



Rep. Barbara Flynn Currie

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1 AMENDMENT TO SENATE BILL 2437

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2437, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Illinois Pension Code is amended by  
6 changing Sections 1-160, 8-113, 8-173, 8-174, 8-243.2, 8-244,  
7 8-244.1, 8-251, 11-169, 11-170, 11-223.1, and 11-230 and by  
8 adding Sections 8-228.5, 11-125.9, and 11-197.7 as follows:

9 (40 ILCS 5/1-160)

10 (Text of Section WITHOUT the changes made by P.A. 98-641,  
11 which has been held unconstitutional)

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

13 (a) The provisions of this Section apply to a person who,  
14 on or after January 1, 2011, first becomes a member or a  
15 participant under any reciprocal retirement system or pension  
16 fund established under this Code, other than a retirement

1 system or pension fund established under Article 2, 3, 4, 5, 6,  
2 15 or 18 of this Code, notwithstanding any other provision of  
3 this Code to the contrary, but do not apply to any self-managed  
4 plan established under this Code, to any person with respect to  
5 service as a sheriff's law enforcement employee under Article  
6 7, or to any participant of the retirement plan established  
7 under Section 22-101. Notwithstanding anything to the contrary  
8 in this Section, for purposes of this Section, a person who  
9 participated in a retirement system under Article 15 prior to  
10 January 1, 2011 shall be deemed a person who first became a  
11 member or participant prior to January 1, 2011 under any  
12 retirement system or pension fund subject to this Section. The  
13 changes made to this Section by Public Act 98-596 ~~this~~  
14 ~~amendatory Act of the 98th General Assembly~~ are a clarification  
15 of existing law and are intended to be retroactive to January  
16 1, 2011 (the effective date of Public Act 96-889),  
17 notwithstanding the provisions of Section 1-103.1 of this Code.

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

1 of any retirement system or pension fund to which this Section  
2 applies on or after January 1, 2011, in this Code, "final  
3 average salary" shall be substituted for the following:

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

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

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

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

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

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

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

26 For the purposes of this Section, "consumer price index-u"

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

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

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

22 (c-5) A person who first becomes a member or a participant  
23 under Article 8 or Article 11 of this Code on or after the  
24 effective date of this amendatory Act of the 99th General  
25 Assembly, notwithstanding any other provision of this Code to  
26 the contrary, is entitled to a retirement annuity upon written

1 application if he or she has attained age 65 and has at least  
2 10 years of service credit under Article 8 or Article 11 of  
3 this Code and is otherwise eligible under the requirements of  
4 Article 8 or Article 11 of this Code, whichever is applicable.

5 (d) The retirement annuity of a member or participant who  
6 is retiring after attaining age 62 (beginning January 1, 2015,  
7 age 60 with respect to service under Article 12 of this Code  
8 that is subject to this Section) with at least 10 years of  
9 service credit shall be reduced by one-half of 1% for each full  
10 month that the member's age is under age 67 (beginning January  
11 1, 2015, age 65 with respect to service under Article 12 of  
12 this Code that is subject to this Section).

13 (d-5) The retirement annuity of a person who first becomes  
14 a member or a participant under Article 8 or Article 11 of this  
15 Code on or after the effective date of this amendatory Act of  
16 the 99th General Assembly who is retiring at age 60 with at  
17 least 10 years of service credit under Article 8 or Article 11  
18 shall be reduced by one-half of 1% for each full month that the  
19 member's age is under age 65.

20 (d-10) Each person who first became a member or participant  
21 under Article 8 or Article 11 of this Code on or after January  
22 1, 2011 and prior to the effective date of this amendatory Act  
23 of the 99th General Assembly shall make an irrevocable election  
24 either:

25 (i) to be eligible for the reduced retirement age  
26 provided in subsections (c-5) and (d-5) of this Section,

1       the eligibility for which is conditioned upon the member or  
2       participant agreeing to the increases in employee  
3       contributions for age and service annuities provided in  
4       subsection (a-5) of Section 8-174 of this Code (for service  
5       under Article 8) or subsection (a-5) of Section 11-170 of  
6       this Code (for service under Article 11); or

7       (ii) to not agree to item (i) of this subsection  
8       (d-10), in which case the member or participant shall  
9       continue to be subject to the retirement age provisions in  
10       subsections (c) and (d) of this Section and the employee  
11       contributions for age and service annuity as provided in  
12       subsection (a) of Section 8-174 of this Code (for service  
13       under Article 8) or subsection (a) of Section 11-170 of  
14       this Code (for service under Article 11).

15       The election provided for in this subsection shall be made  
16       between June 1, 2017 and July 15, 2017. A person subject to  
17       this subsection who makes the required election shall remain  
18       bound by that election. A person subject to this subsection who  
19       fails for any reason to make the required election within the  
20       time specified in this subsection shall be deemed to have made  
21       the election under item (ii).

22       (e) Any retirement annuity or supplemental annuity shall be  
23       subject to annual increases on the January 1 occurring either  
24       on or after the attainment of age 67 (beginning January 1,  
25       2015, age 65 with respect to service under Article 12 of this  
26       Code that is subject to this Section and beginning on the

1 effective date of this amendatory Act of the 99th General  
2 Assembly, age 65 with respect to persons who: (i) first became  
3 members or participants under Article 8 or Article 11 of this  
4 Code on or after the effective date of this amendatory Act of  
5 the 99th General Assembly; or (ii) first became members or  
6 participants under Article 8 or Article 11 of this Code on or  
7 after January 1, 2011 and before the effective date of this  
8 amendatory Act of the 99th General Assembly and made the  
9 election under item (i) of subsection (d-10) of this Section)  
10 or the first anniversary of the annuity start date, whichever  
11 is later. Each annual increase shall be calculated at 3% or  
12 one-half the annual unadjusted percentage increase (but not  
13 less than zero) in the consumer price index-u for the 12 months  
14 ending with the September preceding each November 1, whichever  
15 is less, of the originally granted retirement annuity. If the  
16 annual unadjusted percentage change in the consumer price  
17 index-u for the 12 months ending with the September preceding  
18 each November 1 is zero or there is a decrease, then the  
19 annuity shall not be increased.

20 Notwithstanding Section 1-103.1 of this Code, the changes  
21 made to this Section by this amendatory Act of the 99th General  
22 Assembly are applicable without regard to whether the employee  
23 was in active service on or after the effective date of this  
24 amendatory Act of the 99th General Assembly.

25 (f) The initial survivor's or widow's annuity of an  
26 otherwise eligible survivor or widow of a retired member or

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

26 (g) The benefits in Section 14-110 apply only if the person



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

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

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

20           (i) (Blank).

21           (j) In the case of a conflict between the provisions of  
22 this Section and any other provision of this Code, the  
23 provisions of this Section shall control.

24           (Source: P.A. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596,  
25 eff. 11-19-13; 98-622, eff. 6-1-14; revised 3-24-16.)

1 (40 ILCS 5/8-113) (from Ch. 108 1/2, par. 8-113)

2 Sec. 8-113. Municipal employee, employee, contributor, or  
3 participant. "Municipal employee", "employee", "contributor",  
4 or "participant":

5 (a) Any employee of an employer employed in the classified  
6 civil service thereof other than by temporary appointment or in  
7 a position excluded or exempt from the classified service by  
8 the Civil Service Act, or in the case of a city operating under  
9 a personnel ordinance, any employee of an employer employed in  
10 the classified or career service under the provisions of a  
11 personnel ordinance, other than in a provisional or exempt  
12 position as specified in such ordinance or in rules and  
13 regulations formulated thereunder.

14 (b) Any employee in the service of an employer before the  
15 Civil Service Act came in effect for the employer.

16 (c) Any person employed by the board.

17 (d) Any person employed after December 31, 1949, but prior  
18 to January 1, 1984, in the service of the employer by temporary  
19 appointment or in a position exempt from the classified service  
20 as set forth in the Civil Service Act, or in a provisional or  
21 exempt position as specified in the personnel ordinance, who  
22 meets the following qualifications:

23 (1) has rendered service during not less than 12  
24 calendar months to an employer as an employee, officer, or  
25 official, 4 months of which must have been consecutive full  
26 normal working months of service rendered immediately

1 prior to filing application to be included; and

2 (2) files written application with the board, while in  
3 the service, to be included hereunder.

4 (e) After December 31, 1949, any alderman or other officer  
5 or official of the employer, who files, while in office,  
6 written application with the board to be included hereunder.

