



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB5625

by Rep. Mike Fortner

#### SYNOPSIS AS INTRODUCED:

See Index

Creates the Pension Buyout Act. Authorizes the Department of Central Management Services to enter into contracts with approved vendors to provide pension buyout payments to eligible retirees in the General Assembly, State Employee, State Universities, and Judges Retirement Systems. Requires the Illinois Finance Authority to issue bonds if the amount appropriated to implement the pension buyout option is less than the amount necessary for the Department to pay the approved vendor the amount required under a contract between the Department and the approved vendor for any fiscal year. Provides that the contract entered into by the Department shall be subject to the applicable requirements of the Illinois Procurement Code. Amends the General Assembly, State Employee, State Universities, and Judges Articles of the Illinois Pension Code. Provides that an eligible retiree may relinquish his or her right to receive any benefits from the system in exchange for a lump sum payment made by an approved vendor that is equal to the present value of the retirement annuity. Provides that a person who participates in the pension buyout option shall be entitled to any benefits under the State Employees Group Insurance Act of 1971 that he or she would have otherwise been entitled to. Contains provisions concerning the form of the contract; rulemaking; notice to the system; certification to the Department of the amount of lump sum payments made; and qualified plan status. Amends the State Employees Group Insurance Act of 1971, the Department of Central Management Services Law of the Civil Administrative Code of Illinois, the Illinois Procurement Code, and the Illinois Finance Authority Act to make related changes. Effective July 1, 2017.

LRB099 20358 RPS 44829 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE DEBT  
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 1. Short title. This Act may be cited as the  
5 Pension Buyout Act.

6 Section 5. Definitions. As used in this Act:

7 "Approved vendor" means a vendor who has entered into a  
8 contract with the Department to provide lump sum payments to  
9 eligible retirees pursuant to a pension buyout option.

10 "Authority" means the Illinois Finance Authority.

11 "Chief procurement officer" means the chief procurement  
12 officer appointed under paragraph (4) of subsection (a) of  
13 Section 10-20 of the Illinois Procurement Code.

14 "Department" means the Department of Central Management  
15 Services.

16 "Director" means the Director of Central Management  
17 Services.

18 "Pension buyout option" means a plan under Section 2-154.5,  
19 14-147.5, 15-185.5, 16-190.5, or 18-161.5 of the Illinois  
20 Pension Code.

21 "Retirement system" means a retirement system established  
22 under Article 2, 14, 15, 16, or 18 of the Illinois Pension  
23 Code.

1 Section 10. Pension buyout option administration.

2 (a) The Department, on behalf of the State, may enter into  
3 contracts with approved vendors who will provide lump sum  
4 payments to eligible retirees pursuant to a pension buyout  
5 option. The contract shall be subject to the applicable  
6 requirements of the Illinois Procurement Code. The Department  
7 shall only enter into the contract after an open and  
8 competitive bidding process and the process shall comply with  
9 the procedures established by the chief procurement officer  
10 pursuant to Section 45-32 of the Illinois Procurement Code.

11 The contract entered into by the Department shall:

12 (1) not interfere with the ability of each retirement  
13 system to include any safeguards or other provisions that  
14 the retirement system may require to be included in the  
15 standardized form contract approved by the retirement  
16 system; and

17 (2) require the approved vendor to provide, at no cost  
18 to the eligible retiree, a minimum amount of certified  
19 financial planning services to the eligible retiree before  
20 he or she makes an election pursuant to a pension buyout  
21 option.

22 (b) The Department shall establish by rule dates by which  
23 the Board of Trustees of each retirement system must certify  
24 the amount of lump sum payments made under the pension buyout  
25 option for that retirement system. The Department shall

1 establish by rule the minimum amount of certified financial  
2 planning services that the approved vendor must provide to each  
3 eligible retiree at no cost to the eligible retiree.

4 (c) If in any fiscal year the amount appropriated for all  
5 pension buyout options is less than the amount necessary for  
6 the Department to pay the amount required for that fiscal year  
7 under a contract between the Department and an approved vendor,  
8 the Director shall certify to the Authority the additional  
9 amount required for that fiscal year. The Authority shall issue  
10 bonds in the amount certified by the Director. The proceeds  
11 from the bonds issued under this Act shall only be used by the  
12 Department to pay an approved vendor the amount required for  
13 that fiscal year.

14 Section 15. Bond authorization. The Authority shall not  
15 have outstanding at any one time bonds for any of the purposes  
16 of this Act in an aggregate principal amount exceeding  
17 \$500,000,000, excluding bonds issued to refund outstanding  
18 bonds.

19 Section 900. The State Employees Group Insurance Act of  
20 1971 is amended by changing Sections 3 and 10 as follows:

21 (5 ILCS 375/3) (from Ch. 127, par. 523)

22 Sec. 3. Definitions. Unless the context otherwise  
23 requires, the following words and phrases as used in this Act

1 shall have the following meanings. The Department may define  
2 these and other words and phrases separately for the purpose of  
3 implementing specific programs providing benefits under this  
4 Act.

5 (a) "Administrative service organization" means any  
6 person, firm or corporation experienced in the handling of  
7 claims which is fully qualified, financially sound and capable  
8 of meeting the service requirements of a contract of  
9 administration executed with the Department.

10 (b) "Annuitant" means (1) an employee who retires, or has  
11 retired, on or after January 1, 1966 on an immediate annuity  
12 under the provisions of Articles 2 (including an employee who,  
13 in lieu of receiving an annuity under that Article, has elected  
14 to participate in the pension buyout option under Section  
15 2-154.5 of that Article), 14 (including an employee who has  
16 elected to receive an alternative retirement cancellation  
17 payment under Section 14-108.5 of the Illinois Pension Code in  
18 lieu of an annuity or who, in lieu of receiving an annuity  
19 under that Article, has elected to participate in the pension  
20 buyout option under Section 14-147.5 of that Article), 15  
21 (including an employee who has retired under the optional  
22 retirement program established under Section 15-158.2 or who,  
23 in lieu of receiving an annuity under that Article, has elected  
24 to participate in the pension buyout option under Section  
25 15-185.5 of the Article), paragraphs (2), (3), or (5) of  
26 Section 16-106 (including an employee who, in lieu of receiving

1 an annuity under that Article, has elected to participate in  
2 the pension buyout option under Section 16-190.5 of the  
3 Illinois Pension Code), or Article 18 (including an employee  
4 who, in lieu of receiving an annuity under that Article, has  
5 elected to participate in the pension buyout option under  
6 Section 18-161.5 of that Article) of the Illinois Pension Code;  
7 (2) any person who was receiving group insurance coverage under  
8 this Act as of March 31, 1978 by reason of his status as an  
9 annuitant, even though the annuity in relation to which such  
10 coverage was provided is a proportional annuity based on less  
11 than the minimum period of service required for a retirement  
12 annuity in the system involved; (3) any person not otherwise  
13 covered by this Act who has retired as a participating member  
14 under Article 2 of the Illinois Pension Code but is ineligible  
15 for the retirement annuity under Section 2-119 of the Illinois  
16 Pension Code; (4) the spouse of any person who is receiving a  
17 retirement annuity under Article 18 of the Illinois Pension  
18 Code and who is covered under a group health insurance program  
19 sponsored by a governmental employer other than the State of  
20 Illinois and who has irrevocably elected to waive his or her  
21 coverage under this Act and to have his or her spouse  
22 considered as the "annuitant" under this Act and not as a  
23 "dependent"; or (5) an employee who retires, or has retired,  
24 from a qualified position, as determined according to rules  
25 promulgated by the Director, under a qualified local  
26 government, a qualified rehabilitation facility, a qualified

1 domestic violence shelter or service, or a qualified child  
2 advocacy center. (For definition of "retired employee", see (p)  
3 post).

4 (b-5) (Blank).

5 (b-6) (Blank).

6 (b-7) (Blank).

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

13 (d) "Compensation" means salary or wages payable on a  
14 regular payroll by the State Treasurer on a warrant of the  
15 State Comptroller out of any State, trust or federal fund, or  
16 by the Governor of the State through a disbursing officer of  
17 the State out of a trust or out of federal funds, or by any  
18 Department out of State, trust, federal or other funds held by  
19 the State Treasurer or the Department, to any person for  
20 personal services currently performed, and ordinary or  
21 accidental disability benefits under Articles 2, 14, 15  
22 (including ordinary or accidental disability benefits under  
23 the optional retirement program established under Section  
24 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or  
25 Article 18 of the Illinois Pension Code, for disability  
26 incurred after January 1, 1966, or benefits payable under the

1 Workers' Compensation or Occupational Diseases Act or benefits  
2 payable under a sick pay plan established in accordance with  
3 Section 36 of the State Finance Act. "Compensation" also means  
4 salary or wages paid to an employee of any qualified local  
5 government, qualified rehabilitation facility, qualified  
6 domestic violence shelter or service, or qualified child  
7 advocacy center.

8 (e) "Commission" means the State Employees Group Insurance  
9 Advisory Commission authorized by this Act. Commencing July 1,  
10 1984, "Commission" as used in this Act means the Commission on  
11 Government Forecasting and Accountability as established by  
12 the Legislative Commission Reorganization Act of 1984.

13 (f) "Contributory", when referred to as contributory  
14 coverage, shall mean optional coverages or benefits elected by  
15 the member toward the cost of which such member makes  
16 contribution, or which are funded in whole or in part through  
17 the acceptance of a reduction in earnings or the foregoing of  
18 an increase in earnings by an employee, as distinguished from  
19 noncontributory coverage or benefits which are paid entirely by  
20 the State of Illinois without reduction of the member's salary.

21 (g) "Department" means any department, institution, board,  
22 commission, officer, court or any agency of the State  
23 government receiving appropriations and having power to  
24 certify payrolls to the Comptroller authorizing payments of  
25 salary and wages against such appropriations as are made by the  
26 General Assembly from any State fund, or against trust funds



1 held by the State Treasurer and includes boards of trustees of  
2 the retirement systems created by Articles 2, 14, 15, 16 and 18  
3 of the Illinois Pension Code. "Department" also includes the  
4 Illinois Comprehensive Health Insurance Board, the Board of  
5 Examiners established under the Illinois Public Accounting  
6 Act, and the Illinois Finance Authority.

7 (h) "Dependent", when the term is used in the context of  
8 the health and life plan, means a member's spouse and any child  
9 (1) from birth to age 26 including an adopted child, a child  
10 who lives with the member from the time of the filing of a  
11 petition for adoption until entry of an order of adoption, a  
12 stepchild or adjudicated child, or a child who lives with the  
13 member if such member is a court appointed guardian of the  
14 child or (2) age 19 or over who has a mental or physical  
15 disability from a cause originating prior to the age of 19 (age  
16 26 if enrolled as an adult child dependent). For the health  
17 plan only, the term "dependent" also includes (1) any person  
18 enrolled prior to the effective date of this Section who is  
19 dependent upon the member to the extent that the member may  
20 claim such person as a dependent for income tax deduction  
21 purposes and (2) any person who has received after June 30,  
22 2000 an organ transplant and who is financially dependent upon  
23 the member and eligible to be claimed as a dependent for income  
24 tax purposes. A member requesting to cover any dependent must  
25 provide documentation as requested by the Department of Central  
26 Management Services and file with the Department any and all

1 forms required by the Department.

