

AN ACT concerning public employee benefits.

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

Article 5.

Section 5-5. The Illinois Pension Code is amended by changing Sections 2-121.3, 7-141, 14-121.1, 15-135, 16-142.3, and 18-128.3 as follows:

(40 ILCS 5/2-121.3) (from Ch. 108 1/2, par. 2-121.3)

Sec. 2-121.3. Required distributions.

(a) A person who would be eligible to receive a survivor's annuity under this Article but for the fact that the person has not yet attained age 50, shall be eligible for a monthly distribution under this subsection (a), provided that the payment of such distribution is required by federal law.

The distribution shall become payable on (i) July 1, 1987, (ii) December 1 of the calendar year immediately following the calendar year in which the deceased spouse died, or (iii) December 1 of the calendar year in which the deceased spouse would have attained age 72 ~~70-1/2~~, whichever occurs last, and shall remain payable until the first of the following to occur: (1) the person becomes eligible to receive a survivor's annuity under this Article; (2) the end of the month in which

the person ceases to be eligible to receive a survivor's annuity upon attainment of age 50, due to remarriage or death; or (3) the end of the month in which such distribution ceases to be required by federal law.

The amount of the distribution shall be fixed at the time the distribution first becomes payable, and shall be calculated in the same manner as a survivor's annuity under Sections 2-121, 2-121.1 and 2-121.2, but excluding: (A) any requirement for an application for the distribution; (B) any automatic annual increases, supplemental increases, or one-time increases that may be provided by law for survivor's annuities; and (C) any lump-sum or death benefit.

(b) For the purpose of this Section, a distribution shall be deemed to be required by federal law if: (1) directly mandated by federal statute, rule, or administrative or court decision; or (2) indirectly mandated through imposition of substantial tax or other penalties for noncompliance.

(c) Notwithstanding Section 1-103.1 of this Code, a member need not be in service on or after the effective date of this amendatory Act of 1989 for the member's surviving spouse to be eligible for a distribution under this Section.

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

(40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

Sec. 7-141. Retirement annuities; conditions ~~annuities~~  
~~Conditions~~. Retirement annuities shall be payable as

hereinafter set forth:

(a) A participating employee who, regardless of cause, is separated from the service of all participating municipalities and instrumentalities thereof and participating instrumentalities shall be entitled to a retirement annuity provided:

1. He is at least age 55, or in the case of a person who is eligible to have his annuity calculated under Section 7-142.1, he is at least age 50;

2. He is not entitled to receive earnings for employment in a position requiring him, or entitling him to elect, to be a participating employee;

3. The amount of his annuity, before the application of paragraph (b) of Section 7-142 is at least \$10 per month;

4. If he first became a participating employee after December 31, 1961, he has at least 8 years of service. This service requirement shall not apply to any participating employee, regardless of participation date, if the General Assembly terminates the Fund.

(b) Retirement annuities shall be payable:

1. As provided in Section 7-119;

2. Except as provided in item 3, upon receipt by the fund of a written application. The effective date may be not more than one year prior to the date of the receipt by the fund of the application;

3. Upon attainment of the required age of distribution under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, ~~age 70 1/2~~ if the member (i) is no longer in service, and (ii) is otherwise entitled to an annuity under this Article;

4. To the beneficiary of the deceased annuitant for the unpaid amount accrued to date of death, if any.

(Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

(40 ILCS 5/14-121.1) (from Ch. 108 1/2, par. 14-121.1)  
Sec. 14-121.1. Required distributions.

(a) A person who would be eligible to receive a widow's or survivor's annuity under this Article but for the fact that the person has not yet attained age 50, shall be eligible for a monthly distribution under this subsection (a), provided that the payment of such distribution is required by federal law.

The distribution shall become payable on (i) July 1, 1987, (ii) December 1 of the calendar year immediately following the calendar year in which the deceased spouse died, or (iii) December 1 of the calendar year in which the deceased spouse would have attained age 72 ~~70 1/2~~, whichever occurs last, and shall remain payable until the first of the following to occur: (1) the person becomes eligible to receive a widow's or survivor's annuity under this Article; (2) the end of the month in which the person ceases to be eligible to receive a widow's or survivor's annuity upon attainment of age 50, due

to remarriage or death; or (3) the end of the month in which such distribution ceases to be required by federal law.

The amount of the distribution shall be fixed at the time the distribution first becomes payable, and shall be calculated in the same manner as a survivor's annuity under Sections 14-120, 14-121 and 14-122 (or, in the case of a person who has elected to receive a widow's annuity instead of a survivor's annuity, in the same manner as the widow's annuity under Sections 14-118 and 14-119), but excluding: (A) any requirement for an application for the distribution; (B) any automatic annual increases, supplemental increases, or one-time increases that may be provided by law for survivor's or widow's annuities; and (C) any lump-sum or death benefit.

(b) For the purpose of this Section, a distribution shall be deemed to be required by federal law if: (1) directly mandated by federal statute, rule, or administrative or court decision; or (2) indirectly mandated through imposition of substantial tax or other penalties for noncompliance.

(c) Notwithstanding Section 1-103.1 of this Code, a member need not be in service on or after the effective date of this amendatory Act of 1989 for the member's surviving spouse to be eligible for a distribution under this Section.

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

(40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

Sec. 15-135. Retirement annuities; conditions ~~annuities~~

~~Conditions.~~

(a) This subsection (a) applies only to a Tier 1 member. A participant who retires in one of the following specified years with the specified amount of service is entitled to a retirement annuity at any age under the retirement program applicable to the participant:

35 years if retirement is in 1997 or before;

34 years if retirement is in 1998;

33 years if retirement is in 1999;

32 years if retirement is in 2000;

31 years if retirement is in 2001;

30 years if retirement is in 2002 or later.

A participant with 8 or more years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 55.

A participant with at least 5 but less than 8 years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 62.

A participant who has at least 25 years of service in this system as a police officer or firefighter is entitled to a retirement annuity on or after the attainment of age 50, if Rule 4 of Section 15-136 is applicable to the participant.

(a-5) A Tier 2 member is entitled to a retirement annuity upon written application if he or she has attained age 67 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article. A Tier 2

member who has attained age 62 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article may elect to receive the lower retirement annuity provided in subsection (b-5) of Section 15-136 of this Article.

(a-10) A Tier 2 member who has at least 20 years of service in this system as a police officer or firefighter is entitled to a retirement annuity upon written application on or after the attainment of age 60 if Rule 4 of Section 15-136 is applicable to the participant. The changes made to this subsection by this amendatory Act of the 101st General Assembly apply retroactively to January 1, 2011.

(b) The annuity payment period shall begin on the date specified by the participant or the recipient of a disability retirement annuity submitting a written application. For a participant, the date on which the annuity payment period begins shall not be prior to termination of employment or more than one year before the application is received by the board; however, if the participant is not an employee of an employer participating in this System or in a participating system as defined in Article 20 of this Code on April 1 of the calendar year next following the calendar year in which the participant attains the age specified under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended ~~70-1/2~~, the annuity payment period shall begin on that date regardless of whether an application has been filed. For a recipient of a disability

retirement annuity, the date on which the annuity payment period begins shall not be prior to the discontinuation of the disability retirement annuity under Section 15-153.2.

(c) An annuity is not payable if the amount provided under Section 15-136 is less than \$10 per month.

(Source: P.A. 100-556, eff. 12-8-17; 101-610, eff. 1-1-20.)

(40 ILCS 5/16-142.3) (from Ch. 108 1/2, par. 16-142.3)

Sec. 16-142.3. Required distributions.

(a) A person who would be eligible to receive a monthly survivor benefit under this Article but for the fact that the person has not yet attained age 50, and who has not elected to receive a lump sum distribution under subsection (a) of Section 16-141, shall be eligible for a monthly distribution under this subsection (a), provided that the payment of such distribution is required by federal law.

The distribution shall become payable on (i) July 1, 1987, (ii) December 1 of the calendar year immediately following the calendar year in which the member or annuitant died, or (iii) December 1 of the calendar year in which the deceased member or annuitant would have attained age 72 ~~70-1/2~~, whichever occurs latest, and shall remain payable until the first of the following to occur: (1) the person becomes eligible to receive a monthly survivor benefit under this Article; (2) the day following the date on which the member ceases to be eligible to receive a monthly survivor benefit upon attainment of age 50,



due to remarriage or death; or (3) the day on which such distribution ceases to be required by federal law.

The amount of the distribution shall be fixed at the time the distribution first becomes payable, and shall be calculated in the same manner as the monthly survivor benefit under Sections 16-141, 16-142, 16-142.1 and 16-142.2, but excluding any automatic annual increases, supplemental increases, or one-time increases that may be provided by law for monthly survivor benefits.

(b) For the purpose of this Section, a distribution shall be deemed to be required by federal law if: (1) directly mandated by federal statute, rule, or administrative or court decision; or (2) indirectly mandated through imposition of substantial tax or other penalties for noncompliance.

(c) Notwithstanding Section 1-103.1 of this Code, a member need not be in service on or after the effective date of this amendatory Act of 1989 for the member's surviving spouse to be eligible for a distribution under this Section.

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

(40 ILCS 5/18-128.3) (from Ch. 108 1/2, par. 18-128.3)

Sec. 18-128.3. Required distributions.