7 (f) Beginning January 1, 1984, any person employed by an  
8 employer other than the Chicago Housing Authority or the Public  
9 Building Commission of the city, whether or not such person is  
10 serving by temporary appointment or in a position exempt from  
11 the classified service as set forth in the Civil Service Act,  
12 or in a provisional or exempt position as specified in the  
13 personnel ordinance, provided that such person is neither (1)  
14 an alderman or other officer or official of the employer, nor  
15 (2) participating, on the basis of such employment, in any  
16 other pension fund or retirement system established under this  
17 Act.

18 (g) After December 31, 1959, any person employed in the law  
19 department of the city, or municipal court or Board of Election  
20 Commissioners of the city, who was a contributor and  
21 participant, on December 31, 1959, in the annuity and benefit  
22 fund in operation in the city on said date, by virtue of the  
23 Court and Law Department Employees' Annuity Act or the Board of  
24 Election Commissioners Employees' Annuity Act.

25 After December 31, 1959, the foregoing definition includes  
26 any other person employed or to be employed in the law

1 department, or municipal court (other than as a judge), or  
2 Board of Election Commissioners (if his salary is provided by  
3 appropriation of the city council of the city and his salary  
4 paid by the city) -- subject, however, in the case of such  
5 persons not participants on December 31, 1959, to compliance  
6 with the same qualifications and restrictions otherwise set  
7 forth in this Section and made generally applicable to  
8 employees or officers of the city concerning eligibility for  
9 participation or membership.

10 Notwithstanding any other provision in this Section, any  
11 person who first becomes employed in the law department of the  
12 city on or after the effective date of this amendatory Act of  
13 the 99th General Assembly shall be included within the  
14 foregoing definition, effective upon the date the person first  
15 becomes so employed, regardless of the nature of the  
16 appointment the person holds under the provisions of a  
17 personnel ordinance.

18 (h) After December 31, 1965, any person employed in the  
19 public library of the city -- and any other person -- who was a  
20 contributor and participant, on December 31, 1965, in the  
21 pension fund in operation in the city on said date, by virtue  
22 of the Public Library Employees' Pension Act.

23 (i) After December 31, 1968, any person employed in the  
24 house of correction of the city, who was a contributor and  
25 participant, on December 31, 1968, in the pension fund in  
26 operation in the city on said date, by virtue of the House of

1 Correction Employees' Pension Act.

2 (j) Any person employed full-time on or after the effective  
3 date of this amendatory Act of the 92nd General Assembly by the  
4 Chicago Housing Authority who has elected to participate in  
5 this Fund as provided in subsection (a) of Section 8-230.9.

6 (k) Any person employed full-time by the Public Building  
7 Commission of the city who has elected to participate in this  
8 Fund as provided in subsection (d) of Section 8-230.7.

9 (Source: P.A. 92-599, eff. 6-28-02.)

10 (40 ILCS 5/8-173) (from Ch. 108 1/2, par. 8-173)

11 (Text of Section WITHOUT the changes made by P.A. 98-641,  
12 which has been held unconstitutional)

13 Sec. 8-173. Financing; tax levy.

14 (a) Except as provided in subsection (f) of this Section,  
15 the city council of the city shall levy a tax annually upon all  
16 taxable property in the city at a rate that will produce a sum  
17 which, when added to the amounts deducted from the salaries of  
18 the employees or otherwise contributed by them and the amounts  
19 deposited under subsection (f), will be sufficient for the  
20 requirements of this Article, but which when extended will  
21 produce an amount not to exceed the greater of the following:

22 (a) the sum obtained by the levy of a tax of .1093% of the  
23 value, as equalized or assessed by the Department of Revenue,  
24 of all taxable property within such city, or (b) the sum of  
25 \$12,000,000. However any city in which a Fund has been

1 established and in operation under this Article for more than 3  
2 years prior to 1970 shall levy for the year 1970 a tax at a rate  
3 on the dollar of assessed valuation of all taxable property  
4 that will produce, when extended, an amount not to exceed 1.2  
5 times the total amount of contributions made by employees to  
6 the Fund for annuity purposes in the calendar year 1968, and,  
7 for the year 1971 and 1972 such levy that will produce, when  
8 extended, an amount not to exceed 1.3 times the total amount of  
9 contributions made by employees to the Fund for annuity  
10 purposes in the calendar years 1969 and 1970, respectively; and  
11 for the year 1973 an amount not to exceed 1.365 times such  
12 total amount of contributions made by employees for annuity  
13 purposes in the calendar year 1971; and for the year 1974 an  
14 amount not to exceed 1.430 times such total amount of  
15 contributions made by employees for annuity purposes in the  
16 calendar year 1972; and for the year 1975 an amount not to  
17 exceed 1.495 times such total amount of contributions made by  
18 employees for annuity purposes in the calendar year 1973; and  
19 for the year 1976 an amount not to exceed 1.560 times such  
20 total amount of contributions made by employees for annuity  
21 purposes in the calendar year 1974; and for the year 1977 an  
22 amount not to exceed 1.625 times such total amount of  
23 contributions made by employees for annuity purposes in the  
24 calendar year 1975; and for the year 1978 and each year  
25 thereafter through levy year 2016, such levy as will produce,  
26 when extended, an amount not to exceed the total amount of

1 contributions made by or on behalf of employees to the Fund for  
2 annuity purposes in the calendar year 2 years prior to the year  
3 for which the annual applicable tax is levied, multiplied by  
4 1.690 for the years 1978 through 1998 and by 1.250 for the year  
5 1999 and for each year thereafter through levy year 2016.  
6 Beginning in levy year 2017, and in each year thereafter, the  
7 levy shall not exceed the amount of the city's total required  
8 contribution to the Fund for the next payment year, as  
9 determined under subsection (a-5). For the purposes of this  
10 Section, the payment year is the year immediately following the  
11 levy year.

12 The tax shall be levied and collected in like manner with  
13 the general taxes of the city, and shall be exclusive of and in  
14 addition to the amount of tax the city is now or may hereafter  
15 be authorized to levy for general purposes under any laws which  
16 may limit the amount of tax which the city may levy for general  
17 purposes. The county clerk of the county in which the city is  
18 located, in reducing tax levies under the provisions of any Act  
19 concerning the levy and extension of taxes, shall not consider  
20 the tax herein provided for as a part of the general tax levy  
21 for city purposes, and shall not include the same within any  
22 limitation of the percent of the assessed valuation upon which  
23 taxes are required to be extended for such city.

24 Revenues derived from such tax shall be paid to the city  
25 treasurer of the city as collected and held by the city  
26 treasurer ~~him~~ for the benefit of the fund.



1           If the payments on account of taxes are insufficient during  
2 any year to meet the requirements of this Article, the city may  
3 issue tax anticipation warrants against the current tax levy.

4           The city may continue to use other lawfully available funds  
5 in lieu of all or part of the levy, as provided under  
6 subsection (f) of this Section.

7           (a-5) (1) Beginning in payment year 2018, the city's  
8 required annual contribution to the Fund for payment years 2018  
9 through 2022 shall be: for 2018, \$266,000,000; for 2019,  
10 \$344,000,000; for 2020, \$421,000,000; for 2021, \$499,000,000;  
11 and for 2022, \$576,000,000.

12           (2) For payment years 2023 through 2058, the city's  
13 required annual contribution to the Fund shall be the amount  
14 determined by the Fund to be equal to the sum of (i) the city's  
15 portion of the projected normal cost for that fiscal year, plus  
16 (ii) an amount determined on a level percentage of applicable  
17 employee payroll basis (reflecting any limits on individual  
18 participants' pay that apply for benefit and contribution  
19 purposes under this plan) that is sufficient to bring the total  
20 actuarial assets of the Fund up to 90% of the total actuarial  
21 liabilities of the Fund by the end of 2058.

22           (3) For payment years after 2058, the city's required  
23 annual contribution to the Fund shall be equal to the amount,  
24 if any, needed to bring the total actuarial assets of the Fund  
25 up to 90% of the total actuarial liabilities of the Fund as of  
26 the end of the year. In making the determinations under

1 paragraphs (2) and (3) of this subsection, the actuarial  
2 calculations shall be determined under the entry age normal  
3 actuarial cost method, and any actuarial gains or losses from  
4 investment return incurred in a fiscal year shall be recognized  
5 in equal annual amounts over the 5-year period following the  
6 fiscal year.

7 To the extent that the city's contribution for any of the  
8 payment years referenced in this subsection is made with  
9 property taxes, those property taxes shall be levied,  
10 collected, and paid to the Fund in a like manner with the  
11 general taxes of the city.

