to whom the  
13 provisions of this Article apply, the pension credits  
14 established under the Tier 3 plan may be considered in  
15 determining eligibility for or the amount of the defined  
16 benefit survivor's annuity that is payable by any other  
17 participating system, but pension credits established in any  
18 other system shall not result in any right to or increase in  
19 the value of a survivor's annuity under the Tier 3 plan, which  
20 depends solely on the options chosen and the value of the  
21 participant's vested account balances and is not subject to any  
22 proportional adjustment under this Section.

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

24 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

25 (Text of Section WITHOUT the changes made by P.A. 98-599,

1 which has been held unconstitutional)

2 Sec. 20-124. Maximum benefits.

3 (a) In no event shall the combined retirement or survivors  
4 annuities exceed the highest annuity which would have been  
5 payable by any participating system in which the employee has  
6 pension credits, if all of his pension credits had been  
7 validated in that system.

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

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

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

25 (ii) For purposes of calculating the combined  
26 survivor's annuity and the proportionate reduction, if

1 any, in a survivor's annuity other than one payable under  
2 the self-managed plan, the amount of the Article 15  
3 survivor's annuity shall be deemed to be the highest  
4 survivor's annuity to which the survivor would have been  
5 entitled if the deceased employee had participated in the  
6 traditional benefit package as defined in Section 15-103.1  
7 rather than the self-managed plan.

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

10 (c) In the case of a participant in a Tier 3 plan  
11 established under Article 2, 14, 15, 16, or 18 of this Code to  
12 whom the provisions of this Article apply:

13 (i) For purposes of calculating the combined  
14 retirement annuity and the proportionate reduction, if  
15 any, in a defined benefit retirement annuity, any benefit  
16 payable under the Tier 3 plan shall not be considered.

17 (ii) For purposes of calculating the combined  
18 survivor's annuity and the proportionate reduction, if  
19 any, in a defined benefit survivor's annuity, any benefit  
20 payable under the Tier 3 plan shall not be considered.

21 (iii) Benefits payable under a Tier 3 plan established  
22 under Article 2, 14, 15, 16, or 18 of this Code are not  
23 subject to proportionate reduction under this Section.

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

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

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

3 Sec. 20-125. Return to employment - suspension of benefits.  
4 If a retired employee returns to employment which is covered by  
5 a system from which he is receiving a proportional annuity  
6 under this Article, his proportional annuity from all  
7 participating systems shall be suspended during the period of  
8 re-employment, except that this suspension does not apply to  
9 any distributions payable under the self-managed plan  
10 established under Section 15-158.2 of this Code or under a Tier  
11 3 plan established under Article 2, 14, 15, 16, or 18 of this  
12 Code.

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

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

22 (40 ILCS 5/2-165 rep.)

23 (40 ILCS 5/2-166 rep.)

24 (40 ILCS 5/14-155 rep.)

25 (40 ILCS 5/14-156 rep.)

1 (40 ILCS 5/15-200 rep.)

2 (40 ILCS 5/15-201 rep.)

3 (40 ILCS 5/16-205 rep.)

4 (40 ILCS 5/16-206 rep.)

5 Section 15. The Illinois Pension Code is amended by  
6 repealing Sections 2-165, 2-166, 14-155, 14-156, 15-200,  
7 15-201, 16-205, and 16-206.

8 Section 20. The Illinois Educational Labor Relations Act is  
9 amended by changing Sections 4 and 17 and by adding Section  
10 10.6 as follows:

11 (115 ILCS 5/4) (from Ch. 48, par. 1704)

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

14 Sec. 4. Employer rights. Employers shall not be required to  
15 bargain over matters of inherent managerial policy, which shall  
16 include such areas of discretion or policy as the functions of  
17 the employer, standards of services, its overall budget, the  
18 organizational structure and selection of new employees and  
19 direction of employees. Employers, however, shall be required  
20 to bargain collectively with regard to policy matters directly  
21 affecting wages, hours and terms and conditions of employment  
22 as well as the impact thereon upon request by employee  
23 representatives, except as provided in Section 10.6. To  
24 preserve the rights of employers and exclusive representatives

1 which have established collective bargaining relationships or  
2 negotiated collective bargaining agreements prior to the  
3 effective date of this Act, employers shall be required to  
4 bargain collectively with regard to any matter concerning  
5 wages, hours or conditions of employment about which they have  
6 bargained for and agreed to in a collective bargaining  
7 agreement prior to the effective date of this Act, except as  
8 provided in Section 10.6.

9 (Source: P.A. 83-1014.)

10 (115 ILCS 5/10.6 new)

11 Sec. 10.6. Bargaining regarding pension contributions on  
12 behalf of employees; prohibited.

13 (a) Notwithstanding any other provision of this Act,  
14 beginning on the effective date of this amendatory Act of the  
15 99th General Assembly, employers shall not bargain over matters  
16 prohibited by subsection (e) of Section 16-152.1 of the  
17 Illinois Pension Code, which concerns employers paying pension  
18 contributions on behalf of employees.

19 (b) In case of any conflict between this Section and any  
20 other provisions of this Act or any other law, the provisions  
21 of this Section shall control.

22 (115 ILCS 5/17) (from Ch. 48, par. 1717)

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

1           Sec. 17. Effect on other laws. Except as provided in  
2 Section 10.6, in ~~in~~ case of any conflict between the provisions  
3 of this Act and any other law, executive order or  
4 administrative regulation, the provisions of this Act shall  
5 prevail and control. Nothing in this Act shall be construed to  
6 replace or diminish the rights of employees established by  
7 Section 36d of "An Act to create the State Universities Civil  
8 Service System", approved May 11, 1905, as amended or modified.  
9 (Source: P.A. 83-1014.)

10           Section 99. Effective date. This Act takes effect upon  
11 becoming law.

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6 40 ILCS 5/2-105.3 new  
7 40 ILCS 5/2-117 from Ch. 108 1/2, par. 2-117  
8 40 ILCS 5/2-162  
9 40 ILCS 5/2-165.5 new  
10 40 ILCS 5/7-109 from Ch. 108 1/2, par. 7-109  
11 40 ILCS 5/7-114 from Ch. 108 1/2, par. 7-114  
12 40 ILCS 5/7-116 from Ch. 108 1/2, par. 7-116  
13 40 ILCS 5/7-139 from Ch. 108 1/2, par. 7-139  
14 40 ILCS 5/14-103.05 from Ch. 108 1/2, par. 14-103.05  
15 40 ILCS 5/14-103.10 from Ch. 108 1/2, par. 14-103.10  
16 40 ILCS 5/14-103.41 new  
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20 40 ILCS 5/14-106 from Ch. 108 1/2, par. 14-106  
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24	40 ILCS 5/18-127	from Ch. 108 1/2, par. 18-127
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