(a) A person who would be eligible to receive a survivor's annuity under this Article but for the fact that the person has not yet attained age 50, shall be eligible for a monthly distribution under this subsection (a), provided that the

payment of such distribution is required by federal law.

The distribution shall become payable on (i) July 1, 1987, (ii) December 1 of the calendar year immediately following the calendar year in which the deceased spouse died, or (iii) December 1 of the calendar year in which the deceased spouse would have attained age 72 ~~70-1/2~~, whichever occurs last, and shall remain payable until the first of the following to occur: (1) the person becomes eligible to receive a survivor's annuity under this Article; (2) the end of the month in which the person ceases to be eligible to receive a survivor's annuity upon attainment of age 50, due to remarriage or death; or (3) the end of the month in which such distribution ceases to be required by federal law.

The amount of the distribution shall be fixed at the time the distribution first becomes payable, and shall be calculated in the same manner as a survivor's annuity under Sections 18-128 through 18-128.2, but excluding: (A) any requirement for an application for the distribution; (B) any automatic annual increases, supplemental increases, or one-time increases that may be provided by law for survivor's annuities; and (C) any lump-sum or death benefit.

(b) For the purpose of this Section, a distribution shall be deemed to be required by federal law if: (1) directly mandated by federal statute, rule, or administrative or court decision; or (2) indirectly mandated through imposition of substantial tax or other penalties for noncompliance.

(c) Notwithstanding Section 1-103.1 of this Code, a member need not be in service on or after the effective date of this amendatory Act of 1989 for the member's surviving spouse to be eligible for a distribution under this Section.

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

Article 10.

Section 10-5. The Illinois Pension Code is amended by changing Sections 1-160, 7-114, 7-116, 7-141, 7-141.1, 7-142, 7-144, 7-156, and 7-191 and by adding Sections 7-109.4 and 7-109.5 as follows:

(40 ILCS 5/1-160)

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

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 7, 15, or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, ~~to any person with respect to service as a sheriff's law enforcement employee under Article 7,~~ or to any participant of the retirement plan established under Section 22-101; except that

this Section applies to a person who elected to establish alternative credits by electing in writing after January 1, 2011, but before August 8, 2011, under Section 7-145.1 of this Code. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who is a Tier 1 regular employee as defined in Section 7-109.4 of this Code or who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

This Section does not apply to a person who first becomes a noncovered employee under Article 14 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who first becomes a member or participant under Article 16 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection

(b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who elects under subsection (c-5) of Section 1-161 to receive the benefits under Section 1-161.

This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this Section and the applicable provisions of the Article under which he or she is a member or participant.

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

- (1) (Blank). ~~In Article 7 (except for service as~~

~~sheriff's law enforcement employees), "final rate of earnings".~~

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

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

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

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

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

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

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by

all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

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

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

(c-5) A person who first becomes a member or a participant subject to this Section on or after July 6, 2017 (the effective date of Public Act 100-23), notwithstanding any other provision of this Code to the contrary, is entitled to a retirement annuity under Article 8 or Article 11 upon written application if he or she has attained age 65 and has at least 10 years of service credit and is otherwise eligible under the

requirements of Article 8 or Article 11 of this Code, whichever is applicable.

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

(d-5) The retirement annuity payable under Article 8 or Article 11 to an eligible person subject to subsection (c-5) of this Section who is retiring at age 60 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 65.

(d-10) Each person who first became a member or participant under Article 8 or Article 11 of this Code on or after January 1, 2011 and prior to the effective date of this amendatory Act of the 100th General Assembly shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age provided in subsections (c-5) and (d-5) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increases in employee contributions for age and service annuities provided in subsection (a-5) of Section 8-174 of this Code (for



service under Article 8) or subsection (a-5) of Section 11-170 of this Code (for service under Article 11); or

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

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

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section and beginning on the effective date of this amendatory Act of the 100th General Assembly, age 65 with respect to service under Article 8 or Article 11 for eligible persons who: (i) are subject to subsection (c-5) of this Section; or (ii) made the election

under item (i) of subsection (d-10) of this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 100th General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 100th General Assembly.

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the

applicable Article of this Code. The initial benefit shall be  $66 \frac{2}{3}\%$  of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, a conservation police officer, an investigator for the Secretary of State, an arson investigator, a Commerce Commission police officer, investigator for the Department of Revenue or the Illinois Gaming Board, a security employee of the Department of Corrections or the Department of Juvenile Justice, or a

security employee of the Department of Innovation and Technology, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

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

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after

January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of \$1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

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

(Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17; 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff. 1-4-19; 101-610, eff. 1-1-20.)

(40 ILCS 5/7-109.4 new)

Sec. 7-109.4. Tier 1 regular employee. "Tier 1 regular employee" means a participant or an annuitant under this Article who first became a participant or member before January 1, 2011 under any retirement system or pension fund under this Code, other than a retirement system or pension fund established under Articles 2, 3, 4, 5, 6, or 18 or in any self-managed plan established under this Code, or the retirement plan established under Section 22-101.

"Tier 1 regular employee" includes a person who received a separation benefit but is otherwise qualified under this Section and subsequently becomes a participating employee on or after January 1, 2011.

"Tier 1 regular employee" includes a former participating employee who received a separation benefit under Section 7-167 for service earned prior to January 1, 2011 who returns to a qualifying position after January 1, 2011.

"Tier 1 regular employee" includes a participating employee who has omitted service as defined in Section 7-111.5 that includes any period prior to January 1, 2011 only if he or she establishes sufficient service credit under item (12) of subsection (a) of Section 7-139 to include service prior to January 1, 2011.

Notwithstanding anything contrary in this Section, "Tier 1 regular employee" does not include a participant or annuitant who is eligible to have his or her annuity calculated under Section 7-142.1 or a person who elected to establish

alternative credits under Section 7-145.1.

(40 ILCS 5/7-109.5 new)

Sec. 7-109.5. Tier 2 regular employee. "Tier 2 regular employee" means a person who first becomes a participant under this Article on or after January 1, 2011 and is not a Tier 1 regular employee.

Notwithstanding anything contrary in this Section, "Tier 2 regular employee" does not include a participant or annuitant who is eligible to have his or her annuity calculated under Section 7-142.1 or a person who elected to establish alternative credits by electing in writing after January 1, 2011, but before August 8, 2011, under Section 7-145.1 of this Code.

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

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

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

1. The total amount of money paid to an employee for personal services or official duties as an employee (except those employed as independent contractors) paid out of the general fund, or out of any special funds controlled by the municipality, or by any instrumentality thereof, or participating instrumentality, including compensation, fees, allowances (but not including amounts

associated with a vehicle allowance payable to an employee who first becomes a participating employee on or after the effective date of this amendatory Act of the 100th General Assembly), or other emolument paid for official duties (but not including automobile maintenance, travel expense, or reimbursements for expenditures incurred in the performance of duties) and, for fee offices, the fees or earnings of the offices to the extent such fees are paid out of funds controlled by the municipality, or instrumentality or participating instrumentality; and

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

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

(c) If a disabled participating employee is eligible to receive Workers' Compensation for an accidental injury and the participating municipality or instrumentality which employed the participating employee when injured continues to pay the participating employee regular salary or other compensation or pays the employee an amount in excess of the Workers'



Compensation amount, then earnings shall be deemed to be the total payments, including an amount equal to the Workers' Compensation payments. These payments shall be subject to employee contributions and allocated as if paid to the participating employee when the regular payroll amounts would have been paid if the participating employee had continued working, and creditable service shall be awarded for this period.

(d) If an elected official who is a participating employee becomes disabled but does not resign and is not removed from office, then earnings shall include all salary payments made for the remainder of that term of office and the official shall be awarded creditable service for the term of office.

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

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

calculation of benefits for such person pursuant to this Article.

(g) Notwithstanding any other provision of this Article, calendar year earnings for Tier 2 regular employees to whom this Section applies shall not exceed the amount determined by the Public Pension Division of the Department of Insurance as required in this subsection; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the Fund by November 1 of each year.

(Source: P.A. 100-411, eff. 8-25-17.)

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

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

which has been held unconstitutional)

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

(a) For retirement and survivor annuities, the monthly earnings obtained by dividing the total earnings received by the employee during the period of either (1) for Tier 1 regular employees, the 48 consecutive months of service within the last 120 months of service in which his total earnings were the highest, (2) for Tier 2 regular employees, the 96 consecutive months of service within the last 120 months of service in which his total earnings were the highest, or (3) ~~or (2)~~ the employee's total period of service, by the number of months of service in such period.

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

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

(d) In computing the final rate of earnings: (1) the earnings rate for all periods of prior service shall be considered equal to the average earnings rate for the last 3 calendar years of prior service for which creditable service is received under Section 7-139 or, if there is less than 3

years of creditable prior service, the average for the total prior service period for which creditable service is received under Section 7-139; (2) for out of state service and authorized leave, the earnings rate shall be the rate upon which service credits are granted; (3) periods of military leave shall not be considered; (4) the earnings rate for all periods of disability shall be considered equal to the rate of earnings upon which the employee's disability benefits are computed for such periods; (5) the earnings to be considered for each of the final three months of the final earnings period for persons who first became participants before January 1, 2012 and the earnings to be considered for each of the final 24 months for participants who first become participants on or after January 1, 2012 shall not exceed 125% of the highest earnings of any other month in the final earnings period; and (6) the annual amount of final rate of earnings shall be the monthly amount multiplied by the number of months of service normally required by the position in a year.