12 (a-10) If the city fails to transmit to the Fund  
13 contributions required of it under this Article by December 31  
14 of the year in which such contributions are due, the Fund may,  
15 after giving notice to the city, certify to the State  
16 Comptroller the amounts of the delinquent payments, and the  
17 Comptroller must, beginning in payment year 2018, deduct and  
18 deposit into the Fund the certified amounts or a portion of  
19 those amounts from the following proportions of grants of State  
20 funds to the city:

21 (1) in payment year 2018, one-third of the total amount  
22 of any grants of State funds to the city;

23 (2) in payment year 2019, two-thirds of the total  
24 amount of any grants of State funds to the city; and

25 (3) in payment year 2020 and each payment year  
26 thereafter, the total amount of any grants of State funds

1           to the city.

2           The State Comptroller may not deduct from any grants of  
3 State funds to the city more than the amount of delinquent  
4 payments certified to the State Comptroller by the Fund.

5           (b) On or before July 1, 2017, and each July 1 thereafter  
6 ~~January 10, annually,~~ the board shall certify to ~~notify~~ the  
7 city council the annual amounts required under ~~of the~~  
8 ~~requirements of~~ this Article, for which ~~that~~ the tax herein  
9 provided shall be levied for the following ~~that current~~ year.

10 The board shall compute the amounts necessary to be credited to  
11 the reserves established and maintained as herein provided, and  
12 shall make an annual determination of the amount of the  
13 required city contributions, and certify the results thereof to  
14 the city council.

15           (c) In respect to employees of the city who are transferred  
16 to the employment of a park district by virtue of the "Exchange  
17 of Functions Act of 1957", the corporate authorities of the  
18 park district shall annually levy a tax upon all the taxable  
19 property in the park district at such rate per cent of the  
20 value of such property, as equalized or assessed by the  
21 Department of Revenue, as shall be sufficient, when added to  
22 the amounts deducted from their salaries and otherwise  
23 contributed by them to provide the benefits to which they and  
24 their dependents and beneficiaries are entitled under this  
25 Article. The city shall not levy a tax hereunder in respect to  
26 such employees.

1           The tax so levied by the park district shall be in addition  
2 to and exclusive of all other taxes authorized to be levied by  
3 the park district for corporate, annuity fund, or other  
4 purposes. The county clerk of the county in which the park  
5 district is located, in reducing any tax levied under the  
6 provisions of any act concerning the levy and extension of  
7 taxes shall not consider such tax as part of the general tax  
8 levy for park purposes, and shall not include the same in any  
9 limitation of the per cent of the assessed valuation upon which  
10 taxes are required to be extended for the park district. The  
11 proceeds of the tax levied by the park district, upon receipt  
12 by the district, shall be immediately paid over to the city  
13 treasurer of the city for the uses and purposes of the fund.

14           The various sums to be contributed by the city and park  
15 district and allocated for the purposes of this Article, and  
16 any interest to be contributed by the city, shall be derived  
17 from the revenue from the taxes authorized in this Section or  
18 otherwise as expressly provided in this Section.

19           If it is not possible or practicable for the city to make  
20 contributions for age and service annuity and widow's annuity  
21 at the same time that employee contributions are made for such  
22 purposes, such city contributions shall be construed to be due  
23 and payable as of the end of the fiscal year for which the tax  
24 is levied and shall accrue thereafter with interest at the  
25 effective rate until paid.

26           (d) With respect to employees whose wages are funded as

1 participants under the Comprehensive Employment and Training  
2 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
3 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
4 subsequent to October 1, 1978, and in instances where the board  
5 has elected to establish a manpower program reserve, the board  
6 shall compute the amounts necessary to be credited to the  
7 manpower program reserves established and maintained as herein  
8 provided, and shall make a periodic determination of the amount  
9 of required contributions from the City to the reserve to be  
10 reimbursed by the federal government in accordance with rules  
11 and regulations established by the Secretary of the United  
12 States Department of Labor or his designee, and certify the  
13 results thereof to the City Council. Any such amounts shall  
14 become a credit to the City and will be used to reduce the  
15 amount which the City would otherwise contribute during  
16 succeeding years for all employees.

17 (e) In lieu of establishing a manpower program reserve with  
18 respect to employees whose wages are funded as participants  
19 under the Comprehensive Employment and Training Act of 1973, as  
20 authorized by subsection (d), the board may elect to establish  
21 a special municipality contribution rate for all such  
22 employees. If this option is elected, the City shall contribute  
23 to the Fund from federal funds provided under the Comprehensive  
24 Employment and Training Act program at the special rate so  
25 established and such contributions shall become a credit to the  
26 City and be used to reduce the amount which the City would

1 otherwise contribute during succeeding years for all  
2 employees.

3 (f) In lieu of levying all or a portion of the tax required  
4 under this Section in any year, the city may deposit with the  
5 city treasurer ~~no later than March 1 of that year~~ for the  
6 benefit of the fund, to be held in accordance with this  
7 Article, an amount that, together with the taxes levied under  
8 this Section for that year, is not less than the amount of the  
9 city contributions for that year as certified by the board to  
10 the city council. The deposit may be derived from any source  
11 legally available for that purpose, including, but not limited  
12 to, the proceeds of city borrowings. The making of a deposit  
13 shall satisfy fully the requirements of this Section for that  
14 year to the extent of the amounts so deposited. Amounts  
15 deposited under this subsection may be used by the fund for any  
16 of the purposes for which the proceeds of the tax levied by the  
17 city under this Section may be used, including the payment of  
18 any amount that is otherwise required by this Article to be  
19 paid from the proceeds of that tax.

20 (Source: P.A. 90-31, eff. 6-27-97; 90-655, eff. 7-30-98;  
21 90-766, eff. 8-14-98.)

22 (40 ILCS 5/8-174) (from Ch. 108 1/2, par. 8-174)

23 (Text of Section WITHOUT the changes made by P.A. 98-641,  
24 which has been held unconstitutional)

25 Sec. 8-174. Contributions for age and service annuities for

1 present employees and future entrants. (a) Beginning on the  
2 effective date and prior to July 1, 1947, 3 1/4%; and beginning  
3 on July 1, 1947 and prior to July 1, 1953, 5%; and beginning  
4 July 1, 1953, and prior to January 1, 1972, 6%; and beginning  
5 January 1, 1972, 6-1/2% of each payment of the salary of each  
6 present employee and future entrant, except as provided in  
7 subsection (a-5) and (a-10), shall be contributed to the fund  
8 as a deduction from salary for age and service annuity.

9 (a-5) Except as provided in subsection (a-10), for an  
10 employee who, on or after January 1, 2011 and prior to the  
11 effective date of this amendatory Act of the 99th General  
12 Assembly, first became a member or participant under this  
13 Article and made the election under item (i) of subsection  
14 (d-10) of Section 1-160: prior to the effective date of this  
15 amendatory Act of the 99th General Assembly, 6.5%; and  
16 beginning on the effective date of this amendatory Act of the  
17 99th General Assembly and prior to January 1, 2018, 7.5%; and  
18 beginning January 1, 2018 and prior to January 1, 2019, 8.5%;  
19 and beginning January 1, 2019 and thereafter, 9.5% of each  
20 payment of salary shall be contributed to the fund as a  
21 deduction from salary for age and service annuity. Beginning  
22 with the first pay period on or after the date when the funded  
23 ratio of the fund is first determined to have reached the 90%  
24 funding goal, and each pay period thereafter for as long as the  
25 fund maintains a funding ratio of 75% or more, employee  
26 contributions for age and service annuity for those employees

1 who made the election under item (i) of subsection (d-10) of  
2 Section 1-160 shall be 5.5% of each payment of salary. If the  
3 funding ratio falls below 75%, then employee contributions for  
4 age and service annuity for those employees who made the  
5 election under item (i) of subsection (d-10) shall revert to  
6 9.5% until such time as the fund once again is determined to  
7 have reached a funding ratio of 75%, at which time the 5.5% of  
8 salary contribution for age and service annuity shall resume.  
9 An employee who made the election under item (ii) of subsection  
10 (d-10) of Section 1-160 shall continue to have the  
11 contributions for age and service annuity determined under  
12 subsection (a) of this Section.