2 (i) "Director" means the Director of the Illinois  
3 Department of Central Management Services.

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

7 (k) "Employee" means and includes each officer or employee  
8 in the service of a department who (1) receives his  
9 compensation for service rendered to the department on a  
10 warrant issued pursuant to a payroll certified by a department  
11 or on a warrant or check issued and drawn by a department upon  
12 a trust, federal or other fund or on a warrant issued pursuant  
13 to a payroll certified by an elected or duly appointed officer  
14 of the State or who receives payment of the performance of  
15 personal services on a warrant issued pursuant to a payroll  
16 certified by a Department and drawn by the Comptroller upon the  
17 State Treasurer against appropriations made by the General  
18 Assembly from any fund or against trust funds held by the State  
19 Treasurer, and (2) is employed full-time or part-time in a  
20 position normally requiring actual performance of duty during  
21 not less than 1/2 of a normal work period, as established by  
22 the Director in cooperation with each department, except that  
23 persons elected by popular vote will be considered employees  
24 during the entire term for which they are elected regardless of  
25 hours devoted to the service of the State, and (3) except that  
26 "employee" does not include any person who is not eligible by

1 reason of such person's employment to participate in one of the  
2 State retirement systems under Articles 2, 14, 15 (either the  
3 regular Article 15 system or the optional retirement program  
4 established under Section 15-158.2) or 18, or under paragraph  
5 (2), (3), or (5) of Section 16-106, of the Illinois Pension  
6 Code, but such term does include persons who are employed  
7 during the 6 month qualifying period under Article 14 of the  
8 Illinois Pension Code. Such term also includes any person who  
9 (1) after January 1, 1966, is receiving ordinary or accidental  
10 disability benefits under Articles 2, 14, 15 (including  
11 ordinary or accidental disability benefits under the optional  
12 retirement program established under Section 15-158.2),  
13 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of  
14 the Illinois Pension Code, for disability incurred after  
15 January 1, 1966, (2) receives total permanent or total  
16 temporary disability under the Workers' Compensation Act or  
17 Occupational Disease Act as a result of injuries sustained or  
18 illness contracted in the course of employment with the State  
19 of Illinois, or (3) is not otherwise covered under this Act and  
20 has retired as a participating member under Article 2 of the  
21 Illinois Pension Code but is ineligible for the retirement  
22 annuity under Section 2-119 of the Illinois Pension Code.  
23 However, a person who satisfies the criteria of the foregoing  
24 definition of "employee" except that such person is made  
25 ineligible to participate in the State Universities Retirement  
26 System by clause (4) of subsection (a) of Section 15-107 of the

1 Illinois Pension Code is also an "employee" for the purposes of  
2 this Act. "Employee" also includes any person receiving or  
3 eligible for benefits under a sick pay plan established in  
4 accordance with Section 36 of the State Finance Act. "Employee"  
5 also includes (i) each officer or employee in the service of a  
6 qualified local government, including persons appointed as  
7 trustees of sanitary districts regardless of hours devoted to  
8 the service of the sanitary district, (ii) each employee in the  
9 service of a qualified rehabilitation facility, (iii) each  
10 full-time employee in the service of a qualified domestic  
11 violence shelter or service, and (iv) each full-time employee  
12 in the service of a qualified child advocacy center, as  
13 determined according to rules promulgated by the Director.

14 (1) "Member" means an employee, annuitant, retired  
15 employee or survivor. In the case of an annuitant or retired  
16 employee who first becomes an annuitant or retired employee on  
17 or after the effective date of this amendatory Act of the 97th  
18 General Assembly, the individual must meet the minimum vesting  
19 requirements of the applicable retirement system in order to be  
20 eligible for group insurance benefits under that system. In the  
21 case of a survivor who first becomes a survivor on or after the  
22 effective date of this amendatory Act of the 97th General  
23 Assembly, the deceased employee, annuitant, or retired  
24 employee upon whom the annuity is based must have been eligible  
25 to participate in the group insurance system under the  
26 applicable retirement system in order for the survivor to be

1 eligible for group insurance benefits under that system.

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

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

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

10 (p) "Retired employee" means any person who would be an  
11 annuitant as that term is defined herein but for the fact that  
12 such person retired prior to January 1, 1966. Such term also  
13 includes any person formerly employed by the University of  
14 Illinois in the Cooperative Extension Service who would be an  
15 annuitant but for the fact that such person was made ineligible  
16 to participate in the State Universities Retirement System by  
17 clause (4) of subsection (a) of Section 15-107 of the Illinois  
18 Pension Code.

19 (q) "Survivor" means a person receiving an annuity as a  
20 survivor of an employee or of an annuitant. "Survivor" also  
21 includes: (1) the surviving dependent of a person who satisfies  
22 the definition of "employee" except that such person is made  
23 ineligible to participate in the State Universities Retirement  
24 System by clause (4) of subsection (a) of Section 15-107 of the  
25 Illinois Pension Code; (2) the surviving dependent of any  
26 person formerly employed by the University of Illinois in the

1 Cooperative Extension Service who would be an annuitant except  
2 for the fact that such person was made ineligible to  
3 participate in the State Universities Retirement System by  
4 clause (4) of subsection (a) of Section 15-107 of the Illinois  
5 Pension Code; and (3) the surviving dependent of a person who  
6 was an annuitant under this Act by virtue of receiving an  
7 alternative retirement cancellation payment under Section  
8 14-108.5 of the Illinois Pension Code.

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

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

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

17 (q-5) (Blank).

18 (q-6) (Blank).

19 (q-7) (Blank).

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

23 (s) "Unit of local government" means any county,  
24 municipality, township, school district (including a  
25 combination of school districts under the Intergovernmental  
26 Cooperation Act), special district or other unit, designated as

1 a unit of local government by law, which exercises limited  
2 governmental powers or powers in respect to limited  
3 governmental subjects, any not-for-profit association with a  
4 membership that primarily includes townships and township  
5 officials, that has duties that include provision of research  
6 service, dissemination of information, and other acts for the  
7 purpose of improving township government, and that is funded  
8 wholly or partly in accordance with Section 85-15 of the  
9 Township Code; any not-for-profit corporation or association,  
10 with a membership consisting primarily of municipalities, that  
11 operates its own utility system, and provides research,  
12 training, dissemination of information, or other acts to  
13 promote cooperation between and among municipalities that  
14 provide utility services and for the advancement of the goals  
15 and purposes of its membership; the Southern Illinois  
16 Collegiate Common Market, which is a consortium of higher  
17 education institutions in Southern Illinois; the Illinois  
18 Association of Park Districts; and any hospital provider that  
19 is owned by a county that has 100 or fewer hospital beds and  
20 has not already joined the program. "Qualified local  
21 government" means a unit of local government approved by the  
22 Director and participating in a program created under  
23 subsection (i) of Section 10 of this Act.

24 (t) "Qualified rehabilitation facility" means any  
25 not-for-profit organization that is accredited by the  
26 Commission on Accreditation of Rehabilitation Facilities or

1 certified by the Department of Human Services (as successor to  
2 the Department of Mental Health and Developmental  
3 Disabilities) to provide services to persons with disabilities  
4 and which receives funds from the State of Illinois for  
5 providing those services, approved by the Director and  
6 participating in a program created under subsection (j) of  
7 Section 10 of this Act.

8 (u) "Qualified domestic violence shelter or service" means  
9 any Illinois domestic violence shelter or service and its  
10 administrative offices funded by the Department of Human  
11 Services (as successor to the Illinois Department of Public  
12 Aid), approved by the Director and participating in a program  
13 created under subsection (k) of Section 10.

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

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

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

18 (3) either (i) has at least 8 years of creditable  
19 service under Article 16 of the Illinois Pension Code, or  
20 (ii) was enrolled in the health insurance program offered  
21 under that Article on January 1, 1996, or (iii) is the  
22 survivor of a benefit recipient who had at least 8 years of  
23 creditable service under Article 16 of the Illinois Pension  
24 Code or was enrolled in the health insurance program  
25 offered under that Article on the effective date of this  
26 amendatory Act of 1995, or (iv) is a recipient or survivor



1 of a recipient of a disability benefit under Article 16 of  
2 the Illinois Pension Code.

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

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

6 (2) is a TRS benefit recipient's: (A) spouse, (B)  
7 dependent parent who is receiving at least half of his or  
8 her support from the TRS benefit recipient, or (C) natural,  
9 step, adjudicated, or adopted child who is (i) under age  
10 26, (ii) was, on January 1, 1996, participating as a  
11 dependent beneficiary in the health insurance program  
12 offered under Article 16 of the Illinois Pension Code, or  
13 (iii) age 19 or over who has a mental or physical  
14 disability from a cause originating prior to the age of 19  
15 (age 26 if enrolled as an adult child).

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

24 (x) "Military leave" refers to individuals in basic  
25 training for reserves, special/advanced training, annual  
26 training, emergency call up, activation by the President of the

1 United States, or any other training or duty in service to the  
2 United States Armed Forces.

3 (y) (Blank).

4 (z) "Community college benefit recipient" means a person  
5 who:

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

7 (2) is receiving a monthly survivor's annuity or  
8 retirement annuity under Article 15 of the Illinois Pension  
9 Code; and

10 (3) either (i) was a full-time employee of a community  
11 college district or an association of community college  
12 boards created under the Public Community College Act  
13 (other than an employee whose last employer under Article  
14 15 of the Illinois Pension Code was a community college  
15 district subject to Article VII of the Public Community  
16 College Act) and was eligible to participate in a group  
17 health benefit plan as an employee during the time of  
18 employment with a community college district (other than a  
19 community college district subject to Article VII of the  
20 Public Community College Act) or an association of  
21 community college boards, or (ii) is the survivor of a  
22 person described in item (i).

23 (aa) "Community college dependent beneficiary" means a  
24 person who:

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

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

9           "Community college dependent beneficiary" does not  
10 include, as indicated under paragraph (2) of this subsection  
11 (aa), a dependent of the survivor of a community college  
12 benefit recipient who first becomes a dependent of a survivor  
13 of a community college benefit recipient on or after the  
14 effective date of this amendatory Act of the 97th General  
15 Assembly unless that dependent would have been eligible for  
16 coverage as a dependent of the deceased community college  
17 benefit recipient upon whom the survivor annuity is based.