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

(40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

Sec. 7-141. Retirement annuities - Conditions. Retirement annuities shall be payable as hereinafter set forth:

(a) A participating employee who, regardless of cause, is separated from the service of all participating municipalities and instrumentalities thereof and participating

instrumentalities shall be entitled to a retirement annuity provided:

1. He is at least age 55 if he is a Tier 1 regular employee, he is age 62 if he is a Tier 2 regular employee, or, in the case of a person who is eligible to have his annuity calculated under Section 7-142.1, he is at least age 50;

2. He is not entitled to receive earnings for employment in a position requiring him, or entitling him to elect, to be a participating employee;

3. The amount of his annuity, before the application of paragraph (b) of Section 7-142 is at least \$10 per month;

4. If he first became a participating employee after December 31, 1961 and is a Tier 1 regular employee, he has at least 8 years of service, or, if he is a Tier 2 regular member, he has at least 10 years of service. This service requirement shall not apply to any participating employee, regardless of participation date, if the General Assembly terminates the Fund.

(b) Retirement annuities shall be payable:

1. As provided in Section 7-119;

2. Except as provided in item 3, upon receipt by the fund of a written application. The effective date may be not more than one year prior to the date of the receipt by the fund of the application;

3. Upon attainment of age 70 1/2 if the member (i) is no longer in service, and (ii) is otherwise entitled to an annuity under this Article;

4. To the beneficiary of the deceased annuitant for the unpaid amount accrued to date of death, if any.

(Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

(40 ILCS 5/7-141.1)

Sec. 7-141.1. Early retirement incentive.

(a) The General Assembly finds and declares that:

(1) Units of local government across the State have been functioning under a financial crisis.

(2) This financial crisis is expected to continue.

(3) Units of local government must depend on additional sources of revenue and, when those sources are not forthcoming, must establish cost-saving programs.

(4) An early retirement incentive designed specifically to target highly-paid senior employees could result in significant annual cost savings.

(5) The early retirement incentive should be made available only to those units of local government that determine that an early retirement incentive is in their best interest.

(6) A unit of local government adopting a program of early retirement incentives under this Section is encouraged to implement personnel procedures to prohibit,

for at least 5 years, the rehiring (whether on payroll or by independent contract) of employees who receive early retirement incentives.

(7) A unit of local government adopting a program of early retirement incentives under this Section is also encouraged to replace as few of the participating employees as possible and to hire replacement employees for salaries totaling no more than 80% of the total salaries formerly paid to the employees who participate in the early retirement program.

It is the primary purpose of this Section to encourage units of local government that can realize true cost savings, or have determined that an early retirement program is in their best interest, to implement an early retirement program.

(b) Until June 27, 1997 (the effective date of Public Act 90-32) ~~this amendatory Act of 1997~~, this Section does not apply to any employer that is a city, village, or incorporated town, nor to the employees of any such employer. Beginning on June 27, 1997 (the effective date of Public Act 90-32) ~~this amendatory Act of 1997~~, any employer under this Article, including an employer that is a city, village, or incorporated town, may establish an early retirement incentive program for its employees under this Section. The decision of a city, village, or incorporated town to consider or establish an early retirement program is at the sole discretion of that city, village, or incorporated town, and nothing in Public Act

90-32 ~~this amendatory Act of 1997~~ limits or otherwise diminishes this discretion. Nothing contained in this Section shall be construed to require a city, village, or incorporated town to establish an early retirement program and no city, village, or incorporated town may be compelled to implement such a program.

The benefits provided in this Section are available only to members employed by a participating employer that has filed with the Board of the Fund a resolution or ordinance expressly providing for the creation of an early retirement incentive program under this Section for its employees and specifying the effective date of the early retirement incentive program. Subject to the limitation in subsection (h), an employer may adopt a resolution or ordinance providing a program of early retirement incentives under this Section at any time.

The resolution or ordinance shall be in substantially the following form:

RESOLUTION (ORDINANCE) NO. ....

A RESOLUTION (ORDINANCE) ADOPTING AN EARLY  
RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES  
IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

WHEREAS, Section 7-141.1 of the Illinois Pension Code provides that a participating employer may elect to adopt an early retirement incentive program offered by the Illinois Municipal Retirement Fund by adopting a resolution or



ordinance; and

WHEREAS, The goal of adopting an early retirement program is to realize a substantial savings in personnel costs by offering early retirement incentives to employees who have accumulated many years of service credit; and

WHEREAS, Implementation of the early retirement program will provide a budgeting tool to aid in controlling payroll costs; and

WHEREAS, The (name of governing body) has determined that the adoption of an early retirement incentive program is in the best interests of the (name of participating employer); therefore be it

RESOLVED (ORDAINED) by the (name of governing body) of (name of participating employer) that:

(1) The (name of participating employer) does hereby adopt the Illinois Municipal Retirement Fund early retirement incentive program as provided in Section 7-141.1 of the Illinois Pension Code. The early retirement incentive program shall take effect on (date).

(2) In order to help achieve a true cost savings, a person who retires under the early retirement incentive program shall lose those incentives if he or she later accepts employment with any IMRF employer in a position for which participation in IMRF is required or is elected by the employee.

(3) In order to utilize an early retirement incentive as a budgeting tool, the (name of participating employer) will use

its best efforts either to limit the number of employees who replace the employees who retire under the early retirement program or to limit the salaries paid to the employees who replace the employees who retire under the early retirement program.

(4) The effective date of each employee's retirement under this early retirement program shall be set by (name of employer) and shall be no earlier than the effective date of the program and no later than one year after that effective date; except that the employee may require that the retirement date set by the employer be no later than the June 30 next occurring after the effective date of the program and no earlier than the date upon which the employee qualifies for retirement.

(5) To be eligible for the early retirement incentive under this Section, the employee must have attained age 50 and have at least 20 years of creditable service by his or her retirement date.

(6) The (clerk or secretary) shall promptly file a certified copy of this resolution (ordinance) with the Board of Trustees of the Illinois Municipal Retirement Fund.

CERTIFICATION

I, (name), the (clerk or secretary) of the (name of participating employer) of the County of (name), State of Illinois, do hereby certify that I am the keeper of the books and records of the (name of employer) and that the foregoing is

a true and correct copy of a resolution (ordinance) duly adopted by the (governing body) at a meeting duly convened and held on (date).

SEAL

(Signature of clerk or secretary)

(c) To be eligible for the benefits provided under an early retirement incentive program adopted under this Section, a member must:

(1) be a participating employee of this Fund who, on the effective date of the program, (i) is in active payroll status as an employee of a participating employer that has filed the required ordinance or resolution with the Board, (ii) is on layoff status from such a position with a right of re-employment or recall to service, (iii) is on a leave of absence from such a position, or (iv) is on disability but has not been receiving benefits under Section 7-146 or 7-150 for a period of more than 2 years from the date of application;

(2) have never previously received a retirement annuity under this Article or under the Retirement Systems Reciprocal Act using service credit established under this Article;

(3) (blank);

(4) have at least 20 years of creditable service in the Fund by the date of retirement, without the use of any

creditable service established under this Section;

(5) have attained age 50 by the date of retirement if he or she is a Tier 1 regular employee or age 57 if he or she is a Tier 2 regular employee, without the use of any age enhancement received under this Section; and

(6) be eligible to receive a retirement annuity under this Article by the date of retirement, for which purpose the age enhancement and creditable service established under this Section may be considered.

(d) The employer shall determine the retirement date for each employee participating in the early retirement program adopted under this Section. The retirement date shall be no earlier than the effective date of the program and no later than one year after that effective date, except that the employee may require that the retirement date set by the employer be no later than the June 30 next occurring after the effective date of the program and no earlier than the date upon which the employee qualifies for retirement. The employer shall give each employee participating in the early retirement program at least 30 days written notice of the employee's designated retirement date, unless the employee waives this notice requirement.

(e) An eligible person may establish up to 5 years of creditable service under this Section. In addition, for each period of creditable service established under this Section, a person shall have his or her age at retirement deemed enhanced

by an equivalent period.

The creditable service established under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of final rate of earnings and the determination of earnings, salary, or compensation under this or any other Article of the Code.

The age enhancement established under this Section may be used for all purposes under this Article (including calculation of the reduction imposed under subdivision (a)1b(iv) of Section 7-142), except for purposes of a reversionary annuity under Section 7-145 and any distributions required because of age. The age enhancement established under this Section may be used in calculating a proportionate annuity payable by this Fund under the Retirement Systems Reciprocal Act, but shall not be used in determining benefits payable under other Articles of this Code under the Retirement Systems Reciprocal Act.

(f) For all creditable service established under this Section, the member must pay to the Fund an employee contribution consisting of the total employee contribution rate in effect at the time the member purchases the service for the plan in which the member was participating with the employer at that time multiplied by the member's highest annual salary rate used in the determination of the final rate of earnings for retirement annuity purposes for each year of creditable service granted under this Section. Contributions

for fractions of a year of service shall be prorated. Any amounts that are disregarded in determining the final rate of earnings under subdivision (d)(5) of Section 7-116 (the 125% rule) shall also be disregarded in determining the required contribution under this subsection (f).