13 (a-10) For each employee who, on or after the effective  
14 date of this amendatory Act of the 99th General Assembly  
15 becomes a member or participant under this Article, 9.5% of  
16 each payment of salary shall be contributed to the fund as a  
17 deduction from salary for age and service annuity. Beginning  
18 with the first pay period on or after the date when the funded  
19 ratio of the fund is first determined to have reached the 90%  
20 funding goal, and each pay period thereafter as long as the  
21 Fund maintains a funding ratio of 75% or more, employee  
22 contributions for age and service annuity for each employee  
23 subject to this subsection (a-10) shall be 5.5% of each payment  
24 of salary. If the funding ratio falls below 75%, then employee  
25 contributions for each employee subject to this subsection  
26 (a-10) shall revert to 9.5% until such time as the fund once



1 again is determined to have reached a funding ratio of 75%, at  
2 which time the 5.5% of salary contribution for age and service  
3 annuity shall resume.

4 Such deductions beginning on the effective date and prior  
5 to July 1, 1947 shall be made for a future entrant while he is  
6 in the service until he attains age 65 and for a present  
7 employee while he is in the service until the amount so  
8 deducted from his salary with the amount deducted from his  
9 salary or paid by him according to law to any municipal pension  
10 fund in force on the effective date with interest on both such  
11 amounts at 4% per annum equals the sum that would have been to  
12 his credit from sums deducted from his salary if deductions at  
13 the rate herein stated had been made during his entire service  
14 until he attained age 65 with interest at 4% per annum for the  
15 period subsequent to his attainment of age 65. Such deductions  
16 beginning July 1, 1947 shall be made and continued for  
17 employees while in the service.

18 (b) (Blank). ~~Concurrently with each employee contribution~~  
19 ~~beginning on the effective date and prior to July 1, 1947 the~~  
20 ~~city shall contribute 5 3/4%; and beginning on July 1, 1947 and~~  
21 ~~prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of~~  
22 ~~each payment of such salary until the employee attains age 65.~~

23 (c) Each employee contribution made prior to the date the  
24 age and service annuity for an employee is fixed and each  
25 corresponding city contribution shall be credited to the  
26 employee and allocated to the account of the employee for whose

1 benefit it is made.

2 (d) Notwithstanding Section 1-103.1, the changes to this  
3 Section made by this amendatory Act of the 99th General  
4 Assembly apply regardless of whether the employee was in active  
5 service on or after the effective date of this amendatory Act  
6 of the 99th General Assembly.

7 (Source: P.A. 93-654, eff. 1-16-04.)

8 (40 ILCS 5/8-228.5 new)

9 Sec. 8-228.5. Action by Fund against third party;  
10 subrogation. In those cases where the injury or death for which  
11 a disability or death benefit is payable under this Article was  
12 caused under circumstances creating a legal liability on the  
13 part of some person or entity (hereinafter "third party") to  
14 pay damages to the employee, legal proceedings may be taken  
15 against such third party to recover damages notwithstanding the  
16 Fund's payment of or liability to pay disability or death  
17 benefits under this Article. In such case, however, if the  
18 action against such third party is brought by the injured  
19 employee or his or her personal representative and judgment is  
20 obtained and paid, or settlement is made with such third party,  
21 either with or without suit, from the amount received by such  
22 employee or personal representative, then there shall be paid  
23 to the Fund the amount of money representing the death or  
24 disability benefits paid or to be paid to the disabled employee  
25 pursuant to the provisions of this Article. In all

1 circumstances where the action against a third party is brought  
2 by the disabled employee or his or her personal representative,  
3 the Fund shall have a claim or lien upon any recovery, by  
4 judgment or settlement, out of which the disabled employee or  
5 his or her personal representative might be compensated from  
6 such third party. The Fund may satisfy or enforce any such  
7 claim or lien only from that portion of a recovery that has  
8 been, or can be, allocated or attributed to past and future  
9 lost salary, which recovery is by judgment or settlement. The  
10 Fund's claim or lien shall not be satisfied or enforced from  
11 that portion of a recovery that has been, or can be, allocated  
12 or attributed to medical care and treatment, pain and  
13 suffering, loss of consortium, and attorney's fees and costs.

14 Where action is brought by the disabled employee or his or  
15 her personal representative he or she shall forthwith notify  
16 the Fund, by personal service or registered mail, of such fact  
17 and of the name of the court where such suit is brought, filing  
18 proof of such notice in such action. The Fund may, at any time  
19 thereafter, intervene in such action upon its own motion.  
20 Therefore, no release or settlement of claim for damages by  
21 reason of injury to the disabled employee, and no satisfaction  
22 of judgment in such proceedings, shall be valid without the  
23 written consent of the Board of Trustees authorized by this  
24 Code to administer the Fund created under this Article, except  
25 that such consent shall be provided expeditiously following a  
26 settlement or judgment.

1       In the event the disabled employee or his or her personal  
2 representative has not instituted an action against a third  
3 party at a time when only 3 months remain before such action  
4 would thereafter be barred by law, the Fund may, in its own  
5 name or in the name of the personal representative, commence a  
6 proceeding against such third party seeking the recovery of all  
7 damages on account of injuries caused to the employee. From any  
8 amount so recovered, the Fund shall pay to the personal  
9 representative of such disabled employee all sums collected  
10 from such third party by judgment or otherwise in excess of the  
11 amount of disability or death benefits paid or to be paid under  
12 this Article to the disabled employee or his or her personal  
13 representative, and such costs, attorney's fees, and  
14 reasonable expenses as may be incurred by the Fund in making  
15 the collection or in enforcing such liability. The Fund's  
16 recovery shall be satisfied only from that portion of a  
17 recovery that has been, or can be, allocated or attributed to  
18 past and future lost salary, which recovery is by judgment or  
19 settlement. The Fund's recovery shall not be satisfied from  
20 that portion of the recovery that has been or can be allocated  
21 or attributed to medical care and treatment, pain and  
22 suffering, loss of consortium, and attorney's fees and costs.

23       Additionally, with respect to any right of subrogation  
24 asserted by the Fund under this Section, the Fund, in the  
25 exercise of discretion, may determine what amount from past or  
26 future salary shall be appropriate under the circumstances to

1 collect from the recovery obtained on behalf of the disabled  
2 employee.

3 This Section applies only to persons who first become  
4 members or participants under this Article on or after the  
5 effective date of this amendatory Act of 99th General Assembly.

6 (40 ILCS 5/8-243.2) (from Ch. 108 1/2, par. 8-243.2)

7 Sec. 8-243.2. Alternative annuity for city officers.

8 (a) For the purposes of this Section and Sections 8-243.1  
9 and 8-243.3, "city officer" means the city clerk, the city  
10 treasurer, or an alderman of the city elected by vote of the  
11 people, while serving in that capacity or as provided in  
12 subsection (f), who has elected to participate in the Fund.

13 (b) Any elected city officer, while serving in that  
14 capacity or as provided in subsection (f), may elect to  
15 establish alternative credits for an alternative annuity by  
16 electing in writing to make additional optional contributions  
17 in accordance with this Section and the procedures established  
18 by the board. Such elected city officer may discontinue making  
19 the additional optional contributions by notifying the Fund in  
20 writing in accordance with this Section and procedures  
21 established by the board.

22 Additional optional contributions for the alternative  
23 annuity shall be as follows:

24 (1) For service after the option is elected, an  
25 additional contribution of 3% of salary shall be

1           contributed to the Fund on the same basis and under the  
2           same conditions as contributions required under Sections  
3           8-174 and 8-182.

4           (2) For service before the option is elected, an  
5           additional contribution of 3% of the salary for the  
6           applicable period of service, plus interest at the  
7           effective rate from the date of service to the date of  
8           payment. All payments for past service must be paid in full  
9           before credit is given. No additional optional  
10          contributions may be made for any period of service for  
11          which credit has been previously forfeited by acceptance of  
12          a refund, unless the refund is repaid in full with interest  
13          at the effective rate from the date of refund to the date  
14          of repayment.

15          (c) In lieu of the retirement annuity otherwise payable  
16          under this Article, any city officer elected by vote of the  
17          people who (1) has elected to participate in the Fund and make  
18          additional optional contributions in accordance with this  
19          Section, and (2) has attained age 55 with at least 10 years of  
20          service credit, or has attained age 60 with at least 8 years of  
21          service credit, may elect to have his retirement annuity  
22          computed as follows: 3% of the participant's salary at the time  
23          of termination of service for each of the first 8 years of  
24          service credit, plus 4% of such salary for each of the next 4  
25          years of service credit, plus 5% of such salary for each year  
26          of service credit in excess of 12 years, subject to a maximum

1 of 80% of such salary. To the extent such elected city officer  
2 has made additional optional contributions with respect to only  
3 a portion of his years of service credit, his retirement  
4 annuity will first be determined in accordance with this  
5 Section to the extent such additional optional contributions  
6 were made, and then in accordance with the remaining Sections  
7 of this Article to the extent of years of service credit with  
8 respect to which additional optional contributions were not  
9 made.