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

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

25           (5 ILCS 375/10) (from Ch. 127, par. 530)

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

2           (a) The State shall pay the cost of basic non-contributory  
3 group life insurance and, subject to member paid contributions  
4 set by the Department or required by this Section and except as  
5 provided in this Section, the basic program of group health  
6 benefits on each eligible member, except a member, not  
7 otherwise covered by this Act, who has retired as a  
8 participating member under Article 2 of the Illinois Pension  
9 Code but is ineligible for the retirement annuity under Section  
10 2-119 of the Illinois Pension Code, and part of each eligible  
11 member's and retired member's premiums for health insurance  
12 coverage for enrolled dependents as provided by Section 9. The  
13 State shall pay the cost of the basic program of group health  
14 benefits only after benefits are reduced by the amount of  
15 benefits covered by Medicare for all members and dependents who  
16 are eligible for benefits under Social Security or the Railroad  
17 Retirement system or who had sufficient Medicare-covered  
18 government employment, except that such reduction in benefits  
19 shall apply only to those members and dependents who (1) first  
20 become eligible for such Medicare coverage on or after July 1,  
21 1992; or (2) are Medicare-eligible members or dependents of a  
22 local government unit which began participation in the program  
23 on or after July 1, 1992; or (3) remain eligible for, but no  
24 longer receive Medicare coverage which they had been receiving  
25 on or after July 1, 1992. The Department may determine the  
26 aggregate level of the State's contribution on the basis of

1 actual cost of medical services adjusted for age, sex or  
2 geographic or other demographic characteristics which affect  
3 the costs of such programs.

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

15 (a-1) (Blank).

16 (a-2) (Blank).

17 (a-3) (Blank).

18 (a-4) (Blank).

19 (a-5) (Blank).

20 (a-6) (Blank).

21 (a-7) (Blank).

22 (a-8) Any annuitant, survivor, or retired employee may  
23 waive or terminate coverage in the program of group health  
24 benefits. Any such annuitant, survivor, or retired employee who  
25 has waived or terminated coverage may enroll or re-enroll in  
26 the program of group health benefits only during the annual

1 benefit choice period, as determined by the Director; except  
2 that in the event of termination of coverage due to nonpayment  
3 of premiums, the annuitant, survivor, or retired employee may  
4 not re-enroll in the program.

5 (a-8.5) Beginning on the effective date of this amendatory  
6 Act of the 97th General Assembly, the Director of Central  
7 Management Services shall, on an annual basis, determine the  
8 amount that the State shall contribute toward the basic program  
9 of group health benefits on behalf of annuitants (including  
10 individuals who (i) participated in the General Assembly  
11 Retirement System, the State Employees' Retirement System of  
12 Illinois, the State Universities Retirement System, the  
13 Teachers' Retirement System of the State of Illinois, or the  
14 Judges Retirement System of Illinois and (ii) qualify as  
15 annuitants under subsection (b) of Section 3 of this Act),  
16 survivors (including individuals who (i) receive an annuity as  
17 a survivor of an individual who participated in the General  
18 Assembly Retirement System, the State Employees' Retirement  
19 System of Illinois, the State Universities Retirement System,  
20 the Teachers' Retirement System of the State of Illinois, or  
21 the Judges Retirement System of Illinois and (ii) qualify as  
22 survivors under subsection (q) of Section 3 of this Act), and  
23 retired employees (as defined in subsection (p) of Section 3 of  
24 this Act). The remainder of the cost of coverage for each  
25 annuitant, survivor, or retired employee, as determined by the  
26 Director of Central Management Services, shall be the

1 responsibility of that annuitant, survivor, or retired  
2 employee.

3 Contributions required of annuitants, survivors, and  
4 retired employees shall be the same for all retirement systems  
5 and shall also be based on whether an individual has made an  
6 election under Section 15-135.1 of the Illinois Pension Code.  
7 Contributions may be based on annuitants', survivors', or  
8 retired employees' Medicare eligibility, but may not be based  
9 on Social Security eligibility.

10 (a-9) No later than May 1 of each calendar year, the  
11 Director of Central Management Services shall certify in  
12 writing to the Executive Secretary of the State Employees'  
13 Retirement System of Illinois the amounts of the Medicare  
14 supplement health care premiums and the amounts of the health  
15 care premiums for all other retirees who are not Medicare  
16 eligible.

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

19 The Director of Central Management Services shall provide  
20 to the Executive Secretary of the State Employees' Retirement  
21 System of Illinois such information, statistics, and other data  
22 as he or she may require to review the premium amounts  
23 certified by the Director of Central Management Services.

24 The Department of Central Management Services, or any  
25 successor agency designated to procure healthcare contracts  
26 pursuant to this Act, is authorized to establish funds,

1 separate accounts provided by any bank or banks as defined by  
2 the Illinois Banking Act, or separate accounts provided by any  
3 savings and loan association or associations as defined by the  
4 Illinois Savings and Loan Act of 1985 to be held by the  
5 Director, outside the State treasury, for the purpose of  
6 receiving the transfer of moneys from the Local Government  
7 Health Insurance Reserve Fund. The Department may promulgate  
8 rules further defining the methodology for the transfers. Any  
9 interest earned by moneys in the funds or accounts shall inure  
10 to the Local Government Health Insurance Reserve Fund. The  
11 transferred moneys, and interest accrued thereon, shall be used  
12 exclusively for transfers to administrative service  
13 organizations or their financial institutions for payments of  
14 claims to claimants and providers under the self-insurance  
15 health plan. The transferred moneys, and interest accrued  
16 thereon, shall not be used for any other purpose including, but  
17 not limited to, reimbursement of administration fees due the  
18 administrative service organization pursuant to its contract  
19 or contracts with the Department.

20 (a-10) Any credit terminated as part of a pension buyout  
21 option under Article 2, 14, 15, 16, or 18 shall be included in  
22 determining an employee's creditable service for the purposes  
23 of this Act.

24 (b) State employees who become eligible for this program on  
25 or after January 1, 1980 in positions normally requiring actual  
26 performance of duty not less than 1/2 of a normal work period



1 but not equal to that of a normal work period, shall be given  
2 the option of participating in the available program. If the  
3 employee elects coverage, the State shall contribute on behalf  
4 of such employee to the cost of the employee's benefit and any  
5 applicable dependent supplement, that sum which bears the same  
6 percentage as that percentage of time the employee regularly  
7 works when compared to normal work period.

8 (c) The basic non-contributory coverage from the basic  
9 program of group health benefits shall be continued for each  
10 employee not in pay status or on active service by reason of  
11 (1) leave of absence due to illness or injury, (2) authorized  
12 educational leave of absence or sabbatical leave, or (3)  
13 military leave. This coverage shall continue until expiration  
14 of authorized leave and return to active service, but not to  
15 exceed 24 months for leaves under item (1) or (2). This  
16 24-month limitation and the requirement of returning to active  
17 service shall not apply to persons receiving ordinary or  
18 accidental disability benefits or retirement benefits through  
19 the appropriate State retirement system or benefits under the  
20 Workers' Compensation or Occupational Disease Act.

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

26 (e) Where the person is in non-pay status for a period in

1 excess of 30 days or on leave of absence, other than by reason  
2 of disability, educational or sabbatical leave, or military  
3 leave, such person may continue coverage only by making  
4 personal payment equal to the amount normally contributed by  
5 the State on such person's behalf. Such payments and coverage  
6 may be continued: (1) until such time as the person returns to  
7 a status eligible for coverage at State expense, but not to  
8 exceed 24 months or (2) until such person's employment or  
9 annuitant status with the State is terminated (exclusive of any  
10 additional service imposed pursuant to law).

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

14 (g) The State shall not pay the cost of the basic  
15 non-contributory group life insurance, program of health  
16 benefits and other employee benefits for members who are  
17 survivors as defined by paragraphs (1) and (2) of subsection  
18 (q) of Section 3 of this Act. The costs of benefits for these  
19 survivors shall be paid by the survivors or by the University  
20 of Illinois Cooperative Extension Service, or any combination  
21 thereof. However, the State shall pay the amount of the  
22 reduction in the cost of participation, if any, resulting from  
23 the amendment to subsection (a) made by this amendatory Act of  
24 the 91st General Assembly.

25 (h) Those persons occupying positions with any department  
26 as a result of emergency appointments pursuant to Section 8b.8

1 of the Personnel Code who are not considered employees under  
2 this Act shall be given the option of participating in the  
3 programs of group life insurance, health benefits and other  
4 employee benefits. Such persons electing coverage may  
5 participate only by making payment equal to the amount normally  
6 contributed by the State for similarly situated employees. Such  
7 amounts shall be determined by the Director. Such payments and  
8 coverage may be continued until such time as the person becomes  
9 an employee pursuant to this Act or such person's appointment  
10 is terminated.

11 (i) Any unit of local government within the State of  
12 Illinois may apply to the Director to have its employees,  
13 annuitants, and their dependents provided group health  
14 coverage under this Act on a non-insured basis. To participate,  
15 a unit of local government must agree to enroll all of its  
16 employees, who may select coverage under either the State group  
17 health benefits plan or a health maintenance organization that  
18 has contracted with the State to be available as a health care  
19 provider for employees as defined in this Act. A unit of local  
20 government must remit the entire cost of providing coverage  
21 under the State group health benefits plan or, for coverage  
22 under a health maintenance organization, an amount determined  
23 by the Director based on an analysis of the sex, age,  
24 geographic location, or other relevant demographic variables  
25 for its employees, except that the unit of local government  
26 shall not be required to enroll those of its employees who are

1 covered spouses or dependents under this plan or another group  
2 policy or plan providing health benefits as long as (1) an  
3 appropriate official from the unit of local government attests  
4 that each employee not enrolled is a covered spouse or  
5 dependent under this plan or another group policy or plan, and  
6 (2) at least 50% of the employees are enrolled and the unit of  
7 local government remits the entire cost of providing coverage  
8 to those employees, except that a participating school district  
9 must have enrolled at least 50% of its full-time employees who  
10 have not waived coverage under the district's group health plan  
11 by participating in a component of the district's cafeteria  
12 plan. A participating school district is not required to enroll  
13 a full-time employee who has waived coverage under the  
14 district's health plan, provided that an appropriate official  
15 from the participating school district attests that the  
16 full-time employee has waived coverage by participating in a  
17 component of the district's cafeteria plan. For the purposes of  
18 this subsection, "participating school district" includes a  
19 unit of local government whose primary purpose is education as  
20 defined by the Department's rules.

21 Employees of a participating unit of local government who  
22 are not enrolled due to coverage under another group health  
23 policy or plan may enroll in the event of a qualifying change  
24 in status, special enrollment, special circumstance as defined  
25 by the Director, or during the annual Benefit Choice Period. A  
26 participating unit of local government may also elect to cover

1 its annuitants. Dependent coverage shall be offered on an  
2 optional basis, with the costs paid by the unit of local  
3 government, its employees, or some combination of the two as  
4 determined by the unit of local government. The unit of local  
5 government shall be responsible for timely collection and  
6 transmission of dependent premiums.

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

9 (1) In the first year of coverage, the rates shall be  
10 equal to the amount normally charged to State employees for  
11 elected optional coverages or for enrolled dependents  
12 coverages or other contributory coverages, or contributed  
13 by the State for basic insurance coverages on behalf of its  
14 employees, adjusted for differences between State  
15 employees and employees of the local government in age,  
16 sex, geographic location or other relevant demographic  
17 variables, plus an amount sufficient to pay for the  
18 additional administrative costs of providing coverage to  
19 employees of the unit of local government and their  
20 dependents.