The employee contribution shall be paid to the Fund as follows: If the member is entitled to a lump sum payment for accumulated vacation, sick leave, or personal leave upon withdrawal from service, the employer shall deduct the employee contribution from that lump sum and pay the deducted amount directly to the Fund. If there is no such lump sum payment or the required employee contribution exceeds the net amount of the lump sum payment, then the remaining amount due, at the option of the employee, may either be paid to the Fund before the annuity commences or deducted from the retirement annuity in 24 equal monthly installments.

(g) An annuitant who has received any age enhancement or creditable service under this Section and thereafter accepts employment with or enters into a personal services contract with an employer under this Article thereby forfeits that age enhancement and creditable service; except that this restriction does not apply to (1) service in an elective office, so long as the annuitant does not participate in this Fund with respect to that office, (2) a person appointed as an officer under subsection (f) of Section 3-109 of this Code, and (3) a person appointed as an auxiliary police officer

pursuant to Section 3.1-30-5 of the Illinois Municipal Code. A person forfeiting early retirement incentives under this subsection (i) must repay to the Fund that portion of the retirement annuity already received which is attributable to the early retirement incentives that are being forfeited, (ii) shall not be eligible to participate in any future early retirement program adopted under this Section, and (iii) is entitled to a refund of the employee contribution paid under subsection (f). The Board shall deduct the required repayment from the refund and may impose a reasonable payment schedule for repaying the amount, if any, by which the required repayment exceeds the refund amount.

(h) The additional unfunded liability accruing as a result of the adoption of a program of early retirement incentives under this Section by an employer shall be amortized over a period of 10 years beginning on January 1 of the second calendar year following the calendar year in which the latest date for beginning to receive a retirement annuity under the program (as determined by the employer under subsection (d) of this Section) occurs; except that the employer may provide for a shorter amortization period (of no less than 5 years) by adopting an ordinance or resolution specifying the length of the amortization period and submitting a certified copy of the ordinance or resolution to the Fund no later than 6 months after the effective date of the program. An employer, at its discretion, may accelerate payments to the Fund.

An employer may provide more than one early retirement incentive program for its employees under this Section. However, an employer that has provided an early retirement incentive program for its employees under this Section may not provide another early retirement incentive program under this Section until the liability arising from the earlier program has been fully paid to the Fund.

(Source: P.A. 99-382, eff. 8-17-15.)

(40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)

Sec. 7-142. Retirement annuities - Amount.

(a) The amount of a retirement annuity shall be the sum of the following, determined in accordance with the actuarial tables in effect at the time of the grant of the annuity:

1. For Tier 1 regular employees with 8 or more years of service or for Tier 2 regular employees, an annuity computed pursuant to subparagraphs a or b of this subparagraph 1, whichever is the higher, and for employees with less than 8 or 10 years of service, respectively, the annuity computed pursuant to subparagraph a:

a. The monthly annuity which can be provided from the total accumulated normal, municipality and prior service credits, as of the attained age of the employee on the date the annuity begins provided that such annuity shall not exceed 75% of the final rate of earnings of the employee.



b. (i) The monthly annuity amount determined as follows by multiplying (a)  $1\frac{2}{3}\%$  for annuitants with not more than 15 years or (b)  $1\frac{2}{3}\%$  for the first 15 years and  $2\%$  for each year in excess of 15 years for annuitants with more than 15 years by the number of years plus fractional years, prorated on a basis of months, of creditable service and multiply the product thereof by the employee's final rate of earnings.

(ii) For the sole purpose of computing the formula (and not for the purposes of the limitations hereinafter stated) \$125 shall be considered the final rate of earnings in all cases where the final rate of earnings is less than such amount.

(iii) The monthly annuity computed in accordance with this subparagraph b, shall not exceed an amount equal to  $75\%$  of the final rate of earnings.

(iv) For employees who have less than 35 years of service, the annuity computed in accordance with this subparagraph b (as reduced by application of subparagraph (iii) above) shall be reduced by  $0.25\%$  thereof ( $0.5\%$  if service was terminated before January 1, 1988 or if the employee is a Tier 2 regular employee) for each month or fraction thereof (1) that the employee's age is less than 60 years for Tier 1 regular employees, or (2) that the employee's age is less than 67 years for Tier 2 regular employees, or (3)

if the employee has at least 30 years of service credit, that the employee's service credit is less than 35 years, whichever is less, on the date the annuity begins.

2. The annuity which can be provided from the total accumulated additional credits as of the attained age of the employee on the date the annuity begins.

(b) If payment of an annuity begins prior to the earliest age at which the employee will become eligible for an old age insurance benefit under the Federal Social Security Act, he may elect that the annuity payments from this fund shall exceed those payable after his attaining such age by an amount, computed as determined by rules of the Board, but not in excess of his estimated Social Security Benefit, determined as of the effective date of the annuity, provided that in no case shall the total annuity payments made by this fund exceed in actuarial value the annuity which would have been payable had no such election been made.

~~(c) The retirement annuity shall be increased each year by 2%, not compounded, of the monthly amount of annuity, taking into consideration any adjustment under paragraph (b) of this Section. This increase shall be effective each January 1 and computed from the effective date of the retirement annuity, the first increase being .167% of the monthly amount times the number of months from the effective date to January 1.~~  
Beginning January 1, 1984 and each January 1 thereafter, the

retirement annuity of a Tier 1 regular employee shall be increased by 3% each year, not compounded. This increase shall be computed from the effective date of the retirement annuity, the first increase being 0.25% of the monthly amount times the number of months from the effective date to January 1. This increase shall not be applicable to annuitants who are not in service on or after September 8, 1971.

A retirement annuity of a Tier 2 regular employee shall receive annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at the lesser of 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(d) Any elected county officer who was entitled to receive a stipend from the State on or after July 1, 2009 and on or before June 30, 2010 may establish earnings credit for the amount of stipend not received, if the elected county official applies in writing to the fund within 6 months after the effective date of this amendatory Act of the 96th General

Assembly and pays to the fund an amount equal to (i) employee contributions on the amount of stipend not received, (ii) employer contributions determined by the Board equal to the employer's normal cost of the benefit on the amount of stipend not received, plus (iii) interest on items (i) and (ii) at the actuarially assumed rate.

(Source: P.A. 96-961, eff. 7-2-10.)

(40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

Sec. 7-144. Retirement annuities - suspended during employment.

(a) If any person receiving any annuity again becomes an employee and receives earnings from employment in a position requiring him, or entitling him to elect, to become a participating employee, then the annuity payable to such employee shall be suspended as of the 1st day of the month coincidental with or next following the date upon which such person becomes such an employee, unless the person is authorized under subsection (b) of Section 7-137.1 of this Code to continue receiving a retirement annuity during that period. Upon proper qualification of the participating employee payment of such annuity may be resumed on the 1st day of the month following such qualification and upon proper application therefor. The participating employee in such case shall be entitled to a supplemental annuity arising from service and credits earned subsequent to such re-entry as a

participating employee.

Notwithstanding any other provision of this Article, an annuitant shall be considered a participating employee if he or she returns to work as an employee with a participating employer and works more than 599 hours annually (or 999 hours annually with a participating employer that has adopted a resolution pursuant to subsection (e) of Section 7-137 of this Code). Each of these annual periods shall commence on the month and day upon which the annuitant is first employed with the participating employer following the effective date of the annuity.

(a-5) If any annuitant under this Article must be considered a participating employee per the provisions of subsection (a) of this Section, and the participating municipality or participating instrumentality that employs or re-employs that annuitant knowingly fails to notify the Board to suspend the annuity, the participating municipality or participating instrumentality may be required to reimburse the Fund for an amount up to one-half of the total of any annuity payments made to the annuitant after the date the annuity should have been suspended, as determined by the Board. In no case shall the total amount repaid by the annuitant plus any amount reimbursed by the employer to the Fund be more than the total of all annuity payments made to the annuitant after the date the annuity should have been suspended. This subsection shall not apply if the annuitant returned to work for the

employer for less than 12 months.

The Fund shall notify all annuitants that they must notify the Fund immediately if they return to work for any participating employer. The notification by the Fund shall occur upon retirement and no less than annually thereafter in a format determined by the Fund. The Fund shall also develop and maintain a system to track annuitants who have returned to work and notify the participating employer and annuitant at least annually of the limitations on returning to work under this Section.

(b) Supplemental annuities to persons who return to service for less than 48 months shall be computed under the provisions of Sections 7-141, 7-142 and 7-143. In determining whether an employee is eligible for an annuity which requires a minimum period of service, his entire period of service shall be taken into consideration but the supplemental annuity shall be based on earnings and service in the supplemental period only. The effective date of the suspended and supplemental annuity for the purpose of increases after retirement shall be considered to be the effective date of the suspended annuity.

(c) Supplemental annuities to persons who return to service for 48 months or more shall be a monthly amount determined as follows:

(1) An amount shall be computed under subparagraph b of paragraph (1) of subsection (a) of Section 7-142,

considering all of the service credits of the employee;

(2) The actuarial value in monthly payments for life of the annuity payments made before suspension shall be determined and subtracted from the amount determined in (1) above;

(3) The monthly amount of the suspended annuity, with any applicable increases after retirement computed from the effective date to the date of reinstatement, shall be subtracted from the amount determined in (2) above and the remainder shall be the amount of the supplemental annuity provided that this amount shall not be less than the amount computed under subsection (b) of this Section.