10 (d) In lieu of the disability benefits otherwise payable  
11 under this Article, any city officer elected by vote of the  
12 people who (1) has elected to participate in the Fund, and (2)  
13 has become permanently disabled and as a consequence is unable  
14 to perform the duties of his office, and (3) was making  
15 optional contributions in accordance with this Section at the  
16 time the disability was incurred, may elect to receive a  
17 disability annuity calculated in accordance with the formula in  
18 subsection (c). For the purposes of this subsection, such  
19 elected city officer shall be considered permanently disabled  
20 only if: (i) disability occurs while in service as an elected  
21 city officer and is of such a nature as to prevent him from  
22 reasonably performing the duties of his office at the time; and  
23 (ii) the board has received a written certification by at least  
24 2 licensed physicians appointed by it stating that such officer  
25 is disabled and that the disability is likely to be permanent.

26 (e) Refunds of additional optional contributions shall be

1 made on the same basis and under the same conditions as  
2 provided under Sections 8-168, 8-170 and 8-171. Interest shall  
3 be credited at the effective rate on the same basis and under  
4 the same conditions as for other contributions. Optional  
5 contributions shall be accounted for in a separate Elected City  
6 Officer Optional Contribution Reserve. Optional contributions  
7 under this Section shall be included in the amount of employee  
8 contributions used to compute the tax levy under Section 8-173.

9 (f) The effective date of this plan of optional alternative  
10 benefits and contributions shall be July 1, 1990, or the date  
11 upon which approval is received from the U.S. Internal Revenue  
12 Service, whichever is later.

13 The plan of optional alternative benefits and  
14 contributions shall not be available to any former city officer  
15 or employee receiving an annuity from the Fund on the effective  
16 date of the plan, unless he re-enters service as an elected  
17 city officer and renders at least 3 years of additional service  
18 after the date of re-entry. However, a person who holds office  
19 as a city officer on June 1, 1995 may elect to participate in  
20 the plan, to transfer credits into the Fund from other Articles  
21 of this Code, and to make the contributions required for prior  
22 service, until 30 days after the effective date of this  
23 amendatory Act of the 92nd General Assembly, notwithstanding  
24 the ending of his term of office prior to that effective date;  
25 in the event that the person is already receiving an annuity  
26 from this Fund or any other Article of this Code at the time of



1 making this election, the annuity shall be recalculated to  
2 include any increase resulting from participation in the plan,  
3 with such increase taking effect on the effective date of the  
4 election.

5 (g) Notwithstanding any other provision in this Section or  
6 in this Code to the contrary, any person who first becomes a  
7 city officer, as defined in this Section, on or after the  
8 effective date of this amendatory Act of the 99th General  
9 Assembly, shall not be eligible for the alternative annuity or  
10 alternative disability benefits as provided in subsections  
11 (a), (b), (c), and (d) of this Section or for the alternative  
12 survivor's benefits as provided in Section 8-243.3. Such person  
13 shall not be eligible, or be required, to make any additional  
14 contributions beyond those required of other participants  
15 under Sections 8-137, 8-174, and 8-182. The retirement annuity,  
16 disability benefits, and survivor's benefits for a person who  
17 first becomes a city officer on or after the effective date of  
18 this amendatory Act of the 99th General Assembly shall be  
19 determined pursuant to the provisions otherwise provided in  
20 this Article.

21 (Source: P.A. 92-599, eff. 6-28-02.)

22 (40 ILCS 5/8-244) (from Ch. 108 1/2, par. 8-244)

23 Sec. 8-244. Annuities, etc., exempt.

24 (a) All annuities, refunds, pensions, and disability  
25 benefits granted under this Article, shall be exempt from

1 attachment or garnishment process and shall not be seized,  
2 taken, subjected to, detained, or levied upon by virtue of any  
3 judgment, or any process or proceeding whatsoever issued out of  
4 or by any court in this State, for the payment and satisfaction  
5 in whole or in part of any debt, damage, claim, demand, or  
6 judgment against any annuitant, pensioner, participant, refund  
7 applicant, or other beneficiary hereunder.

8 (b) No annuitant, pensioner, refund applicant, or other  
9 beneficiary shall have any right to transfer or assign his  
10 annuity, refund, or disability benefit or any part thereof by  
11 way of mortgage or otherwise, except that:

12 (1) an annuitant or pensioner who elects or has elected  
13 to participate in a ~~non-profit group~~ hospital care plan or  
14 ~~group~~ medical surgical plan may with the approval of the  
15 board and in conformity with its regulations authorize the  
16 board to withhold from the pension or annuity the current  
17 premium for such coverage and pay such premium to the  
18 organization underwriting such plan;

19 (2) in the case of refunds, a participant may pledge by  
20 assignment, power of attorney, or otherwise, as security  
21 for a loan from a legally operating credit union making  
22 loans only to participants in certain public employee  
23 pension funds described in the Illinois Pension Code, all  
24 or part of any refund which may become payable to him in  
25 the event of his separation from service; and

26 (3) the board, in its discretion, may pay to the wife

1 of any annuitant, pensioner, refund applicant, or  
2 disability beneficiary, such an amount out of her husband's  
3 annuity pension, refund, or disability benefit as any court  
4 of competent jurisdiction may order, or such an amount as  
5 the board may consider necessary for the support of his  
6 wife or children, or both in the event of his disappearance  
7 or unexplained absence or of his failure to support such  
8 wife or children.

9 (c) The board may retain out of any future annuity,  
10 pension, refund or disability benefit payments, such amount, or  
11 amounts, as it may require for the repayment of any moneys paid  
12 to any annuitant, pensioner, refund applicant, or disability  
13 beneficiary through misrepresentation, fraud or error. Any  
14 such action of the board shall relieve and release the board  
15 and the fund from any liability for any moneys so withheld.

16 (d) Whenever an annuity or disability benefit is payable to  
17 a minor or to a person certified by a medical doctor to be  
18 under legal disability, the board, in its discretion and when  
19 it is in the best interest of the person concerned, may waive  
20 guardianship proceedings and pay the annuity or benefit to the  
21 person providing or caring for the minor or person under legal  
22 disability.

23 In the event that a person certified by a medical doctor to  
24 be under legal disability (i) has no spouse, blood relative, or  
25 other person providing or caring for him or her, (ii) has no  
26 guardian of his or her estate, and (iii) is confined to a

1 Medicare approved, State certified nursing home or to a  
2 publicly owned and operated nursing home, hospital, or mental  
3 institution, the Board may pay any benefit due that person to  
4 the nursing home, hospital, or mental institution, to be used  
5 for the sole benefit of the person under legal disability.

6 Payment in accordance with this subsection to a person,  
7 nursing home, hospital, or mental institution for the benefit  
8 of a minor or person under legal disability shall be an  
9 absolute discharge of the Fund's liability with respect to the  
10 amount so paid. Any person, nursing home, hospital, or mental  
11 institution accepting payment under this subsection shall  
12 notify the Fund of the death or any other relevant change in  
13 the status of the minor or person under legal disability.

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

15 (40 ILCS 5/8-244.1) (from Ch. 108 1/2, par. 8-244.1)

16 Sec. 8-244.1. Payment of annuity other than direct.

17 (a) The board, at the written direction and request of any  
18 annuitant, may, solely as an accommodation to such annuitant,  
19 pay the annuity due him to a bank, savings and loan association  
20 or any other financial institution insured by an agency of the  
21 federal government, for deposit to his account, or to a bank or  
22 trust company for deposit in a trust established by him for his  
23 benefit with such bank, savings and loan association or trust  
24 company, and such annuitant may withdraw such direction at any  
25 time. The board may also, in the case of any disability

1 beneficiary or annuitant for whom no estate guardian has been  
2 appointed and who is confined in a publicly owned and operated  
3 mental institution, pay such disability benefit or annuity due  
4 such person to the superintendent or other head of such  
5 institution or hospital for deposit to such person's trust fund  
6 account maintained for him by such institution or hospital, if  
7 by law such trust fund accounts are authorized or recognized.