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

24 In the case of coverage of local government employees under  
25 a health maintenance organization, the Director shall annually  
26 determine for each participating unit of local government the

1 maximum monthly amount the unit may contribute toward that  
2 coverage, based on an analysis of (i) the age, sex, geographic  
3 location, and other relevant demographic variables of the  
4 unit's employees and (ii) the cost to cover those employees  
5 under the State group health benefits plan. The Director may  
6 similarly determine the maximum monthly amount each unit of  
7 local government may contribute toward coverage of its  
8 employees' dependents under a health maintenance organization.

9 Monthly payments by the unit of local government or its  
10 employees for group health benefits plan or health maintenance  
11 organization coverage shall be deposited in the Local  
12 Government Health Insurance Reserve Fund.

13 The Local Government Health Insurance Reserve Fund is  
14 hereby created as a nonappropriated trust fund to be held  
15 outside the State Treasury, with the State Treasurer as  
16 custodian. The Local Government Health Insurance Reserve Fund  
17 shall be a continuing fund not subject to fiscal year  
18 limitations. The Local Government Health Insurance Reserve  
19 Fund is not subject to administrative charges or charge-backs,  
20 including but not limited to those authorized under Section 8h  
21 of the State Finance Act. All revenues arising from the  
22 administration of the health benefits program established  
23 under this Section shall be deposited into the Local Government  
24 Health Insurance Reserve Fund. Any interest earned on moneys in  
25 the Local Government Health Insurance Reserve Fund shall be  
26 deposited into the Fund. All expenditures from this Fund shall

1 be used for payments for health care benefits for local  
2 government and rehabilitation facility employees, annuitants,  
3 and dependents, and to reimburse the Department or its  
4 administrative service organization for all expenses incurred  
5 in the administration of benefits. No other State funds may be  
6 used for these purposes.

7 A local government employer's participation or desire to  
8 participate in a program created under this subsection shall  
9 not limit that employer's duty to bargain with the  
10 representative of any collective bargaining unit of its  
11 employees.

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

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

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

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

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



1           made to reflect the actual prior years' claims experience  
2           of the employees of the rehabilitation facility.

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

6           (k) Any domestic violence shelter or service within the  
7           State of Illinois may apply to the Director to have its  
8           employees, annuitants, and their dependents provided group  
9           health coverage under this Act on a non-insured basis. To  
10          participate, a domestic violence shelter or service must agree  
11          to enroll all of its employees and pay the entire cost of  
12          providing such coverage for its employees. The domestic  
13          violence shelter shall not be required to enroll those of its  
14          employees who are covered spouses or dependents under this plan  
15          or another group policy or plan providing health benefits as  
16          long as (1) an appropriate official from the domestic violence  
17          shelter attests that each employee not enrolled is a covered  
18          spouse or dependent under this plan or another group policy or  
19          plan and (2) at least 50% of the employees are enrolled and the  
20          domestic violence shelter remits the entire cost of providing  
21          coverage to those employees. Employees of a participating  
22          domestic violence shelter who are not enrolled due to coverage  
23          under another group health policy or plan may enroll in the  
24          event of a qualifying change in status, special enrollment, or  
25          special circumstance as defined by the Director or during the  
26          annual Benefit Choice Period. A participating domestic

1 violence shelter may also elect to cover its annuitants.  
2 Dependent coverage shall be offered on an optional basis, with  
3 employees, or some combination of the 2 as determined by the  
4 domestic violence shelter or service. The domestic violence  
5 shelter or service shall be responsible for timely collection  
6 and transmission of dependent premiums.

7 The Director shall annually determine rates of payment,  
8 subject to the following constraints:

9 (1) In the first year of coverage, the rates shall be  
10 equal to the amount normally charged to State employees for  
11 elected optional coverages or for enrolled dependents  
12 coverages or other contributory coverages on behalf of its  
13 employees, adjusted for differences between State  
14 employees and employees of the domestic violence shelter or  
15 service in age, sex, geographic location or other relevant  
16 demographic variables, plus an amount sufficient to pay for  
17 the additional administrative costs of providing coverage  
18 to employees of the domestic violence shelter or service  
19 and their dependents.

20 (2) In subsequent years, a further adjustment shall be  
21 made to reflect the actual prior years' claims experience  
22 of the employees of the domestic violence shelter or  
23 service.

24 Monthly payments by the domestic violence shelter or  
25 service or its employees for group health insurance shall be  
26 deposited in the Local Government Health Insurance Reserve

1 Fund.

2 (1) A public community college or entity organized pursuant  
3 to the Public Community College Act may apply to the Director  
4 initially to have only annuitants not covered prior to July 1,  
5 1992 by the district's health plan provided health coverage  
6 under this Act on a non-insured basis. The community college  
7 must execute a 2-year contract to participate in the Local  
8 Government Health Plan. Any annuitant may enroll in the event  
9 of a qualifying change in status, special enrollment, special  
10 circumstance as defined by the Director, or during the annual  
11 Benefit Choice Period.

12 The Director shall annually determine monthly rates of  
13 payment subject to the following constraints: for those  
14 community colleges with annuitants only enrolled, first year  
15 rates shall be equal to the average cost to cover claims for a  
16 State member adjusted for demographics, Medicare  
17 participation, and other factors; and in the second year, a  
18 further adjustment of rates shall be made to reflect the actual  
19 first year's claims experience of the covered annuitants.

20 (1-5) The provisions of subsection (1) become inoperative  
21 on July 1, 1999.

22 (m) The Director shall adopt any rules deemed necessary for  
23 implementation of this amendatory Act of 1989 (Public Act  
24 86-978).

25 (n) Any child advocacy center within the State of Illinois  
26 may apply to the Director to have its employees, annuitants,

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

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

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

12          (2) In subsequent years, a further adjustment shall be  
13          made to reflect the actual prior years' claims experience  
14          of the employees of the child advocacy center.

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

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

19          Section 905. The Department of Central Management Services  
20          Law of the Civil Administrative Code of Illinois is amended by  
21          adding Section 405-298 as follows:

22                 (20 ILCS 405/405-298 new)

23                 Sec. 405-298. Pension buyout option. To enter into  
24                 contracts with approved vendors under the Pension Buyout Act

1 and to adopt those rules needed to implement the provisions of  
2 the Pension Buyout Act.

3 Section 910. The Illinois Finance Authority Act is amended  
4 by changing Section 801-40 as follows:

5 (20 ILCS 3501/801-40)

6 Sec. 801-40. In addition to the powers otherwise authorized  
7 by law and in addition to the foregoing general corporate  
8 powers, the Authority shall also have the following additional  
9 specific powers to be exercised in furtherance of the purposes  
10 of this Act.

11 (a) The Authority shall have power (i) to accept grants,  
12 loans or appropriations from the federal government or the  
13 State, or any agency or instrumentality thereof, to be used for  
14 the operating expenses of the Authority, or for any purposes of  
15 the Authority, including the making of direct loans of such  
16 funds with respect to projects, and (ii) to enter into any  
17 agreement with the federal government or the State, or any  
18 agency or instrumentality thereof, in relationship to such  
19 grants, loans or appropriations.

20 (b) The Authority shall have power to procure and enter  
21 into contracts for any type of insurance and indemnity  
22 agreements covering loss or damage to property from any cause,  
23 including loss of use and occupancy, or covering any other  
24 insurable risk.

1           (c) The Authority shall have the continuing power to issue  
2 bonds for its corporate purposes. Bonds may be issued by the  
3 Authority in one or more series and may provide for the payment  
4 of any interest deemed necessary on such bonds, of the costs of  
5 issuance of such bonds, of any premium on any insurance, or of  
6 the cost of any guarantees, letters of credit or other similar  
7 documents, may provide for the funding of the reserves deemed  
8 necessary in connection with such bonds, and may provide for  
9 the refunding or advance refunding of any bonds or for accounts  
10 deemed necessary in connection with any purpose of the  
11 Authority. The bonds may bear interest payable at any time or  
12 times and at any rate or rates, notwithstanding any other  
13 provision of law to the contrary, and such rate or rates may be  
14 established by an index or formula which may be implemented or  
15 established by persons appointed or retained therefor by the  
16 Authority, or may bear no interest or may bear interest payable  
17 at maturity or upon redemption prior to maturity, may bear such  
18 date or dates, may be payable at such time or times and at such  
19 place or places, may mature at any time or times not later than  
20 40 years from the date of issuance, may be sold at public or  
21 private sale at such time or times and at such price or prices,  
22 may be secured by such pledges, reserves, guarantees, letters  
23 of credit, insurance contracts or other similar credit support  
24 or liquidity instruments, may be executed in such manner, may  
25 be subject to redemption prior to maturity, may provide for the  
26 registration of the bonds, and may be subject to such other

1 terms and conditions all as may be provided by the resolution  
2 or indenture authorizing the issuance of such bonds. The holder  
3 or holders of any bonds issued by the Authority may bring suits  
4 at law or proceedings in equity to compel the performance and  
5 observance by any person or by the Authority or any of its  
6 agents or employees of any contract or covenant made with the  
7 holders of such bonds and to compel such person or the  
8 Authority and any of its agents or employees to perform any  
9 duties required to be performed for the benefit of the holders  
10 of any such bonds by the provision of the resolution  
11 authorizing their issuance, and to enjoin such person or the  
12 Authority and any of its agents or employees from taking any  
13 action in conflict with any such contract or covenant.  
14 Notwithstanding the form and tenor of any such bonds and in the  
15 absence of any express recital on the face thereof that it is  
16 non-negotiable, all such bonds shall be negotiable  
17 instruments. Pending the preparation and execution of any such  
18 bonds, temporary bonds may be issued as provided by the  
19 resolution. The bonds shall be sold by the Authority in such  
20 manner as it shall determine. The bonds may be secured as  
21 provided in the authorizing resolution by the receipts,  
22 revenues, income and other available funds of the Authority and  
23 by any amounts derived by the Authority from the loan agreement  
24 or lease agreement with respect to the project or projects; and  
25 bonds may be issued as general obligations of the Authority  
26 payable from such revenues, funds and obligations of the



1 Authority as the bond resolution shall provide, or may be  
2 issued as limited obligations with a claim for payment solely  
3 from such revenues, funds and obligations as the bond  
4 resolution shall provide. The Authority may grant a specific  
5 pledge or assignment of and lien on or security interest in  
6 such rights, revenues, income, or amounts and may grant a  
7 specific pledge or assignment of and lien on or security  
8 interest in any reserves, funds or accounts established in the  
9 resolution authorizing the issuance of bonds. Any such pledge,  
10 assignment, lien or security interest for the benefit of the  
11 holders of the Authority's bonds shall be valid and binding  
12 from the time the bonds are issued without any physical  
13 delivery or further act, and shall be valid and binding as  
14 against and prior to the claims of all other parties having  
15 claims against the Authority or any other person irrespective  
16 of whether the other parties have notice of the pledge,  
17 assignment, lien or security interest. As evidence of such  
18 pledge, assignment, lien and security interest, the Authority  
19 may execute and deliver a mortgage, trust agreement, indenture  
20 or security agreement or an assignment thereof. A remedy for  
21 any breach or default of the terms of any such agreement by the  
22 Authority may be by mandamus proceedings in any court of  
23 competent jurisdiction to compel the performance and  
24 compliance therewith, but the agreement may prescribe by whom  
25 or on whose behalf such action may be instituted. It is  
26 expressly understood that the Authority may, but need not,

1 acquire title to any project with respect to which it exercises  
2 its authority.