(4) The suspended annuity shall be reinstated at an amount including any increases after retirement from the effective date to date of reinstatement.

(5) The effective date of the combined suspended and supplemental annuities for the purposes of increases after retirement shall be considered to be the effective date of the supplemental annuity.

(d) If a Tier 2 regular employee becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of subsection (a) of Section 1-160 of this Code (other than a participating employee under this Article), then the person's retirement annuity shall be suspended during that employment.

Upon termination of that employment, the person's retirement annuity shall resume and be recalculated as required by this Section.

(e) If a Tier 2 regular employee first began participation on or after January 1, 2012 and is receiving a retirement annuity and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension shall be suspended during that contractual service, notwithstanding the provisions of any other Section in this Article. Such annuitant shall notify the Fund, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of \$1,000. Upon termination of that contractual employment, the person's retirement annuity shall resume and be recalculated as required by this Section.

(Source: P.A. 98-389, eff. 8-16-13; 99-745, eff. 8-5-16.)

(40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)

Sec. 7-156. Surviving spouse annuities - amount.

(a) The amount of surviving spouse annuity shall be:

1. Upon the death of an employee annuitant or such person entitled, upon application, to a retirement annuity at date of death, (i) an amount equal to ~~1/2~~ 50% for a Tier 1 regular



employee or 66 2/3% for a Tier 2 regular employee of the retirement annuity which was or would have been payable exclusive of the amount so payable which was provided from additional credits, and disregarding any election made under paragraph (b) of Section 7-142, plus (ii) an annuity which could be provided at the then attained age of the surviving spouse and under actuarial tables then in effect, from the excess of the additional credits, (excluding any such credits used to create a reversionary annuity) used to provide the annuity granted pursuant to paragraph (a) (2) of Section 7-142 of this article over the total annuity payments made pursuant thereto.

2. Upon the death of a participating employee on or after attainment of age 55, an amount equal to ~~1/2~~ 50% for a Tier 1 regular employee or 66 2/3% for a Tier 2 regular employee of the retirement annuity which he could have had as of the date of death had he then retired and applied for annuity, exclusive of the portion thereof which could have been provided from additional credits, and disregarding paragraph (b) of Section 7-142, plus an amount equal to the annuity which could be provided from the total of his accumulated additional credits at date of death, on the basis of the attained age of the surviving spouse on such date.

3. Upon the death of a participating employee before age 55, an amount equal to ~~1/2~~ 50% for a Tier 1 regular employee or 66 2/3% for a Tier 2 regular employee of the retirement annuity

which he could have had as of his attained age on the date of death, had he then retired and applied for annuity, and the provisions of this Article that no such annuity shall begin until the employee has attained at least age 55 were not applicable, exclusive of the portion thereof which could have been provided from additional credits and disregarding paragraph (b) of Section 7-142, plus an amount equal to the annuity which could be provided from the total of his accumulated additional credits at date of death, on the basis of the attained age of the surviving spouse on such date.

In the case of the surviving spouse of a person who dies before June 1, 2006 (the effective date of Public Act 94-712) ~~this amendatory Act of the 94th General Assembly~~, if the surviving spouse is more than 5 years younger than the deceased, that portion of the annuity which is not based on additional credits shall be reduced in the ratio of the value of a life annuity of \$1 per year at an age of 5 years less than the attained age of the deceased, at the earlier of the date of the death or the date his retirement annuity begins, to the value of a life annuity of \$1 per year at the attained age of the surviving spouse on such date, according to actuarial tables approved by the Board. This reduction does not apply to the surviving spouse of a person who dies on or after June 1, 2006 (the effective date of Public Act 94-712) ~~this amendatory Act of the 94th General Assembly~~.

In computing the amount of a surviving spouse annuity,

incremental increases of retirement annuities to the date of death of the employee annuitant shall be considered.

(b) If the employee was a Tier 1 regular employee, each ~~Each~~ surviving spouse annuity payable on January 1, 1988 shall be increased on that date by 3% of the original amount of the annuity. Each surviving spouse annuity that begins after January 1, 1988 shall be increased on the January 1 next occurring after the annuity begins, by an amount equal to (i) 3% of the original amount thereof if the deceased employee was receiving a retirement annuity at the time of his death; otherwise (ii) 0.25% ~~0.167%~~ of the original amount thereof for each complete month which has elapsed since the date the annuity began.

On each January 1 after the date of the initial increase under this subsection, each surviving spouse annuity shall be increased by 3% of the originally granted amount of the annuity.

(c) If the participating employee was a Tier 2 regular employee, each surviving spouse annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Such annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months

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

(Source: P.A. 94-712, eff. 6-1-06.)

(40 ILCS 5/7-191) (from Ch. 108 1/2, par. 7-191)

Sec. 7-191. To have accounts audited.

To have the accounts of the fund audited annually by a certified public accountant ~~approved by the Auditor General.~~

(Source: Laws 1963, p. 161.)

#### Article 15.

Section 15-5. The Illinois Pension Code is amended by changing Section 13-310 as follows:

(40 ILCS 5/13-310) (from Ch. 108 1/2, par. 13-310)

Sec. 13-310. Ordinary disability benefit.

(a) Any employee who becomes disabled as the result of any cause other than injury or illness incurred in the performance of duty for the employer or any other employer, or while engaged in self-employment activities, shall be entitled to an ordinary disability benefit. The eligible period for this

benefit shall be 25% of the employee's total actual service prior to the date of disability with a cumulative maximum period of 5 years.

(b) The benefit shall be allowed only if the employee files an application in writing with the Board, and a medical report is submitted by at least one licensed and practicing physician as part of the employee's application.

The benefit is not payable for any disability which begins during any period of unpaid leave of absence. No benefit shall be allowed for any period of disability prior to 30 days before application is made, unless the Board finds good cause for the delay in filing the application. The benefit shall not be paid during any period for which the employee receives or is entitled to receive any part of salary.

The benefit is not payable for any disability which begins during any period of absence from duty other than allowable vacation time in any calendar year. An employee whose disability begins during any such ineligible period of absence from service may not receive benefits until the employee recovers from the disability and is in service for at least 15 consecutive working days after such recovery.

In the case of an employee who first enters service on or after June 13, 1997, an ordinary disability benefit is not payable for the first 3 days of disability that would otherwise be payable under this Section if the disability does not continue for at least 11 additional days.

Beginning on the effective date of this amendatory Act of the 94th General Assembly, an employee who first entered service on or after June 13, 1997 is also eligible for ordinary disability benefits on the 31st day after the last day worked, provided all sick leave is exhausted.

(c) The benefit shall be 50% of the employee's salary at the date of disability, and shall terminate when the earliest of the following occurs:

(1) The employee returns to work or receives a retirement annuity paid wholly or in part under this Article;

(2) The disability ceases;

(3) The employee willfully and continuously refuses to follow medical advice and treatment to enable the employee to return to work. However this provision does not apply to an employee who relies in good faith on treatment by prayer through spiritual means alone in accordance with the tenets and practice of a recognized church or religious denomination, by a duly accredited practitioner thereof;

(4) The employee (i) refuses to submit to a reasonable physical examination within 30 days of application by a physician appointed by the Board, (ii) in the case of chronic alcoholism, the employee refuses to join a rehabilitation program licensed by the Department of Public Health of the State of Illinois and certified by

the Joint Commission on the Accreditation of Hospitals,  
(iii) fails or refuses to consent to and sign an  
authorization allowing the Board to receive copies of or  
to examine the employee's medical and hospital records, or  
(iv) fails or refuses to provide complete information  
regarding any other employment for compensation he or she  
has received since becoming disabled; or

(5) The eligible period for this benefit has been  
exhausted.

The first payment of the benefit shall be made not later  
than one month after the same has been granted, and subsequent  
payments shall be made at least monthly ~~intervals of not more  
than 30 days.~~

(Source: P.A. 94-621, eff. 8-18-05.)

#### Article 20.

Section 20-5. The Illinois Pension Code is amended by  
changing Sections 17-140 and 17-151.1 as follows:

(40 ILCS 5/17-140) (from Ch. 108 1/2, par. 17-140)

Sec. 17-140. Board officers. The president, recording  
secretary and other officers of the Board shall be elected by  
and from the members of the Board ~~board~~ at the first meeting of  
the Board after the election of trustees.

In case any officer whose signature appears upon any check

or draft, issued pursuant to this Article, ceases ~~(after attaching his signature)~~ to hold ~~his~~ office, the ~~before the delivery thereof to the payee,~~ his signature nevertheless shall be valid and sufficient for all purposes ~~with the same effect as if he had remained in office until delivery thereof.~~

(Source: P.A. 90-566, eff. 1-2-98.)

(40 ILCS 5/17-151.1)

Sec. 17-151.1. Recovery of amount paid in error.

(a) The Board may retain out of any annuity or benefit payable to any person any amount that the Board determines is owing to the Fund because (i) required employee contributions were not made in whole or in part, (ii) employee or member obligations to return refunds were not met, or (iii) money was paid to any employee, member, or annuitant through misrepresentation, fraud, or error.

If the Fund mistakenly sets any benefit at an incorrect amount, the Fund shall recalculate the benefit as soon as may be practicable after the mistake is discovered. The Fund shall provide the recipient, or the survivor or beneficiary of the recipient, as the case may be, with at least 60 days' notice of the corrected amount.