8 (b) An annuitant formerly employed by the City of Chicago  
9 may authorize the withholding of a portion of his or her  
10 annuity for payment of dues to the labor organization which  
11 formerly represented the annuitant when the annuitant was an  
12 active employee; however, no withholding shall be required  
13 under this subsection for payment to one labor organization  
14 unless a minimum of 25 annuitants authorize such withholding.  
15 The Board shall prescribe a form for the authorization of  
16 withholding of dues, release of name, social security number  
17 and address and shall provide such forms to employees,  
18 annuitants and labor organizations upon request. Amounts  
19 withheld by the Board under this subsection shall be promptly  
20 paid over to the designated organizations, indicating the  
21 names, social security numbers and addresses of annuitants on  
22 whose behalf dues were withheld.

23 At the request and at the expense of the labor organization  
24 that formerly represented the annuitant, the City of Chicago  
25 shall coordinate mailings no more than twice in any  
26 twelve-month period to such annuitants and the Board shall

1 supply current annuitant addresses to the City of Chicago upon  
2 request. These mailings shall be limited to informing the  
3 annuitants of their rights under this subsection (b), the form  
4 authorizing the withholding of dues from their annuity and  
5 information supplied by the labor organization pertinent to the  
6 decision of whether to exercise the rights of this subsection.  
7 ~~To meet this obligation, the City of Chicago shall, upon~~  
8 ~~request, create and update records of all retirees for each~~  
9 ~~labor organization as far back in time as records permit,~~  
10 ~~including their names, addresses, phone numbers and social~~  
11 ~~security numbers.~~

12 (Source: P.A. 90-766, eff. 8-14-98.)

13 (40 ILCS 5/8-251) (from Ch. 108 1/2, par. 8-251)

14 Sec. 8-251. Felony conviction.

15 None of the benefits provided for in this Article shall be  
16 paid to any person who is convicted of any felony relating to  
17 or arising out of or in connection with his service as a  
18 municipal employee.

19 This section shall not operate to impair any contract or  
20 vested right heretofore acquired under any law or laws  
21 continued in this Article, nor to preclude the right to a  
22 refund.

23 Any refund required under this Article shall be calculated  
24 based on that person's contributions to the Fund, less the  
25 amount of any annuity benefit previously received by the person

1 or his or her beneficiaries. The changes made to this Section  
2 by this amendatory Act of the 99th General Assembly apply only  
3 to persons who first become participants under this Article on  
4 or after the effective date of this amendatory Act of the 99th  
5 General Assembly.

6 All future entrants entering service subsequent to July 11,  
7 1955 shall be deemed to have consented to the provisions of  
8 this section as a condition of coverage.

9 (Source: Laws 1963, p. 161.)

10 (40 ILCS 5/11-125.9 new)

11 Sec. 11-125.9 Action by Fund against third party;  
12 subrogation. In those cases where the injury or death for which  
13 a disability or death benefit is payable under this Article was  
14 caused under circumstances creating a legal liability on the  
15 part of some person or entity (hereinafter "third party") to  
16 pay damages to the employee, legal proceedings may be taken  
17 against such third party to recover damages notwithstanding the  
18 Fund's payment of or liability to pay disability or death  
19 benefits under this Article. In such case, however, if the  
20 action against such third party is brought by the injured  
21 employee or his or her personal representative and judgment is  
22 obtained and paid, or settlement is made with such third party,  
23 either with or without suit, from the amount received by such  
24 employee or personal representative, then there shall be paid  
25 to the Fund the amount of money representing the death or

1 disability benefits paid or to be paid to the disabled employee  
2 pursuant to the provisions of this Article. In all  
3 circumstances where the action against a third party is brought  
4 by the disabled employee or his or her personal representative,  
5 the Fund shall have a claim or lien upon any recovery, by  
6 judgment or settlement, out of which the disabled employee or  
7 his or her personal representative might be compensated from  
8 such third party. The Fund may satisfy or enforce any such  
9 claim or lien only from that portion of a recovery that has  
10 been, or can be, allocated or attributed to past and future  
11 lost salary, which recovery is by judgment or settlement. The  
12 Fund's claim or lien shall not be satisfied or enforced from  
13 that portion of a recovery that has been, or can be, allocated  
14 or attributed to medical care and treatment, pain and  
15 suffering, loss of consortium, and attorney's fees and costs.  
16 Where action is brought by the disabled employee or his or her  
17 personal representative he or she shall forthwith notify the  
18 Fund, by personal service or registered mail, of such fact and  
19 of the name of the court where such suit is brought, filing  
20 proof of such notice in such action. The Fund may, at any time  
21 thereafter, intervene in such action upon its own motion.  
22 Therefore, no release or settlement of claim for damages by  
23 reason of injury to the disabled employee, and no satisfaction  
24 of judgment in such proceedings, shall be valid without the  
25 written consent of the Board of Trustees authorized by this  
26 Code to administer the Fund created under this Article, except



1 that such consent shall be provided expeditiously following a  
2 settlement or judgment.

3 In the event the disabled employee or his or her personal  
4 representative has not instituted an action against a third  
5 party at a time when only 3 months remain before such action  
6 would thereafter be barred by law, the Fund may, in its own  
7 name or in the name of the personal representative, commence a  
8 proceeding against such third party seeking the recovery of all  
9 damages on account of injuries caused to the employee. From any  
10 amount so recovered, the Fund shall pay to the personal  
11 representative of such disabled employee all sums collected  
12 from such third party by judgment or otherwise in excess of the  
13 amount of disability or death benefits paid or to be paid under  
14 this Article to the disabled employee or his or her personal  
15 representative, and such costs, attorney's fees, and  
16 reasonable expenses as may be incurred by the Fund in making  
17 the collection or in enforcing such liability. The Fund's  
18 recovery shall be satisfied only from that portion of a  
19 recovery that has been, or can be, allocated or attributed to  
20 past and future lost salary, which recovery is by judgment or  
21 settlement. The Fund's recovery shall not be satisfied from  
22 that portion of the recovery that has been or can be allocated  
23 or attributed to medical care and treatment, pain and  
24 suffering, loss of consortium, and attorney's fees and costs.  
25 Additionally, with respect to any right of subrogation asserted  
26 by the Fund under this Section, the Fund, in the exercise of

1 discretion, may determine what amount from past or future  
2 salary shall be appropriate under the circumstances to collect  
3 from the recovery obtained on behalf of the disabled employee.

4 This Section applies only to persons who first become  
5 members or participants under this Article on or after the  
6 effective date of this amendatory Act of 99th General Assembly.

7 (40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

8 (Text of Section WITHOUT the changes made by P.A. 98-641,  
9 which has been held unconstitutional)

10 Sec. 11-169. Financing; tax levy.

11 (a) Except as provided in subsection (f) of this Section,  
12 the city council of the city shall levy a tax annually upon all  
13 taxable property in the city at the rate that will produce a  
14 sum which, when added to the amounts deducted from the salaries  
15 of the employees or otherwise contributed by them and the  
16 amounts deposited under subsection (f), will be sufficient for  
17 the requirements of this Article. For the years prior to the  
18 year 1950 the tax rate shall be as provided for under "The 1935  
19 Act". Beginning with the year 1950 to and including the year  
20 1969 such tax shall be not more than .036% annually of the  
21 value, as equalized or assessed by the Department of Revenue,  
22 of all taxable property within such city. Beginning with the  
23 year 1970 and each year thereafter through levy year 2016, the  
24 city shall levy a tax annually at a rate on the dollar of the  
25 value, as equalized or assessed by the Department of Revenue of

1 all taxable property within such city that will produce, when  
2 extended, not to exceed an amount equal to the total amount of  
3 contributions by the employees to the fund made in the calendar  
4 year 2 years prior to the year for which the annual applicable  
5 tax is levied, multiplied by 1.1 for the years 1970, 1971 and  
6 1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235  
7 for the year 1975; 1.280 for the year 1976; 1.325 for the year  
8 1977; 1.370 for the years 1978 through 1998; and 1.000 for the  
9 year 1999 and for each year thereafter through levy year 2016.  
10 Beginning in levy year 2017, and in each year thereafter, the  
11 levy shall not exceed the amount of the city's total required  
12 contribution to the Fund for the next payment year, as  
13 determined under subsection (a-5). For the purposes of this  
14 Section, the payment year is the year immediately following the  
15 levy year.