3 (c-5) The Authority shall have the power to issue bonds  
4 under subsection (c) of Section 10 of the Pension Buyout Act  
5 and to adopt those rules needed to implement the provisions of  
6 the Pension Buyout Act.

7 (d) With respect to the powers granted by this Act, the  
8 Authority may adopt rules and regulations prescribing the  
9 procedures by which persons may apply for assistance under this  
10 Act. Nothing herein shall be deemed to preclude the Authority,  
11 prior to the filing of any formal application, from conducting  
12 preliminary discussions and investigations with respect to the  
13 subject matter of any prospective application.

14 (e) The Authority shall have power to acquire by purchase,  
15 lease, gift or otherwise any property or rights therein from  
16 any person useful for its purposes, whether improved for the  
17 purposes of any prospective project, or unimproved. The  
18 Authority may also accept any donation of funds for its  
19 purposes from any such source. The Authority shall have no  
20 independent power of condemnation but may acquire any property  
21 or rights therein obtained upon condemnation by any other  
22 authority, governmental entity or unit of local government with  
23 such power.

24 (f) The Authority shall have power to develop, construct  
25 and improve either under its own direction, or through  
26 collaboration with any approved applicant, or to acquire

1 through purchase or otherwise, any project, using for such  
2 purpose the proceeds derived from the sale of its bonds or from  
3 governmental loans or grants, and to hold title in the name of  
4 the Authority to such projects.

5 (g) The Authority shall have power to lease pursuant to a  
6 lease agreement any project so developed and constructed or  
7 acquired to the approved tenant on such terms and conditions as  
8 may be appropriate to further the purposes of this Act and to  
9 maintain the credit of the Authority. Any such lease may  
10 provide for either the Authority or the approved tenant to  
11 assume initially, in whole or in part, the costs of  
12 maintenance, repair and improvements during the leasehold  
13 period. In no case, however, shall the total rentals from any  
14 project during any initial leasehold period or the total loan  
15 repayments to be made pursuant to any loan agreement, be less  
16 than an amount necessary to return over such lease or loan  
17 period (1) all costs incurred in connection with the  
18 development, construction, acquisition or improvement of the  
19 project and for repair, maintenance and improvements thereto  
20 during the period of the lease or loan; provided, however, that  
21 the rentals or loan repayments need not include costs met  
22 through the use of funds other than those obtained by the  
23 Authority through the issuance of its bonds or governmental  
24 loans; (2) a reasonable percentage additive to be agreed upon  
25 by the Authority and the borrower or tenant to cover a properly  
26 allocable portion of the Authority's general expenses,

1 including, but not limited to, administrative expenses,  
2 salaries and general insurance, and (3) an amount sufficient to  
3 pay when due all principal of, interest and premium, if any on,  
4 any bonds issued by the Authority with respect to the project.  
5 The portion of total rentals payable under clause (3) of this  
6 subsection (g) shall be deposited in such special accounts,  
7 including all sinking funds, acquisition or construction  
8 funds, debt service and other funds as provided by any  
9 resolution, mortgage or trust agreement of the Authority  
10 pursuant to which any bond is issued.

11 (h) The Authority has the power, upon the termination of  
12 any leasehold period of any project, to sell or lease for a  
13 further term or terms such project on such terms and conditions  
14 as the Authority shall deem reasonable and consistent with the  
15 purposes of the Act. The net proceeds from all such sales and  
16 the revenues or income from such leases shall be used to  
17 satisfy any indebtedness of the Authority with respect to such  
18 project and any balance may be used to pay any expenses of the  
19 Authority or be used for the further development, construction,  
20 acquisition or improvement of projects. In the event any  
21 project is vacated by a tenant prior to the termination of the  
22 initial leasehold period, the Authority shall sell or lease the  
23 facilities of the project on the most advantageous terms  
24 available. The net proceeds of any such disposition shall be  
25 treated in the same manner as the proceeds from sales or the  
26 revenues or income from leases subsequent to the termination of

1 any initial leasehold period.

2 (i) The Authority shall have the power to make loans to  
3 persons to finance a project, to enter into loan agreements  
4 with respect thereto, and to accept guarantees from persons of  
5 its loans or the resultant evidences of obligations of the  
6 Authority.

7 (j) The Authority may fix, determine, charge and collect  
8 any premiums, fees, charges, costs and expenses, including,  
9 without limitation, any application fees, commitment fees,  
10 program fees, financing charges or publication fees from any  
11 person in connection with its activities under this Act.

12 (k) In addition to the funds established as provided  
13 herein, the Authority shall have the power to create and  
14 establish such reserve funds and accounts as may be necessary  
15 or desirable to accomplish its purposes under this Act and to  
16 deposit its available monies into the funds and accounts.

17 (l) At the request of the governing body of any unit of  
18 local government, the Authority is authorized to market such  
19 local government's revenue bond offerings by preparing bond  
20 issues for sale, advertising for sealed bids, receiving bids at  
21 its offices, making the award to the bidder that offers the  
22 most favorable terms or arranging for negotiated placements or  
23 underwritings of such securities. The Authority may, at its  
24 discretion, offer for concurrent sale the revenue bonds of  
25 several local governments. Sales by the Authority of revenue  
26 bonds under this Section shall in no way imply State guarantee

1 of such debt issue. The Authority may require such financial  
2 information from participating local governments as it deems  
3 necessary in order to carry out the purposes of this subsection  
4 (1).

5 (m) The Authority may make grants to any county to which  
6 Division 5-37 of the Counties Code is applicable to assist in  
7 the financing of capital development, construction and  
8 renovation of new or existing facilities for hospitals and  
9 health care facilities under that Act. Such grants may only be  
10 made from funds appropriated for such purposes from the Build  
11 Illinois Bond Fund.

12 (n) The Authority may establish an urban development action  
13 grant program for the purpose of assisting municipalities in  
14 Illinois which are experiencing severe economic distress to  
15 help stimulate economic development activities needed to aid in  
16 economic recovery. The Authority shall determine the types of  
17 activities and projects for which the urban development action  
18 grants may be used, provided that such projects and activities  
19 are broadly defined to include all reasonable projects and  
20 activities the primary objectives of which are the development  
21 of viable urban communities, including decent housing and a  
22 suitable living environment, and expansion of economic  
23 opportunity, principally for persons of low and moderate  
24 incomes. The Authority shall enter into grant agreements from  
25 monies appropriated for such purposes from the Build Illinois  
26 Bond Fund. The Authority shall monitor the use of the grants,

1 and shall provide for audits of the funds as well as recovery  
2 by the Authority of any funds determined to have been spent in  
3 violation of this subsection (n) or any rule or regulation  
4 promulgated hereunder. The Authority shall provide technical  
5 assistance with regard to the effective use of the urban  
6 development action grants. The Authority shall file an annual  
7 report to the General Assembly concerning the progress of the  
8 grant program.

9 (o) The Authority may establish a Housing Partnership  
10 Program whereby the Authority provides zero-interest loans to  
11 municipalities for the purpose of assisting in the financing of  
12 projects for the rehabilitation of affordable multi-family  
13 housing for low and moderate income residents. The Authority  
14 may provide such loans only upon a municipality's providing  
15 evidence that it has obtained private funding for the  
16 rehabilitation project. The Authority shall provide 3 State  
17 dollars for every 7 dollars obtained by the municipality from  
18 sources other than the State of Illinois. The loans shall be  
19 made from monies appropriated for such purpose from the Build  
20 Illinois Bond Fund. The total amount of loans available under  
21 the Housing Partnership Program shall not exceed \$30,000,000.  
22 State loan monies under this subsection shall be used only for  
23 the acquisition and rehabilitation of existing buildings  
24 containing 4 or more dwelling units. The terms of any loan made  
25 by the municipality under this subsection shall require  
26 repayment of the loan to the municipality upon any sale or

1 other transfer of the project.

2 (p) The Authority may award grants to universities and  
3 research institutions, research consortiums and other  
4 not-for-profit entities for the purposes of: remodeling or  
5 otherwise physically altering existing laboratory or research  
6 facilities, expansion or physical additions to existing  
7 laboratory or research facilities, construction of new  
8 laboratory or research facilities or acquisition of modern  
9 equipment to support laboratory or research operations  
10 provided that such grants (i) be used solely in support of  
11 project and equipment acquisitions which enhance technology  
12 transfer, and (ii) not constitute more than 60 percent of the  
13 total project or acquisition cost.

14 (q) Grants may be awarded by the Authority to units of  
15 local government for the purpose of developing the appropriate  
16 infrastructure or defraying other costs to the local government  
17 in support of laboratory or research facilities provided that  
18 such grants may not exceed 40% of the cost to the unit of local  
19 government.

20 (r) The Authority may establish a Direct Loan Program to  
21 make loans to individuals, partnerships or corporations for the  
22 purpose of an industrial project, as defined in Section 801-10  
23 of this Act. For the purposes of such program and not by way of  
24 limitation on any other program of the Authority, the Authority  
25 shall have the power to issue bonds, notes, or other evidences  
26 of indebtedness including commercial paper for purposes of



1 providing a fund of capital from which it may make such loans.  
2 The Authority shall have the power to use any appropriations  
3 from the State made especially for the Authority's Direct Loan  
4 Program for additional capital to make such loans or for the  
5 purposes of reserve funds or pledged funds which secure the  
6 Authority's obligations of repayment of any bond, note or other  
7 form of indebtedness established for the purpose of providing  
8 capital for which it intends to make such loans under the  
9 Direct Loan Program. For the purpose of obtaining such capital,  
10 the Authority may also enter into agreements with financial  
11 institutions and other persons for the purpose of selling loans  
12 and developing a secondary market for such loans. Loans made  
13 under the Direct Loan Program may be in an amount not to exceed  
14 \$300,000 and shall be made for a portion of an industrial  
15 project which does not exceed 50% of the total project. No loan  
16 may be made by the Authority unless approved by the affirmative  
17 vote of at least 8 members of the board. The Authority shall  
18 establish procedures and publish rules which shall provide for  
19 the submission, review, and analysis of each direct loan  
20 application and which shall preserve the ability of each board  
21 member to reach an individual business judgment regarding the  
22 propriety of making each direct loan. The collective discretion  
23 of the board to approve or disapprove each loan shall be  
24 unencumbered. The Authority may establish and collect such fees  
25 and charges, determine and enforce such terms and conditions,  
26 and charge such interest rates as it determines to be necessary

1 and appropriate to the successful administration of the Direct  
2 Loan Program. The Authority may require such interests in  
3 collateral and such guarantees as it determines are necessary  
4 to project the Authority's interest in the repayment of the  
5 principal and interest of each loan made under the Direct Loan  
6 Program.

7 (s) The Authority may guarantee private loans to third  
8 parties up to a specified dollar amount in order to promote  
9 economic development in this State.

10 (t) The Authority may adopt rules and regulations as may be  
11 necessary or advisable to implement the powers conferred by  
12 this Act.