If the benefit was mistakenly set too low, the Fund shall make a lump sum payment to the recipient, or the survivor or beneficiary of the recipient, as the case may be, of an amount equal to the difference between the benefits that should have



been paid and those actually paid, plus interest at the rate of 3% from the date the unpaid amounts accrued to the date of payment.

If the benefit was mistakenly set too high, the Fund may recover the amount overpaid from the recipient, or the survivor or beneficiary of the recipient, as the case may be, plus interest at 3% from the date of overpayment to the date of recovery. The recipient, or the survivor or beneficiary of the recipient, as the case may be, may elect to repay the sum owed either directly by a lump sum payment, in agreed-upon monthly payments over a period not to exceed 5 years, or through an actuarial equivalent reduction of the corrected benefit. However, if (1) the amount of the benefit was mistakenly set too high, (2) the error was undiscovered for 3 years or longer from the date of the first mistaken benefit payment, and (3) the error was not the result of incorrect information supplied by the affected member, then upon discovery of the mistake the benefit shall be adjusted to the correct level, but the recipient of the benefit shall not be required to repay to the Fund the excess amounts received in error.

(b) The Board and the Fund shall be held free from any liability for any money retained or paid in accordance with this Section, and the employee, member, or pensioner shall be assumed to have assented and agreed to the disposition of money due.

(c) The changes made by this amendatory Act of the 94th

General Assembly are not limited to persons in service on or after the effective date of this amendatory Act.

(Source: P.A. 94-425, eff. 8-2-05.)

Article 25.

Section 25-5. The Illinois Pension Code is amended by changing Section 17-106.1 as follows:

(40 ILCS 5/17-106.1)

Sec. 17-106.1. Administrator. Administrator means a member who (i) is employed in a position that requires him or her to hold a professional educator license with an administrative endorsement ~~Type 75 Certificate~~ issued by the State Board of Education ~~State Teacher Certification Board~~, (ii) is not on the Chicago teachers' or the Chicago charter school teachers' salary schedule, or (iii) is paid on an administrative payroll.

(Source: P.A. 94-514, eff. 8-10-05; 94-912, eff. 6-23-06.)

Article 30.

Section 30-5. The Illinois Pension Code is amended by changing Section 17-131 as follows:

(40 ILCS 5/17-131) (from Ch. 108 1/2, par. 17-131)

Sec. 17-131. Administration of payroll deductions.

(a) An Employer or the Board shall make pension deductions in each pay period on the basis of the salary earned in that period, exclusive of salaries for overtime, extracurricular activities, or any employment on an optional basis, such as in summer school.

(b) If a salary paid in a pay period includes adjustments on account of errors or omissions in prior pay periods, then salary amounts and related pension deductions shall be separately identified as to the adjusted pay period and deductions by the Employer or the Board shall be at rates in force during the applicable adjusted pay period.

(c) If members earn salaries for the school year, as established by an Employer, or if they earn annual salaries over more than a 10-calendar month period, or if they earn annual salaries over more than 170 calendar days, the required contribution amount shall be deducted by the Employer in installments on the basis of salary earned in each pay period. The total amounts for each pay period shall be deducted whenever salary payments represent a partial or whole day's pay.

(d) If an Employer or the Board pays a salary to a member for vacation periods, then the salary shall be considered part of the member's pensionable salary, shall be subject to the standard deductions for pension contributions, and shall be considered to represent pay for the number of whole days of

vacation.

(e) If deductions from salaries result in amounts of less than one cent, the fractional sums shall be increased to the next higher cent. Any excess of these fractional increases over the prescribed annual contributions shall be credited to the members' accounts.

(f) In the event that, pursuant to Section 17-130.1, employee contributions are picked up or made by the Employer ~~or the Board of Education~~ on behalf of its employees, then the amount of the employee contributions which are picked up or made in that manner shall not be deducted from the salaries of such employees.

(Source: P.A. 101-261, eff. 8-9-19.)

#### Article 35.

Section 35-5. The Illinois Pension Code is amended by changing Section 15-159 as follows:

(40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

Sec. 15-159. Board created.

(a) A board of trustees constituted as provided in this Section shall administer this System. The board shall be known as the Board of Trustees of the State Universities Retirement System.

(b) (Blank).

(c) (Blank).

(d) Beginning on the 90th day after April 3, 2009 (the effective date of Public Act 96-6), the Board of Trustees shall be constituted as follows:

(1) The Chairperson of the Board of Higher Education.

(2) Four trustees appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 6 years, except that the terms of the initial appointees under this subsection (d) shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years. The term of an appointed trustee shall terminate immediately upon becoming a member of the system or being sworn into an elective State office, and the position shall be considered to be vacant and shall be filled pursuant to subsection (f) of this Section.

(3) Four participating employees ~~active participants~~ of the system to be elected from the contributing membership of the system by the contributing members, no more than 2 of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(4) Two annuitants of the system who have been annuitants for at least one full year, to be elected from

and by the annuitants of the system, no more than one of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: one for a term of 3 years and one for a term of 6 years.

The chairperson of the Board shall be appointed by the Governor from among the trustees.

For the purposes of this Section, the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office.

(e) The 6 elected trustees shall be elected within 90 days after April 3, 2009 (the effective date of Public Act 96-6) for a term beginning on the 90th day after that effective date. Trustees shall be elected thereafter as terms expire for a 6-year term beginning July 15 next following their election, and such election shall be held on May 1, or on May 2 when May 1 falls on a Sunday. The board may establish rules for the election of trustees to implement the provisions of Public Act 96-6 and for future elections. Candidates for the participating trustee shall be nominated by petitions in writing, signed by not less than 400 participants with their addresses shown opposite their names. Candidates for the annuitant trustee shall be nominated by petitions in writing, signed by not less than 100 annuitants with their addresses shown opposite their names. If there is more than one

qualified nominee for each elected trustee, then the board shall conduct a secret ballot election by mail for that trustee, in accordance with rules as established by the board. If there is only one qualified person nominated by petition for each elected trustee, then the election as required by this Section shall not be conducted for that trustee and the board shall declare such nominee duly elected. A vacancy occurring in the elective membership of the board shall be filled for the unexpired term by the elected trustees serving on the board for the remainder of the term. Nothing in this subsection shall preclude the adoption of rules providing for internet or phone balloting in addition, or as an alternative, to election by mail.

(f) A vacancy in the appointed membership on the board of trustees caused by resignation, death, expiration of term of office, or other reason shall be filled by a qualified person appointed by the Governor for the remainder of the unexpired term.

(g) Trustees ~~(other than the trustees incumbent on June 30, 1995 or as provided in subsection (c) of this Section)~~ shall continue in office until their respective successors are appointed and have qualified, except that a trustee elected appointed to one of the participating employee participant positions after the effective date of this amendatory Act of the 102nd General Assembly shall be disqualified immediately upon the termination of his or her status as a participating

employee participant and a trustee elected appointed to one of the annuitant positions after the effective date of this amendatory Act of the 102nd General Assembly shall be disqualified immediately upon the termination of his or her status as an annuitant receiving a retirement annuity.

An elected trustee who is incumbent on the effective date of this amendatory Act of the 102nd General Assembly whose status as a participating employee or annuitant has terminated after having been elected shall continue to serve in the participating employee or annuitant position to which he or she was elected for the remainder of the term.

(h) Each trustee must take an oath of office before a notary public of this State and shall qualify as a trustee upon the presentation to the board of a certified copy of the oath. The oath must state that the person will diligently and honestly administer the affairs of the retirement system, and will not knowingly violate or willfully permit to be violated any provisions of this Article.

Each trustee shall serve without compensation but shall be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee or officer of the system.

(Source: P.A. 101-610, eff. 1-1-20.)



Section 40-5. The Illinois Pension Code is amended by changing Section 10-107 as follows:

(40 ILCS 5/10-107) (from Ch. 108 1/2, par. 10-107)

Sec. 10-107. Financing - Tax levy. The forest preserve district may levy an annual tax on the value, as equalized or assessed by the Department of Revenue, of all taxable property in the district for the purpose of providing revenue for the fund. The rate of such tax in any year may not exceed the rate herein specified for that year or the rate which will produce, when extended, the sum herein stated for that year, whichever is higher: for any year prior to 1970, .00103% or \$195,000; for the year 1970, .00111% or \$210,000; for the year 1971, .00116% or \$220,000. For the year 1972 and each year thereafter, the Forest Preserve District shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue upon all taxable property in the county, when extended, not to exceed an amount equal to the total amount of contributions by the employees to the fund made in the calendar year 2 years prior to the year for which the annual applicable tax is levied, multiplied by 1.25 for the year 1972; and by 1.30 for the year 1973 and for each year thereafter.

The tax shall be levied and collected in like manner with the general taxes of the district and shall be in addition to the maximum of all other tax rates which the district may levy

upon the aggregate valuation of all taxable property and shall be exclusive of and in addition to the maximum amount and rate of taxes the district may levy for general purposes or under and by virtue of any laws which limit the amount of tax which the district may levy for general purposes. The county clerk of the county in which the forest preserve district is located in reducing tax levies under the provisions of "An Act concerning the levy and extension of taxes", approved May 9, 1901, as amended, shall not consider any such tax as a part of the general tax levy for forest preserve purposes, and shall not include the same in the limitation of 1% of the assessed valuation upon which taxes are required to be extended, and shall not reduce the same under the provisions of that Act. The proceeds of the tax herein authorized shall be kept as a separate fund.