16 The tax shall be levied and collected in like manner with  
17 the general taxes of the city, and shall be exclusive of and in  
18 addition to the amount of tax the city is now or may hereafter  
19 be authorized to levy for general purposes under any laws which  
20 may limit the amount of tax which the city may levy for general  
21 purposes. The county clerk of the county in which the city is  
22 located, in reducing tax levies under the provisions of any Act  
23 concerning the levy and extension of taxes, shall not consider  
24 the tax herein provided for as a part of the general tax levy  
25 for city purposes, and shall not include the same within any  
26 limitation of the per cent of the assessed valuation upon which

1 taxes are required to be extended for such city.

2 Revenues derived from such tax shall be paid to the city  
3 treasurer of the city as collected and held by the city  
4 treasurer ~~him~~ for the benefit of the fund.

5 If the payments on account of taxes are insufficient during  
6 any year to meet the requirements of this Article, the city may  
7 issue tax anticipation warrants against the current tax levy.

8 The city may continue to use other lawfully available funds  
9 in lieu of all or part of the levy, as provided under  
10 subsection (f) of this Section.

11 (a-5) (1) Beginning in payment year 2018, the city's  
12 required annual contribution to the Fund for payment years 2018  
13 through 2022 shall be: for 2018, \$36,000,000; for 2019,  
14 \$48,000,000; for 2020, \$60,000,000; for 2021, \$72,000,000; and  
15 for 2022, \$84,000,000.

16 (2) For payment years 2023 through 2058, the city's  
17 required annual contribution to the Fund shall be the amount  
18 determined by the Fund to be equal to the sum of (i) the city's  
19 portion of projected normal cost for that fiscal year, plus  
20 (ii) an amount determined on a level percentage of applicable  
21 employee payroll basis that is sufficient to bring the total  
22 actuarial assets of the Fund up to 90% of the total actuarial  
23 liabilities of the Fund by the end of 2058.

24 (3) For payment years after 2058, the city's required  
25 annual contribution to the Fund shall be equal to the amount,  
26 if any, needed to bring the total actuarial assets of the Fund

1 up to 90% of the total actuarial liabilities of the Fund as of  
2 the end of the year. In making the determinations under  
3 paragraphs (2) and (3) of this subsection, the actuarial  
4 calculations shall be determined under the entry age normal  
5 actuarial cost method, and any actuarial gains or losses from  
6 investment return incurred in a fiscal year shall be recognized  
7 in equal annual amounts over the 5-year period following the  
8 fiscal year.

9 To the extent that the city's contribution for any of the  
10 payment years referenced in this subsection is made with  
11 property taxes, those property taxes shall be levied,  
12 collected, and paid to the Fund in a like manner with the  
13 general taxes of the city.

14 (a-10) If the city fails to transmit to the Fund  
15 contributions required of it under this Article by December 31  
16 of the year in which such contributions are due, the Fund may,  
17 after giving notice to the city, certify to the State  
18 Comptroller the amounts of the delinquent payments, and the  
19 Comptroller must, beginning in payment year 2018, deduct and  
20 deposit into the Fund the certified amounts or a portion of  
21 those amounts from the following proportions of grants of State  
22 funds to the city:

23 (1) in payment year 2018, one-third of the total amount  
24 of any grants of State funds to the city;

25 (2) in payment year 2019, two-thirds of the total  
26 amount of any grants of State funds to the city; and

1           (3) in payment year 2020 and each payment year  
2           thereafter, the total amount of any grants of State funds  
3           to the city.

4           The State Comptroller may not deduct from any grants of  
5           State funds to the city more than the amount of delinquent  
6           payments certified to the State Comptroller by the Fund.

7           (b) On or before July 1, 2017, and each July 1 thereafter  
8           ~~January 10, annually,~~ the board shall certify to ~~notify~~ the  
9           city council the annual amounts required under ~~of the~~  
10           ~~requirement of~~ this Article, for which ~~that~~ the tax herein  
11           provided shall be levied for the following ~~that current~~ year.

12           The board shall compute the amounts necessary for the purposes  
13           of this fund to be credited to the reserves established and  
14           maintained as herein provided, and shall make an annual  
15           determination of the amount of the required city contributions;  
16           and certify the results thereof to the city council.

17           (c) In respect to employees of the city who are transferred  
18           to the employment of a park district by virtue of "Exchange of  
19           Functions Act of 1957" the corporate authorities of the park  
20           district shall annually levy a tax upon all the taxable  
21           property in the park district at such rate per cent of the  
22           value of such property, as equalized or assessed by the  
23           Department of Revenue, as shall be sufficient, when added to  
24           the amounts deducted from their salaries and otherwise  
25           contributed by them, to provide the benefits to which they and  
26           their dependents and beneficiaries are entitled under this

1 Article. The city shall not levy a tax hereunder in respect to  
2 such employees.

3 The tax so levied by the park district shall be in addition  
4 to and exclusive of all other taxes authorized to be levied by  
5 the park district for corporate, annuity fund, or other  
6 purposes. The county clerk of the county in which the park  
7 district is located, in reducing any tax levied under the  
8 provisions of any Act concerning the levy and extension of  
9 taxes shall not consider such tax as part of the general tax  
10 levy for park purposes, and shall not include the same in any  
11 limitation of the per cent of the assessed valuation upon which  
12 taxes are required to be extended for the park district. The  
13 proceeds of the tax levied by the park district, upon receipt  
14 by the district, shall be immediately paid over to the city  
15 treasurer of the city for the uses and purposes of the fund.

16 The various sums to be contributed by the city and  
17 allocated for the purposes of this Article, and any interest to  
18 be contributed by the city, shall be taken from the revenue  
19 derived from the taxes authorized in this Section, and no money  
20 of such city derived from any source other than the levy and  
21 collection of those taxes or the sale of tax anticipation  
22 warrants in accordance with the provisions of this Article  
23 shall be used to provide revenue for this Article, except as  
24 expressly provided in this Section.

25 If it is not possible for the city to make contributions  
26 for age and service annuity and widow's annuity concurrently

1 with the employee's contributions made for such purposes, such  
2 city shall make such contributions as soon as possible and  
3 practicable thereafter with interest thereon at the effective  
4 rate to the time they shall be made.

5 (d) With respect to employees whose wages are funded as  
6 participants under the Comprehensive Employment and Training  
7 Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L.  
8 93-567, 88 Stat. 1845), hereinafter referred to as CETA,  
9 subsequent to October 1, 1978, and in instances where the board  
10 has elected to establish a manpower program reserve, the board  
11 shall compute the amounts necessary to be credited to the  
12 manpower program reserves established and maintained as herein  
13 provided, and shall make a periodic determination of the amount  
14 of required contributions from the City to the reserve to be  
15 reimbursed by the federal government in accordance with rules  
16 and regulations established by the Secretary of the United  
17 States Department of Labor or his designee, and certify the  
18 results thereof to the City Council. Any such amounts shall  
19 become a credit to the City and will be used to reduce the  
20 amount which the City would otherwise contribute during  
21 succeeding years for all employees.

22 (e) In lieu of establishing a manpower program reserve with  
23 respect to employees whose wages are funded as participants  
24 under the Comprehensive Employment and Training Act of 1973, as  
25 authorized by subsection (d), the board may elect to establish  
26 a special municipality contribution rate for all such



1 employees. If this option is elected, the City shall contribute  
2 to the Fund from federal funds provided under the Comprehensive  
3 Employment and Training Act program at the special rate so  
4 established and such contributions shall become a credit to the  
5 City and be used to reduce the amount which the City would  
6 otherwise contribute during succeeding years for all  
7 employees.

8 (f) In lieu of levying all or a portion of the tax required  
9 under this Section in any year, the city may deposit ~~with the~~  
10 ~~city treasurer no later than March 1~~ of that year for the  
11 benefit of the fund, to be held in accordance with this  
12 Article, an amount that, together with the taxes levied under  
13 this Section for that year, is not less than the amount of the  
14 city contributions for that year as certified by the board to  
15 the city council. The deposit may be derived from any source  
16 legally available for that purpose, including, but not limited  
17 to, the proceeds of city borrowings. The making of a deposit  
18 shall satisfy fully the requirements of this Section for that  
19 year to the extent of the amounts so deposited. Amounts  
20 deposited under this subsection may be used by the fund for any  
21 of the purposes for which the proceeds of the tax levied by the  
22 city under this Section may be used, including the payment of  
23 any amount that is otherwise required by this Article to be  
24 paid from the proceeds of that tax.

25 (Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98.)