13 (u) The Authority shall have the power to issue bonds,  
14 notes or other evidences of indebtedness, which may be used to  
15 make loans to units of local government which are authorized to  
16 enter into loan agreements and other documents and to issue  
17 bonds, notes and other evidences of indebtedness for the  
18 purpose of financing the protection of storm sewer outfalls,  
19 the construction of adequate storm sewer outfalls, and the  
20 provision for flood protection of sanitary sewage treatment  
21 plans, in counties that have established a stormwater  
22 management planning committee in accordance with Section  
23 5-1062 of the Counties Code. Any such loan shall be made by the  
24 Authority pursuant to the provisions of Section 820-5 to 820-60  
25 of this Act. The unit of local government shall pay back to the  
26 Authority the principal amount of the loan, plus annual

1 interest as determined by the Authority. The Authority shall  
2 have the power, subject to appropriations by the General  
3 Assembly, to subsidize or buy down a portion of the interest on  
4 such loans, up to 4% per annum.

5 (v) The Authority may accept security interests as provided  
6 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

7 (w) Moral Obligation. In the event that the Authority  
8 determines that monies of the Authority will not be sufficient  
9 for the payment of the principal of and interest on its bonds  
10 during the next State fiscal year, the Chairperson, as soon as  
11 practicable, shall certify to the Governor the amount required  
12 by the Authority to enable it to pay such principal of and  
13 interest on the bonds. The Governor shall submit the amount so  
14 certified to the General Assembly as soon as practicable, but  
15 no later than the end of the current State fiscal year. This  
16 subsection shall apply only to any bonds or notes as to which  
17 the Authority shall have determined, in the resolution  
18 authorizing the issuance of the bonds or notes, that this  
19 subsection shall apply. Whenever the Authority makes such a  
20 determination, that fact shall be plainly stated on the face of  
21 the bonds or notes and that fact shall also be reported to the  
22 Governor. In the event of a withdrawal of moneys from a reserve  
23 fund established with respect to any issue or issues of bonds  
24 of the Authority to pay principal or interest on those bonds,  
25 the Chairperson of the Authority, as soon as practicable, shall  
26 certify to the Governor the amount required to restore the

1 reserve fund to the level required in the resolution or  
2 indenture securing those bonds. The Governor shall submit the  
3 amount so certified to the General Assembly as soon as  
4 practicable, but no later than the end of the current State  
5 fiscal year. The Authority shall obtain written approval from  
6 the Governor for any bonds and notes to be issued under this  
7 Section. In addition to any other bonds authorized to be issued  
8 under Sections 825-60, 825-65(e), 830-25 and 845-5, the  
9 principal amount of Authority bonds outstanding issued under  
10 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS  
11 360/2-6(c), which have been assumed by the Authority, shall not  
12 exceed \$150,000,000. This subsection (w) shall in no way be  
13 applied to any bonds issued by the Authority on behalf of the  
14 Illinois Power Agency under Section 825-90 of this Act.

15 (x) The Authority may enter into agreements or contracts  
16 with any person necessary or appropriate to place the payment  
17 obligations of the Authority under any of its bonds in whole or  
18 in part on any interest rate basis, cash flow basis, or other  
19 basis desired by the Authority, including without limitation  
20 agreements or contracts commonly known as "interest rate swap  
21 agreements", "forward payment conversion agreements", and  
22 "futures", or agreements or contracts to exchange cash flows or  
23 a series of payments, or agreements or contracts, including  
24 without limitation agreements or contracts commonly known as  
25 "options", "puts", or "calls", to hedge payment, rate spread,  
26 or similar exposure; provided that any such agreement or

1 contract shall not constitute an obligation for borrowed money  
2 and shall not be taken into account under Section 845-5 of this  
3 Act or any other debt limit of the Authority or the State of  
4 Illinois.

5 (y) The Authority shall publish summaries of projects and  
6 actions approved by the members of the Authority on its  
7 website. These summaries shall include, but not be limited to,  
8 information regarding the:

- 9 (1) project;
- 10 (2) Board's action or actions;
- 11 (3) purpose of the project;
- 12 (4) Authority's program and contribution;
- 13 (5) volume cap;
- 14 (6) jobs retained;
- 15 (7) projected new jobs;
- 16 (8) construction jobs created;
- 17 (9) estimated sources and uses of funds;
- 18 (10) financing summary;
- 19 (11) project summary;
- 20 (12) business summary;
- 21 (13) ownership or economic disclosure statement;
- 22 (14) professional and financial information;
- 23 (15) service area; and
- 24 (16) legislative district.

25 The disclosure of information pursuant to this subsection  
26 shall comply with the Freedom of Information Act.

1 (Source: P.A. 95-470, eff. 8-27-07; 95-481, eff. 8-28-07;  
2 95-876, eff. 8-21-08; 96-795, eff. 7-1-10 (see Section 5 of  
3 P.A. 96-793 for the effective date of changes made by P.A.  
4 96-795).)

5 Section 915. The Illinois Procurement Code is amended by  
6 adding Section 45-32 as follows:

7 (30 ILCS 500/45-32 new)

8 Sec. 45-32. Pension buyout option. The chief procurement  
9 officer appointed pursuant to paragraph (4) of subsection (a)  
10 of Section 10-20 shall determine for the Department of Central  
11 Management Services which vendors are approved to provide lump  
12 sum payments pursuant to a pension buyout option under Article  
13 2, 14, 15, 16, or 18 of the Illinois Pension Code and the  
14 Pension Buyout Act. The chief procurement officer appointed  
15 pursuant to paragraph (4) of subsection (a) of Section 10-20  
16 shall develop and distribute to the Department of Central  
17 Management Services a listing of all procedures for  
18 implementing this Section.

19 Section 920. The Illinois Pension Code is amended by  
20 changing Sections 2-154, 14-147, 15-185, 16-190, and 18-161 and  
21 by adding Sections 2-154.5, 14-147.5, 15-185.5, 16-190.5, and  
22 18-161.5 as follows:

1 (40 ILCS 5/2-154) (from Ch. 108 1/2, par. 2-154)

2 Sec. 2-154. Assignment. Except as provided in this Article,  
3 all moneys in the fund created by this Article, and all  
4 securities and other property of the System, and all annuities  
5 and other benefits payable under this Article, and all  
6 accumulated contributions and other credits of participants in  
7 this system, and the right of any person to receive an annuity  
8 or other benefit under this Article, or a refund or return of  
9 contributions, shall not be subject to judgment, execution,  
10 garnishment, attachment or other seizure by process, in  
11 bankruptcy or otherwise, nor to sale, pledge, mortgage or other  
12 alienation, and shall not be assignable. However, a person may  
13 relinquish his or her creditable service under this Article and  
14 all rights arising from his or her service under this Article  
15 in accordance with Section 2-154.5. However, a person receiving  
16 an annuity or benefit, or refund or return of contributions,  
17 may authorize withholding from such annuity, benefit, refund or  
18 return of contributions in accordance with the provisions of  
19 the "State Salary and Annuity Withholding Act", approved August  
20 21, 1961, as now or hereafter amended.

21 The General Assembly finds and declares that the amendment  
22 to this Section made by this amendatory Act of 1989 is a  
23 clarification of existing law, and an indication of its  
24 previous intent in enacting and amending this Section.  
25 Notwithstanding Section 1-103.1, application of this amendment  
26 shall not be limited to persons in service on or after the

1 effective date of this amendatory Act of 1989.

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

3 (40 ILCS 5/2-154.5 new)

4 Sec. 2-154.5. Pension buyout option.

5 (a) As used in this Section:

6 "Approved vendor" means a vendor that has entered into  
7 a contract with the Department of Central Management  
8 Services to provide lump sum payments under this Section.

9 "Eligible retiree" means a person who (i) has made the  
10 election to receive a retirement annuity; (ii) is eligible  
11 to receive a retirement annuity; (iii) has terminated  
12 service; (iv) is not subject to a QILDRO under this  
13 Article; and (v) has received at least the minimum amount  
14 of certified financial planning services, in accordance  
15 with rules adopted by the Department of Central Management  
16 Services, provided by the approved vendor.

17 "Pension buyout option" means a plan that authorizes an  
18 eligible retiree to relinquish all rights and benefits  
19 under this Article and this Code (to the extent that the  
20 provisions of this Code relate to benefits under this  
21 Article), including, but not limited to, a survivor's  
22 annuity, a retirement annuity, and a refund of  
23 contributions, and shall be deemed to have no service  
24 credit established under this Article in exchange for a  
25 lump sum payment equal to the present value of the



1 retirement annuity as calculated by the System using the  
2 actuarial tables and other assumptions adopted by the  
3 Board.

4 "Standardized form contract" means the contract  
5 approved by the System in accordance with subsection (c).

6 (b) In the event that the Department of Central Management  
7 Services enters into a contract with an approved vendor and  
8 implements a pension buyout option:

9 (1) An eligible retiree may make the election  
10 authorized under this Section at any time after he or she  
11 has elected to retire and has terminated service. However,  
12 a retiree who has elected to proceed under the Retirement  
13 Systems Reciprocal Act is not eligible to elect the pension  
14 buyout option under this Section.

15 (2) An eligible retiree who wishes to participate in  
16 the pension buyout option may request that the System  
17 determine the dollar amount that the eligible retiree would  
18 receive under the pension buyout option.

19 (3) After the System determines the dollar amount that  
20 the eligible retiree would receive under the pension buyout  
21 option, an eligible retiree who wishes to participate in  
22 the pension buyout option shall do so by (i) notifying the  
23 approved vendor and the System and (ii) executing the  
24 standardized form contract with the approved vendor. As  
25 soon as practical after the execution of the standardized  
26 form contract, the approved vendor shall notify the System

1       that the eligible retiree executed the standardized form  
2       contract. The System shall adopt rules concerning the  
3       notice requirements.

4           (4) On the first day of the month following the  
5       execution of the standardized form contract between the  
6       approved vendor and the eligible retiree, the eligible  
7       retiree shall have no rights or benefits under this Article  
8       and this Code (to the extent that the provisions of this  
9       Code relate to the eligible retiree's rights under this  
10       Article) and shall be deemed to have no service credit  
11       established under this Article. However, an eligible  
12       retiree who receives a pension buyout payment under this  
13       Section shall be deemed to be an annuitant for the purposes  
14       of the State Employees Group Insurance Act of 1971 and  
15       shall be entitled to any benefits under the State Employees  
16       Group Insurance Act of 1971 that he or she would have  
17       otherwise been entitled to.

18       (c) The System shall approve a standardized form contract.  
19       The System may by rule specify provisions that must be included  
20       in the standardized form contract.

21       (d) Any reduction in the System's liability arising from  
22       the pension buyout option shall not be included in the  
23       calculation or certification of required State contributions  
24       sooner than the next certification following the exercise of  
25       the pension buyout option. The calculation of required State  
26       contributions under this Article shall not include any

1 reduction in the System's liability due to anticipated pension  
2 buyout under this Section that has not yet been made.

3 (e) In accordance with rules adopted by the Department of  
4 Central Management Services, the Board shall certify to the  
5 Department of Central Management Services the amount of lump  
6 sum payments made under this Section by an approved vendor.