The forest preserve district may use other lawfully available funds in lieu of all or part of the levy.

The Board may establish a manpower program reserve, or a special forest preserve district contribution rate, with respect to employees whose wages are funded as program participants under the Comprehensive Employment and Training Act of 1973 in the manner provided in subsection (d) or (e), respectively, of Section 9-169.

(Source: P.A. 81-1509.)

Section 45-5. The Illinois Pension Code is amended by changing Section 9-158 as follows:

(40 ILCS 5/9-158) (from Ch. 108 1/2, par. 9-158)

Sec. 9-158. Proof of disability, duty and ordinary. Proof of duty or ordinary disability shall be furnished to the board by at least one licensed and practicing physician appointed by or acceptable to the board, except that this requirement may be waived by the board for proof of duty disability if the employee has been compensated by the county for such disability or specific loss under the Workers' Compensation Act or Workers' Occupational Diseases Act. The physician requirement may also be waived by the board for ordinary disability maternity claims of up to 8 weeks. With respect to duty disability, satisfactory proof must be provided to the board that the final adjudication of the claim required under subsection (d) of Section 9-159 established that the disability or death resulted from an injury incurred in the performance of an act or acts of duty. The board may require other evidence of disability. Each disabled employee who receives duty or ordinary disability benefit shall be examined at least once a year or a longer period of time as determined by the board, by one or more licensed and practicing physicians appointed by the board. When the disability ceases, the board shall discontinue payment of the benefit.

(Source: P.A. 99-578, eff. 7-15-16.)

Article 50.

Section 50-5. The Illinois Pension Code is amended by adding Section 14-148.5 as follows:

(40 ILCS 5/14-148.5 new)

Sec. 14-148.5. Indemnification of financial institution for recovery of overpayment. The System may indemnify a bank, savings and loan association, or other financial institution insured by an agency of the federal government as necessary to recover for the System any benefit overpayment that the System has made to the financial institution on behalf of a member.

(40 ILCS 5/21-120 rep.)

Section 50-10. The Illinois Pension Code is amended by repealing Section 21-120.

Article 55.

Section 55-5. The Illinois Pension Code is amended by adding Section 4-108.8 and by changing Sections 7-139.8, 14-110, and 14-152.1 as follows:

(40 ILCS 5/4-108.8 new)

Sec. 4-108.8. Transfer of creditable service to the State Employees' Retirement System.

(a) Any active member of the State Employees' Retirement System who is an arson investigator may apply for transfer of some or all of his or her credits and creditable service accumulated in any firefighters' pension fund under this Article to the State Employees' Retirement System in accordance with Section 14-110. The creditable service shall be transferred only upon payment by the firefighters' pension fund to the State Employees' Retirement System of an amount equal to:

(1) the amounts accumulated to the credit of the applicant for the service to be transferred on file with the fund on the date of transfer;

(2) employer contributions in an amount equal to the amount determined under paragraph (1); and

(3) any interest paid by the applicant in order to reinstate service to be transferred.

Participation in the firefighters' pension fund with respect to the service to be transferred shall terminate on the date of transfer.

(b) Any person applying to transfer service under this Section may reinstate service that was terminated by receipt of a refund, by paying to the firefighters' pension fund the amount of the refund with interest thereon at the actuarially assumed rate of interest, compounded annually, from the date

of refund to the date of payment.

(40 ILCS 5/7-139.8) (from Ch. 108 1/2, par. 7-139.8)

Sec. 7-139.8. Transfer to Article 14 System.

(a) Any active member of the State Employees' Retirement System who is a State policeman, an investigator for the Secretary of State, a conservation police officer, an investigator for the Office of the Attorney General, an investigator for the Department of Revenue, a Commerce Commission police officer, an investigator for the Office of the State's Attorneys Appellate Prosecutor, or a controlled substance inspector may apply for transfer of some or all of his or her credits and creditable service accumulated in this Fund for service as a sheriff's law enforcement employee, person employed by a participating municipality to perform police duties, or law enforcement officer employed on a full-time basis by a forest preserve district to the State Employees' Retirement System in accordance with Section 14-110. The creditable service shall be transferred only upon payment by this Fund to the State Employees' Retirement System of an amount equal to:

(1) the amounts accumulated to the credit of the applicant for the service to be transferred, including interest; and

(2) municipality credits based on such service, including interest; and

(3) any interest paid by the applicant to reinstate such service.

Participation in this Fund as to any credits transferred under this Section shall terminate on the date of transfer.

(b) Any person applying to transfer service under this Section may reinstate credits and creditable service terminated upon receipt of a separation benefit, by paying to the Fund the amount of the separation benefit plus interest thereon at the actuarially assumed rate of interest to the date of payment.

(Source: P.A. 95-530, eff. 8-28-07; 96-745, eff. 8-25-09.)

(40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

Sec. 14-110. Alternative retirement annuity.

(a) Any member who has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 55, and any member who has withdrawn from service with not less than 25 years of eligible creditable service and has attained age 50, regardless of whether the attainment of either of the specified ages occurs while the member is still in service, shall be entitled to receive at the option of the member, in lieu of the regular or minimum retirement annuity, a retirement annuity computed as follows:

(i) for periods of service as a noncovered employee:  
if retirement occurs on or after January 1, 2001, 3% of final average compensation for each year of creditable

service; if retirement occurs before January 1, 2001, 2 1/4% of final average compensation for each of the first 10 years of creditable service, 2 1/2% for each year above 10 years to and including 20 years of creditable service, and 2 3/4% for each year of creditable service above 20 years; and

(ii) for periods of eligible creditable service as a covered employee: if retirement occurs on or after January 1, 2001, 2.5% of final average compensation for each year of creditable service; if retirement occurs before January 1, 2001, 1.67% of final average compensation for each of the first 10 years of such service, 1.90% for each of the next 10 years of such service, 2.10% for each year of such service in excess of 20 but not exceeding 30, and 2.30% for each year in excess of 30.

Such annuity shall be subject to a maximum of 75% of final average compensation if retirement occurs before January 1, 2001 or to a maximum of 80% of final average compensation if retirement occurs on or after January 1, 2001.

These rates shall not be applicable to any service performed by a member as a covered employee which is not eligible creditable service. Service as a covered employee which is not eligible creditable service shall be subject to the rates and provisions of Section 14-108.

(b) For the purpose of this Section, "eligible creditable service" means creditable service resulting from service in



one or more of the following positions:

- (1) State policeman;
- (2) fire fighter in the fire protection service of a department;
- (3) air pilot;
- (4) special agent;
- (5) investigator for the Secretary of State;
- (6) conservation police officer;
- (7) investigator for the Department of Revenue or the Illinois Gaming Board;
- (8) security employee of the Department of Human Services;
- (9) Central Management Services security police officer;
- (10) security employee of the Department of Corrections or the Department of Juvenile Justice;
- (11) dangerous drugs investigator;
- (12) investigator for the Department of State Police;
- (13) investigator for the Office of the Attorney General;
- (14) controlled substance inspector;
- (15) investigator for the Office of the State's Attorneys Appellate Prosecutor;
- (16) Commerce Commission police officer;
- (17) arson investigator;
- (18) State highway maintenance worker;

(19) security employee of the Department of Innovation and Technology; or

(20) transferred employee.

A person employed in one of the positions specified in this subsection is entitled to eligible creditable service for service credit earned under this Article while undergoing the basic police training course approved by the Illinois Law Enforcement Training Standards Board, if completion of that training is required of persons serving in that position. For the purposes of this Code, service during the required basic police training course shall be deemed performance of the duties of the specified position, even though the person is not a sworn peace officer at the time of the training.

A person under paragraph (20) is entitled to eligible creditable service for service credit earned under this Article on and after his or her transfer by Executive Order No. 2003-10, Executive Order No. 2004-2, or Executive Order No. 2016-1.

(c) For the purposes of this Section:

(1) The term "State policeman" includes any title or position in the Department of State Police that is held by an individual employed under the State Police Act.

(2) The term "fire fighter in the fire protection service of a department" includes all officers in such fire protection service including fire chiefs and assistant fire chiefs.

(3) The term "air pilot" includes any employee whose official job description on file in the Department of Central Management Services, or in the department by which he is employed if that department is not covered by the Personnel Code, states that his principal duty is the operation of aircraft, and who possesses a pilot's license; however, the change in this definition made by this amendatory Act of 1983 shall not operate to exclude any noncovered employee who was an "air pilot" for the purposes of this Section on January 1, 1984.

(4) The term "special agent" means any person who by reason of employment by the Division of Narcotic Control, the Bureau of Investigation or, after July 1, 1977, the Division of Criminal Investigation, the Division of Internal Investigation, the Division of Operations, or any other Division or organizational entity in the Department of State Police is vested by law with duties to maintain public order, investigate violations of the criminal law of this State, enforce the laws of this State, make arrests and recover property. The term "special agent" includes any title or position in the Department of State Police that is held by an individual employed under the State Police Act.