1 (40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

2 (Text of Section WITHOUT the changes made by P.A. 98-641,  
3 which has been held unconstitutional)

4 Sec. 11-170. Contributions for age and service annuities  
5 for present employees, future entrants and re-entrants.

6 (a) Beginning on the effective date and prior to July 1,  
7 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July  
8 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1,  
9 1972, 6%; and beginning January 1, 1972, 6 1/2% of each payment  
10 of the salary of each present employee, future entrant and  
11 re-entrant, except as provided in subsection (a-5) and (a-10),  
12 shall be contributed to the fund as a deduction from salary for  
13 age and service annuity.

14 (a-5) Except as provided in subsection (a-10), for an  
15 employee who on or after January 1, 2011 and prior to this  
16 amendatory Act of the 99th General Assembly first became a  
17 member or participant under this Article and made the election  
18 under item (i) of subsection (d-10) of Section 1-160: prior to  
19 this amendatory Act of the 99th General Assembly, 6.5%; and  
20 beginning on the effective date of this amendatory Act of the  
21 99th General Assembly and prior to January 1, 2018, 7.5%; and  
22 beginning January 1, 2018, and prior to January 1, 2019, 8.5%;  
23 and, beginning January 1, 2019 and thereafter, 9.5% of each  
24 payment of salary shall be contributed to the fund as a  
25 deduction from salary for age and service annuity. Beginning  
26 with the first pay period on or after the date when the funded

1 ratio of the Fund is first determined to have reached the 90%  
2 funding goal, and each pay period thereafter for as long as the  
3 Fund maintains a funding ratio of 75% or more, employee  
4 contributions for age and service annuity for those employees  
5 who made the election under item (i) of subsection (d-10) of  
6 Section 1-160 shall be 5.5% of each payment of salary. If the  
7 funding ratio falls below 75%, then employee contributions for  
8 age and service annuity for those employees who made the  
9 election under item (i) of subsection (d-10) shall revert to  
10 9.5% until such time as the Fund once again is determined to  
11 have reached a funding ratio of 75%, at which time the 5.5% of  
12 salary employee contribution for age and service annuity shall  
13 resume. An employee who made the election under item (ii) of  
14 subsection (d-10) of Section 1-160 shall continue to have the  
15 contributions for age and service annuities determined under  
16 subsection (a) of this Section.

17 (a-10) For each employee who on or after the effective date  
18 of this amendatory Act of the 99th General Assembly first  
19 becomes a member or participant under this Article, 9.5% of  
20 each payment of his or her salary shall be contributed to the  
21 fund as a deduction from salary for age and service annuity.  
22 Beginning with the first pay period on or after the date when  
23 the funded ratio of the Fund is first determined to have  
24 reached the 90% funding goal, and each pay period thereafter  
25 for as long as the Fund maintains a funding ratio of 75% or  
26 more, employee contributions for age and service annuity for

1 each employee subject to this subsection (a-10) shall be 5.5%  
2 of each payment of salary. If the funding ratio falls below  
3 75%, then employee contributions for age and service annuity  
4 for each employee subject to this subsection (a-10) shall  
5 revert to 9.5% until such time as the Fund once again is  
6 determined to have reached a funding ratio of 75%, at which  
7 time the 5.5% of salary contribution for age and service  
8 annuity shall resume.

9       Such deductions beginning on the effective date and prior  
10 to June 30, 1947, inclusive shall be made for a future entrant  
11 while he is in service until he attains age 65, and for a  
12 present employee while he is in service until the amount so  
13 deducted from his salary with interest at the rate of 4% per  
14 annum shall be equal to the sum which would have accumulated to  
15 his credit from sums deducted from his salary if deductions at  
16 the rate herein stated had been made during his entire service  
17 until he attained age 65 with interest at 4% per annum for the  
18 period subsequent to his attainment of age 65. Such deductions  
19 beginning July 1, 1947 shall be made and continued for  
20 employees while in the service.

21       (b) (Blank). ~~Concurrently with each employee contribution,~~  
22 ~~the city shall contribute beginning on the effective date and~~  
23 ~~prior to July 1, 1947, 5 3/4%; and beginning July 1, 1947 and~~  
24 ~~prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of~~  
25 ~~each payment of such salary until the employee attains age 65.~~

26       (c) Each employee contribution made prior to the date age

1 and service annuity for an employee is fixed and each  
2 corresponding city contribution shall be allocated to the  
3 account of and credited to the employee for whose benefit it is  
4 made.

5 (d) Notwithstanding Section 1-103.1, the changes to this  
6 Section made by this amendatory Act of the 99th General  
7 Assembly apply regardless of whether the employee was in active  
8 service on or after the effective date of this amendatory Act.

9 (Source: P.A. 81-1536.)

10 (40 ILCS 5/11-197.7 new)

11 Sec. 11-197.7. Payment of annuity other than direct. The  
12 board, at the written direction and request of any annuitant,  
13 may, solely as an accommodation to such annuitant, pay the  
14 annuity due him or her to a bank, savings and loan association,  
15 or any other financial institution insured by an agency of the  
16 federal government, for deposit to his or her account, or to a  
17 bank or trust company for deposit in a trust established by him  
18 or her for his benefit with such bank, savings and loan  
19 association, or trust company, and such annuitant may withdraw  
20 such direction at any time. The board may also, in the case of  
21 any disability beneficiary or annuitant for whom no estate  
22 guardian has been appointed and who is confined in a publicly  
23 owned and operated mental institution, pay such disability  
24 benefit or annuity due such person to the superintendent or  
25 other head of such institution or hospital for deposit to such

1 person's trust fund account maintained for him or her by such  
2 institution or hospital, if by law such trust fund accounts are  
3 authorized or recognized.

4 (40 ILCS 5/11-223.1) (from Ch. 108 1/2, par. 11-223.1)

5 Sec. 11-223.1. Assignment for health, hospital and medical  
6 insurance.

7 The board may provide, by regulation, that any annuitant or  
8 pensioner, may assign his annuity or disability benefit, or any  
9 part thereof, for the purpose of premium payment for a  
10 membership for the annuitant, and his or her spouse and  
11 children, in a ~~non-profit group~~ hospital care plan or ~~group~~  
12 medical surgical plan, provided, however, that the board may,  
13 in its discretion, terminate the right of assignment. Any such  
14 hospital or medical insurance plan may include provision for  
15 the beneficiaries thereof who rely on treatment by spiritual  
16 means alone through prayer for healing in accordance with the  
17 tenets and practice of a well recognized religious  
18 denomination.

19 Upon the adoption of a regulation permitting such  
20 assignment, the board shall establish and administer a plan for  
21 the maintenance of the insurance plan membership by the  
22 annuitant or pensioner.

23 (Source: Laws 1965, p. 2290.)

24 (40 ILCS 5/11-230) (from Ch. 108 1/2, par. 11-230)

1           Sec. 11-230. Felony conviction.

2           None of the benefits provided in this Article shall be paid  
3 to any person who is convicted of any felony relating to or  
4 arising out of or in connection with his service as employee.

5           This section shall not operate to impair any contract or  
6 vested right heretofore acquired under any law or laws  
7 continued in this Article, nor to preclude the right to a  
8 refund.

9           Any refund required under this Article shall be calculated  
10 based on that person's contributions to the Fund, less the  
11 amount of any annuity benefit previously received by the person  
12 or his or beneficiaries. The changes made to this Section by  
13 this amendatory Act of the 99th General Assembly apply only to  
14 persons who first become members or participants under this  
15 Article on or after the effective date of this amendatory Act  
16 of the 99th General Assembly.

17           All future entrants entering service after July 11, 1955,  
18 shall be deemed to have consented to the provisions of this  
19 section as a condition of coverage.

20           (Source: Laws 1963, p. 161.)

21           (40 ILCS 5/8-173.1 rep.)

22           (40 ILCS 5/11-169.1 rep.)

23           Section 10. The Illinois Pension Code is amended by  
24 repealing Sections 8-173.1 and 11-169.1.

1           Section 90. The State Mandates Act is amended by adding  
2 Section 8.40 as follows:

3           (30 ILCS 805/8.40 new)

4           Sec. 8.40. Exempt mandate. Notwithstanding Sections 6 and 8  
5 of this Act, no reimbursement by the State is required for the  
6 implementation of any mandate created by this amendatory Act of  
7 the 99th General Assembly.

8           Section 97. Inseverability and severability. The changes  
9 made by this Act are inseverable, except that the changes made  
10 to Sections 8-228.5 and 11-125.9 of the Illinois Pension Code  
11 are severable under Section 1.31 of the Statute on Statutes.

12           Section 99. Effective date. This Act takes effect upon  
13 becoming law.".