7 (f) The Board shall adopt rules necessary to implement this  
8 Section.

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

12 (40 ILCS 5/14-147) (from Ch. 108 1/2, par. 14-147)

13 Sec. 14-147. Annuities, etc. - Exempt. Except as provided  
14 in this Article, all moneys in the fund created by this  
15 Article, and all securities and other property of the System,  
16 and all annuities and other benefits payable under this  
17 Article, and all accumulated contributions and other credits of  
18 employees in this System, and the right of any person to  
19 receive an annuity or other benefit under this Article, or a  
20 refund or return of contributions, shall not be subject to  
21 judgment, execution, garnishment, attachment, or other seizure  
22 by process, in bankruptcy or otherwise, nor to sale, pledge,  
23 mortgage or other alienation, and shall not be assignable.  
24 However, a person may relinquish his or her creditable service  
25 under this Article and all rights arising from his or her

1 service under this Article in accordance with Section 14-147.5.

2 A person receiving an annuity or benefit, or refund or return  
3 of contributions, may authorize withholding from such annuity,  
4 benefit, refund or return of contributions in accordance with  
5 the provisions of the "State Salary and Annuity Withholding  
6 Act", approved August 21, 1961, as now or hereafter amended.

7 The General Assembly finds and declares that the amendment  
8 to this Section made by this amendatory Act of 1989 is a  
9 clarification of existing law, and an indication of its  
10 previous intent in enacting and amending this Section.  
11 Notwithstanding Section 1-103.1, application of this amendment  
12 shall not be limited to persons in service on or after the  
13 effective date of this amendatory Act of 1989.

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

15 (40 ILCS 5/14-147.5 new)

16 Sec. 14-147.5. Pension buyout option.

17 (a) As used in this Section:

18 "Approved vendor" means a vendor that has entered into  
19 a contract with the Department of Central Management  
20 Services to provide lump sum payments under this Section.

21 "Eligible retiree" means a person who (i) has made the  
22 election to receive a retirement annuity; (ii) is eligible  
23 to receive a retirement annuity; (iii) has terminated  
24 service; (iv) is not subject to a QILDRO under this  
25 Article; and (v) has received at least the minimum amount

1 of certified financial planning services, in accordance  
2 with rules adopted by the Department of Central Management  
3 Services, provided by the approved vendor.

4 "Pension buyout option" means a plan that authorizes an  
5 eligible retiree to relinquish all rights and benefits  
6 under this Article and this Code (to the extent that the  
7 provisions of this Code relate to benefits under this  
8 Article), including, but not limited to, a survivor's  
9 annuity, a retirement annuity, and a refund of  
10 contributions, and shall be deemed to have no service  
11 credit established under this Article in exchange for a  
12 lump sum payment equal to the present value of the  
13 retirement annuity as calculated by the System using the  
14 actuarial tables and other assumptions adopted by the  
15 Board.

16 "Standardized form contract" means the contract  
17 approved by the System in accordance with subsection (c).

18 (b) In the event that the Department of Central Management  
19 Services enters into a contract with an approved vendor and  
20 implements a pension buyout option:

21 (1) An eligible retiree may make the election  
22 authorized under this Section at any time after he or she  
23 has elected to retire and has terminated service. However,  
24 a retiree who has elected to proceed under the Retirement  
25 Systems Reciprocal Act is not eligible to elect the pension  
26 buyout option under this Section.

1           (2) An eligible retiree who wishes to participate in  
2           the pension buyout option may request that the System  
3           determine the dollar amount that the eligible retiree would  
4           receive under the pension buyout option.

5           (3) After the System determines the dollar amount that  
6           the eligible retiree would receive under the pension buyout  
7           option, an eligible retiree who wishes to participate in  
8           the pension buyout option shall do so by (i) notifying the  
9           approved vendor and the System and (ii) executing the  
10           standardized form contract with the approved vendor. As  
11           soon as practical after the execution of the standardized  
12           form contract, the approved vendor shall notify the System  
13           that the eligible retiree executed the standardized form  
14           contract. The System shall adopt rules concerning the  
15           notice requirements.

16           (4) On the first day of the month following the  
17           execution of the standardized form contract between the  
18           approved vendor and the eligible retiree, the eligible  
19           retiree shall have no rights or benefits under this Article  
20           and this Code (to the extent that the provisions of this  
21           Code relate to the eligible retiree's rights under this  
22           Article) and shall be deemed to have no service credit  
23           established under this Article. However, an eligible  
24           retiree who receives a pension buyout payment under this  
25           Section shall be deemed to be an annuitant for the purposes  
26           of the State Employees Group Insurance Act of 1971 and

1       shall be entitled to any benefits under the State Employees  
2       Group Insurance Act of 1971 that he or she would have  
3       otherwise been entitled to.

4       (c) The System shall approve a standardized form contract.  
5       The System may by rule specify provisions that must be included  
6       in the standardized form contract.

7       (d) Any reduction in the System's liability arising from  
8       the pension buyout option shall not be included in the  
9       calculation or certification of required State contributions  
10       sooner than the next certification following the exercise of  
11       the pension buyout option. The calculation of required State  
12       contributions under this Article shall not include any  
13       reduction in the System's liability due to any anticipated  
14       pension buyout under this Section that has not yet been made.

15       (e) In accordance with rules adopted by the Department of  
16       Central Management Services, the Board shall certify to the  
17       Department of Central Management Services the amount of lump  
18       sum payments made under this Section by an approved vendor.

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

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

24       (40 ILCS 5/15-185) (from Ch. 108 1/2, par. 15-185)  
25       Sec. 15-185. Annuities, etc., exempt. The accumulated

1 employee and employer contributions shall be held in trust for  
2 each participant and annuitant, and this trust shall be treated  
3 as a spendthrift trust. Except as provided in this Article, all  
4 cash, securities and other property of this system, all  
5 annuities and other benefits payable under this Article and all  
6 accumulated credits of participants and annuitants in this  
7 system and the right of any person to receive an annuity or  
8 other benefit under this Article, or a refund of contributions,  
9 shall not be subject to judgment, execution, garnishment,  
10 attachment, or other seizure by process, in bankruptcy or  
11 otherwise, nor to sale, pledge, mortgage or other alienation,  
12 and shall not be assignable. However, a person may relinquish  
13 his or her creditable service under this Article and all rights  
14 arising from his or her service under this Article in  
15 accordance with Section 15-185.5. The board, however, may  
16 deduct from the benefits, refunds and credits payable to the  
17 participant, annuitant or beneficiary, amounts owed by the  
18 participant or annuitant to the system. No attempted sale,  
19 transfer or assignment of any benefit, refund or credit shall  
20 prevent the right of the board to make the deduction and offset  
21 authorized in this Section. Any participant or annuitant may  
22 authorize the board to deduct from disability benefits or  
23 annuities, premiums due under any group hospital-surgical  
24 insurance program which is sponsored or approved by any  
25 employer; however, the deductions from disability benefits may  
26 not begin prior to 6 months after the disability occurs.



1           A person receiving an annuity or benefit under this Article  
2 may also authorize withholding from that annuity or benefit for  
3 the purposes enumerated in and in accordance with the  
4 provisions of the State Salary and Annuity Withholding Act.

5           This Section is not intended to, and does not, affect the  
6 calculation of any benefit under this Article or dictate how or  
7 to what extent employee or employer contributions are to be  
8 taken into account in calculating benefits. This amendatory Act  
9 of the 91st General Assembly is a clarification of existing law  
10 and applies to every participant and annuitant without regard  
11 to whether status as an employee terminates before the  
12 effective date of this amendatory Act.

13           Public Act 86-273 is a clarification of existing law and  
14 shall be applicable to every participant and annuitant without  
15 regard to whether status as an employee terminates before the  
16 effective date of that Act.

17           (Source: P.A. 90-65, eff. 7-7-97; 90-448, eff. 8-16-97; 90-511,  
18 eff. 8-22-97; 90-655, eff. 7-30-98; 91-887, eff. 7-6-00.)

19           (40 ILCS 5/15-185.5 new)

20           Sec. 15-185.5. Pension buyout option.

21           (a) As used in this Section:

22           "Approved vendor" means a vendor that has entered into  
23 a contract with the Department of Central Management  
24 Services to provide lump sum payments under this Section.

25           "Eligible retiree" means a person who (i) has made the

1 election to receive a retirement annuity; (ii) is eligible  
2 to receive a retirement annuity; (iii) has terminated  
3 service; (iv) is not subject to a QILDRO under this  
4 Article; (v) is not a participant in the self-managed plan;  
5 and (vi) has received at least the minimum amount of  
6 certified financial planning services, in accordance with  
7 rules adopted by the Department of Central Management  
8 Services, provided by the approved vendor.

9 "Pension buyout option" means a plan that authorizes an  
10 eligible retiree to relinquish all rights and benefits  
11 under this Article and this Code (to the extent that the  
12 provisions of this Code relate to benefits under this  
13 Article), including, but not limited to, a survivor's  
14 annuity, a retirement annuity, and a refund of  
15 contributions, and shall be deemed to have no service  
16 credit established under this Article in exchange for a  
17 lump sum payment equal to the present value of the  
18 retirement annuity as calculated by the System using the  
19 actuarial tables and other assumptions adopted by the  
20 Board.

21 "Standardized form contract" means the contract  
22 approved by the System in accordance with subsection (c).

23 (b) In the event that the Department of Central Management  
24 Services enters into a contract with an approved vendor and  
25 implements a pension buyout option:

26 (1) An eligible retiree may make the election

1 authorized under this Section at any time after he or she  
2 has elected to retire and has terminated service. However,  
3 a retiree who has elected to proceed under the Retirement  
4 Systems Reciprocal Act is not eligible to elect the pension  
5 buyout option under this Section.

6 (2) An eligible retiree who wishes to participate in  
7 the pension buyout option may request that the System  
8 determine the dollar amount that the eligible retiree would  
9 receive under the pension buyout option.

10 (3) After the System determines the dollar amount that  
11 the eligible retiree would receive under the pension buyout  
12 option, an eligible retiree who wishes to participate in  
13 the pension buyout option shall do so by (i) notifying the  
14 approved vendor and the System and (ii) executing the  
15 standardized form contract with the approved vendor. As  
16 soon as practical after the execution of the standardized  
17 form contract, the approved vendor shall notify the System  
18 that the eligible retiree executed the standardized form  
19 contract. The System shall adopt rules concerning the  
20 notice requirements.

21 (4) On the first day of the month following the  
22 execution of the standardized form contract between the  
23 approved vendor and the eligible retiree, the eligible  
24 retiree shall have no rights or benefits under this Article  
25 and this Code (to the extent that the provisions of this  
26 Code relate to the eligible retiree's rights under this

1 Article) and shall be deemed to have no service credit  
2 established under this Article. However, an eligible  
3 retiree who receives a pension buyout payment under this  
4 Section shall be deemed to be an annuitant for the purposes  
5 of the State Employees Group Insurance Act of 1971 and  
6 shall be entitled to any benefits under the State Employees  
7 Group Insurance Act of 1971 that he or she would have  
8 otherwise been entitled to.

9 (c) The System shall approve a standardized form contract.  
10 The System may by rule specify provisions that must be included  
11 in the standardized form contract.

12 (d) Any reduction in the System's liability arising from  
13 the pension buyout option shall not be included in the  
14 calculation or certification of required State contributions  
15 sooner than the next certification following the exercise of  
16 the pension buyout option. The calculation of required State  
17 contributions under this Article shall not include any  
18 reduction in the System's liability due to any anticipated  
19 pension buyout under this Section that have not yet been made.

20 (e) In accordance with rules adopted by the Department of  
21 Central Management Services, the Board shall certify to the  
22 Department of Central Management Services the amount of lump  
23 sum payments made under this Section by an approved vendor.

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

26 (g) No provision of this Section shall be interpreted in a

1 way that would cause the applicable System to cease to be a  
2 qualified plan under the Internal Revenue Code of 1986.

3 (40 ILCS 5/16-190) (from Ch. 108 1/2, par. 16-190)

4 Sec. 16-190. Annuities, etc., - exempt. The right of a  
5 person to a retirement annuity or other benefit, to the return  
6 of contributions, the retirement annuity or other benefit  
7 itself, any optional benefit, any other right accrued or  
8 accruing to any person under the provisions of this Article,  
9 and the moneys in the fund created by this Article, shall be  
10 subject neither to attachment, garnishment, execution, or  
11 other seizure by process, nor to sale, pledge, mortgage or  
12 other alienation, and shall not be assignable except as in this  
13 Article provided. However, a person may relinquish his or her  
14 creditable service under this Article and all rights arising  
15 from his or her service under this Article in accordance with  
16 Section 16-190.5. A person receiving an annuity or benefit may  
17 authorize withholding from such annuity or benefit for the  
18 purposes enumerated in the "State Salary and Annuity  
19 Withholding Act", approved August 21, 1961, as now or hereafter  
20 amended. The moneys in the fund are exempt from any state or  
21 municipal tax.

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

23 (40 ILCS 5/16-190.5 new)

24 Sec. 16-190.5. Pension buyout option.

1       (a) As used in this Section:

2               "Approved vendor" means a vendor that has entered into  
3       a contract with the Department of Central Management  
4       Services to provide lump sum payments under this Section.

5               "Eligible retiree" means a person who (i) has made the  
6       election to receive a retirement annuity; (ii) is eligible  
7       to receive a retirement annuity; (iii) has terminated  
8       service; (iv) is not subject to a QILDRO under this  
9       Article; and (v) has received at least the minimum amount  
10       of certified financial planning services, in accordance  
11       with rules adopted by the Department of Central Management  
12       Services, provided by the approved vendor.

13               "Pension buyout option" means a plan that authorizes an  
14       eligible retiree to relinquish all rights and benefits  
15       under this Article and this Code (to the extent that the  
16       provisions of this Code relate to benefits under this  
17       Article), including, but not limited to, a survivor's  
18       annuity, a retirement annuity, and a refund of  
19       contributions, and shall be deemed to have no service  
20       credit established under this Article in exchange for a  
21       lump sum payment equal to the present value of the  
22       retirement annuity as calculated by the System using the  
23       actuarial tables and other assumptions adopted by the  
24       Board.

25               "Standardized form contract" means the contract  
26       approved by the System in accordance with subsection (c).

1       (b) In the event that the Department of Central Management  
2       Services enters into a contract with an approved vendor and  
3       implements a pension buyout option:

4           (1) An eligible retiree may make the election  
5           authorized under this Section at any time after he or she  
6           has elected to retire and has terminated service. However,  
7           a retiree who has elected to proceed under the Retirement  
8           Systems Reciprocal Act is not eligible to elect the pension  
9           buyout option under this Section.

10          (2) An eligible retiree who wishes to participate in  
11          the pension buyout option may request that the System  
12          determine the dollar amount that the eligible retiree would  
13          receive under the pension buyout option.

14          (3) After the System determines the dollar amount that  
15          the eligible retiree would receive under the pension buyout  
16          option, an eligible retiree who wishes to participate in  
17          the pension buyout option shall do so by (i) notifying the  
18          approved vendor and the System and (ii) executing the  
19          standardized form contract with the approved vendor. As  
20          soon as practical after the execution of the standardized  
21          form contract, the approved vendor shall notify the System  
22          that the eligible retiree executed the standardized form  
23          contract. The System shall adopt rules concerning the  
24          notice requirements.

25          (4) On the first day of the month following the  
26          execution of the standardized form contract between the

1 approved vendor and the eligible retiree, the eligible  
2 retiree shall have no rights or benefits under this Article  
3 and this Code (to the extent that the provisions of this  
4 Code relate to the eligible retiree's rights under this  
5 Article) and shall be deemed to have no service credit  
6 established under this Article. However, an eligible  
7 retiree who receives a pension buyout payment under this  
8 Section shall be deemed to be an annuitant for the purposes  
9 of the State Employees Group Insurance Act of 1971 and  
10 shall be entitled to any benefits under the State Employees  
11 Group Insurance Act of 1971 that he or she would have  
12 otherwise been entitled to.

13 (c) The System shall approve a standardized form contract.  
14 The System may by rule specify provisions that must be included  
15 in the standardized form contract.

16 (d) Any reduction in the System's liability arising from  
17 the pension buyout option shall not be included in the  
18 calculation or certification of required State contributions  
19 sooner than the next certification following the exercise of  
20 the pension buyout option. The calculation of required State  
21 contributions under this Article shall not include any  
22 reduction in the System's liability due to any anticipated  
23 pension buyout under this Section that has not yet been made.

24 (e) In accordance with rules adopted by the Department of  
25 Central Management Services, the Board shall certify to the  
26 Department of Central Management Services the amount of lump



1 sum payments made under this Section by an approved vendor.

2 (f) The Board shall adopt rules necessary to implement this  
3 Section.

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

7 (40 ILCS 5/18-161) (from Ch. 108 1/2, par. 18-161)

8 Sec. 18-161. Annuities, etc. - exempt. Except as provided  
9 in this Article, all moneys in the fund created by this  
10 Article, and all securities and other property of the System,  
11 and all annuities and other benefits payable under this  
12 Article, and all accumulated contributions and other credits of  
13 participants in this System, and the right of any person to  
14 receive an annuity or other benefit under this Article, or a  
15 refund or return of contributions, shall not be subject to  
16 judgment, execution, garnishment, attachment, or other seizure  
17 by process, in bankruptcy or otherwise, nor to sale, pledge,  
18 mortgage or other alienation, and shall not be assignable.  
19 However, a person may relinquish his or her creditable service  
20 under this Article and all rights arising from his or her  
21 service under this Article in accordance with Section 18-161.5.

22 A person receiving an annuity or benefit, or refund or return  
23 of contributions, may authorize withholding from such annuity,  
24 benefit, refund or return of contributions in accordance with  
25 the provisions of the "State Salary and Annuity Withholding

1 Act", approved August 21, 1961, as now or hereafter amended.

2 The General Assembly finds and declares that the amendment  
3 to this Section made by this amendatory Act of 1989 is a  
4 clarification of existing law, and an indication of its  
5 previous intent in enacting and amending this Section.  
6 Notwithstanding Section 1-103.1, application of this amendment  
7 shall not be limited to persons in service on or after the  
8 effective date of this amendatory Act of 1989.

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

10 (40 ILCS 5/18-161.5 new)

11 Sec. 18-161.5. Pension buyout option.

12 (a) As used in this Section:

13 "Approved vendor" means a vendor that has entered into  
14 a contract with the Department of Central Management  
15 Services to provide lump sum payments under this Section.

16 "Eligible retiree" means a person who (i) has made the  
17 election to receive a retirement annuity; (ii) is eligible  
18 to receive a retirement annuity; (iii) has terminated  
19 service; (iv) is not subject to a QILDRO under this  
20 Article; and (v) has received at least the minimum amount  
21 of certified financial planning services, in accordance  
22 with rules adopted by the Department of Central Management  
23 Services, provided by the approved vendor.

24 "Pension buyout option" means a plan that authorizes an  
25 eligible retiree to relinquish all rights and benefits

1 under this Article and this Code (to the extent that the  
2 provisions of this Code relate to benefits under this  
3 Article), including, but not limited to, a survivor's  
4 annuity, a retirement annuity, and a refund of  
5 contributions, and shall be deemed to have no service  
6 credit established under this Article in exchange for a  
7 lump sum payment equal to the present value of the  
8 retirement annuity as calculated by the System using the  
9 actuarial tables and other assumptions adopted by the  
10 Board.

11 "Standardized form contract" means the contract  
12 approved by the System in accordance with subsection (c).

13 (b) In the event that the Department of Central Management  
14 Services enters into a contract with an approved vendor and  
15 implements a pension buyout option:

16 (1) An eligible retiree may make the election  
17 authorized under this Section at any time after he or she  
18 has elected to retire and has terminated service. However,  
19 a retiree who has elected to proceed under the Retirement  
20 Systems Reciprocal Act is not eligible to elect the pension  
21 buyout option under this Section.

22 (2) An eligible retiree who wishes to participate in  
23 the pension buyout option may request that the System  
24 determine the dollar amount that the eligible retiree would  
25 receive under the pension buyout option.

26 (3) After the System determines the dollar amount that

1 the eligible retiree would receive under the pension buyout  
2 option, an eligible retiree who wishes to participate in  
3 the pension buyout option shall do so by (i) notifying the  
4 approved vendor and the System and (ii) executing the  
5 standardized form contract with the approved vendor. As  
6 soon as practical after the execution of the standardized  
7 form contract, the approved vendor shall notify the System  
8 that the eligible retiree executed the standardized form  
9 contract. The System shall adopt rules concerning the  
10 notice requirements.

11 (4) On the first day of the month following the  
12 execution of the standardized form contract between the  
13 approved vendor and the eligible retiree, the eligible  
14 retiree shall have no rights or benefits under this Article  
15 and this Code (to the extent that the provisions of this  
16 Code relate to the eligible retiree's rights under this  
17 Article) and shall be deemed to have no service credit  
18 established under this Article. However, an eligible  
19 retiree who receives a pension buyout payment under this  
20 Section shall be deemed to be an annuitant for the purposes  
21 of the State Employees Group Insurance Act of 1971 and  
22 shall be entitled to any benefits under the State Employees  
23 Group Insurance Act of 1971 that he or she would have  
24 otherwise been entitled to.

25 (c) The System shall approve a standardized form contract.  
26 The System may by rule specify provisions that must be included

1 in the standardized form contract.

2 (d) Any reduction in the System's liability arising from  
3 the pension buyout option shall not be included in the  
4 calculation or certification of required State contributions  
5 sooner than the next certification following the exercise of  
6 the pension buyout option. The calculation of required State  
7 contributions under this Article shall not include any  
8 reduction in the System's liability due to any anticipated  
9 pension buyout under this Section that has not yet been made.

10 (e) In accordance with rules adopted by the Department of  
11 Central Management Services, the Board shall certify to the  
12 Department of Central Management Services the amount of lump  
13 sum payments made under this Section by an approved vendor.

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

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

19 Section 999. Effective date. This Act takes effect July 1,  
20 2017.

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