(5) The term "investigator for the Secretary of State" means any person employed by the Office of the Secretary of State and vested with such investigative duties as

render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

A person who became employed as an investigator for the Secretary of State between January 1, 1967 and December 31, 1975, and who has served as such until attainment of age 60, either continuously or with a single break in service of not more than 3 years duration, which break terminated before January 1, 1976, shall be entitled to have his retirement annuity calculated in accordance with subsection (a), notwithstanding that he has less than 20 years of credit for such service.

(6) The term "Conservation Police Officer" means any person employed by the Division of Law Enforcement of the Department of Natural Resources and vested with such law enforcement duties as render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The term "Conservation Police Officer" includes the positions of Chief Conservation Police Administrator and Assistant Conservation Police Administrator.

(7) The term "investigator for the Department of Revenue" means any person employed by the Department of Revenue and vested with such investigative duties as render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A),

218(d)(8)(D) and 218(1)(1) of that Act.

The term "investigator for the Illinois Gaming Board" means any person employed as such by the Illinois Gaming Board and vested with such peace officer duties as render the person ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act.

(8) The term "security employee of the Department of Human Services" means any person employed by the Department of Human Services who (i) is employed at the Chester Mental Health Center and has daily contact with the residents thereof, (ii) is employed within a security unit at a facility operated by the Department and has daily contact with the residents of the security unit, (iii) is employed at a facility operated by the Department that includes a security unit and is regularly scheduled to work at least 50% of his or her working hours within that security unit, or (iv) is a mental health police officer. "Mental health police officer" means any person employed by the Department of Human Services in a position pertaining to the Department's mental health and developmental disabilities functions who is vested with such law enforcement duties as render the person ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit" means that portion

of a facility that is devoted to the care, containment, and treatment of persons committed to the Department of Human Services as sexually violent persons, persons unfit to stand trial, or persons not guilty by reason of insanity. With respect to past employment, references to the Department of Human Services include its predecessor, the Department of Mental Health and Developmental Disabilities.

The changes made to this subdivision (c)(8) by Public Act 92-14 apply to persons who retire on or after January 1, 2001, notwithstanding Section 1-103.1.

(9) "Central Management Services security police officer" means any person employed by the Department of Central Management Services who is vested with such law enforcement duties as render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

(10) For a member who first became an employee under this Article before July 1, 2005, the term "security employee of the Department of Corrections or the Department of Juvenile Justice" means any employee of the Department of Corrections or the Department of Juvenile Justice or the former Department of Personnel, and any member or employee of the Prisoner Review Board, who has daily contact with inmates or youth by working within a correctional facility or Juvenile facility operated by the

Department of Juvenile Justice or who is a parole officer or an employee who has direct contact with committed persons in the performance of his or her job duties. For a member who first becomes an employee under this Article on or after July 1, 2005, the term means an employee of the Department of Corrections or the Department of Juvenile Justice who is any of the following: (i) officially headquartered at a correctional facility or Juvenile facility operated by the Department of Juvenile Justice, (ii) a parole officer, (iii) a member of the apprehension unit, (iv) a member of the intelligence unit, (v) a member of the sort team, or (vi) an investigator.

(11) The term "dangerous drugs investigator" means any person who is employed as such by the Department of Human Services.

(12) The term "investigator for the Department of State Police" means a person employed by the Department of State Police who is vested under Section 4 of the Narcotic Control Division Abolition Act with such law enforcement powers as render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

(13) "Investigator for the Office of the Attorney General" means any person who is employed as such by the Office of the Attorney General and is vested with such investigative duties as render him ineligible for coverage

under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For the period before January 1, 1989, the term includes all persons who were employed as investigators by the Office of the Attorney General, without regard to social security status.

(14) "Controlled substance inspector" means any person who is employed as such by the Department of Professional Regulation and is vested with such law enforcement duties as render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. The term "controlled substance inspector" includes the Program Executive of Enforcement and the Assistant Program Executive of Enforcement.

(15) The term "investigator for the Office of the State's Attorneys Appellate Prosecutor" means a person employed in that capacity on a full time basis under the authority of Section 7.06 of the State's Attorneys Appellate Prosecutor's Act.

(16) "Commerce Commission police officer" means any person employed by the Illinois Commerce Commission who is vested with such law enforcement duties as render him ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act.



(17) "Arson investigator" means any person who is employed as such by the Office of the State Fire Marshal and is vested with such law enforcement duties as render the person ineligible for coverage under the Social Security Act by reason of Sections 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. A person who was employed as an arson investigator on January 1, 1995 and is no longer in service but not yet receiving a retirement annuity may convert his or her creditable service for employment as an arson investigator into eligible creditable service by paying to the System the difference between the employee contributions actually paid for that service and the amounts that would have been contributed if the applicant were contributing at the rate applicable to persons with the same social security status earning eligible creditable service on the date of application.

(18) The term "State highway maintenance worker" means a person who is either of the following:

(i) A person employed on a full-time basis by the Illinois Department of Transportation in the position of highway maintainer, highway maintenance lead worker, highway maintenance lead/lead worker, heavy construction equipment operator, power shovel operator, or bridge mechanic; and whose principal responsibility is to perform, on the roadway, the actual maintenance necessary to keep the highways that

form a part of the State highway system in serviceable condition for vehicular traffic.

(ii) A person employed on a full-time basis by the Illinois State Toll Highway Authority in the position of equipment operator/laborer H-4, equipment operator/laborer H-6, welder H-4, welder H-6, mechanical/electrical H-4, mechanical/electrical H-6, water/sewer H-4, water/sewer H-6, sign maker/hanger H-4, sign maker/hanger H-6, roadway lighting H-4, roadway lighting H-6, structural H-4, structural H-6, painter H-4, or painter H-6; and whose principal responsibility is to perform, on the roadway, the actual maintenance necessary to keep the Authority's tollways in serviceable condition for vehicular traffic.

(19) The term "security employee of the Department of Innovation and Technology" means a person who was a security employee of the Department of Corrections or the Department of Juvenile Justice, was transferred to the Department of Innovation and Technology pursuant to Executive Order 2016-01, and continues to perform similar job functions under that Department.

(20) "Transferred employee" means an employee who was transferred to the Department of Central Management Services by Executive Order No. 2003-10 or Executive Order No. 2004-2 or transferred to the Department of Innovation

and Technology by Executive Order No. 2016-1, or both, and was entitled to eligible creditable service for services immediately preceding the transfer.

(d) A security employee of the Department of Corrections or the Department of Juvenile Justice, a security employee of the Department of Human Services who is not a mental health police officer, and a security employee of the Department of Innovation and Technology shall not be eligible for the alternative retirement annuity provided by this Section unless he or she meets the following minimum age and service requirements at the time of retirement:

(i) 25 years of eligible creditable service and age 55; or

(ii) beginning January 1, 1987, 25 years of eligible creditable service and age 54, or 24 years of eligible creditable service and age 55; or

(iii) beginning January 1, 1988, 25 years of eligible creditable service and age 53, or 23 years of eligible creditable service and age 55; or

(iv) beginning January 1, 1989, 25 years of eligible creditable service and age 52, or 22 years of eligible creditable service and age 55; or

(v) beginning January 1, 1990, 25 years of eligible creditable service and age 51, or 21 years of eligible creditable service and age 55; or

(vi) beginning January 1, 1991, 25 years of eligible

creditable service and age 50, or 20 years of eligible creditable service and age 55.

Persons who have service credit under Article 16 of this Code for service as a security employee of the Department of Corrections or the Department of Juvenile Justice, or the Department of Human Services in a position requiring certification as a teacher may count such service toward establishing their eligibility under the service requirements of this Section; but such service may be used only for establishing such eligibility, and not for the purpose of increasing or calculating any benefit.

(e) If a member enters military service while working in a position in which eligible creditable service may be earned, and returns to State service in the same or another such position, and fulfills in all other respects the conditions prescribed in this Article for credit for military service, such military service shall be credited as eligible creditable service for the purposes of the retirement annuity prescribed in this Section.

(f) For purposes of calculating retirement annuities under this Section, periods of service rendered after December 31, 1968 and before October 1, 1975 as a covered employee in the position of special agent, conservation police officer, mental health police officer, or investigator for the Secretary of State, shall be deemed to have been service as a noncovered employee, provided that the employee pays to the System prior

to retirement an amount equal to (1) the difference between the employee contributions that would have been required for such service as a noncovered employee, and the amount of employee contributions actually paid, plus (2) if payment is made after July 31, 1987, regular interest on the amount specified in item (1) from the date of service to the date of payment.

For purposes of calculating retirement annuities under this Section, periods of service rendered after December 31, 1968 and before January 1, 1982 as a covered employee in the position of investigator for the Department of Revenue shall be deemed to have been service as a noncovered employee, provided that the employee pays to the System prior to retirement an amount equal to (1) the difference between the employee contributions that would have been required for such service as a noncovered employee, and the amount of employee contributions actually paid, plus (2) if payment is made after January 1, 1990, regular interest on the amount specified in item (1) from the date of service to the date of payment.

(g) A State policeman may elect, not later than January 1, 1990, to establish eligible creditable service for up to 10 years of his service as a policeman under Article 3, by filing a written election with the Board, accompanied by payment of an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Section 3-110.5,

and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), a State policeman may elect, not later than July 1, 1993, to establish eligible creditable service for up to 10 years of his service as a member of the County Police Department under Article 9, by filing a written election with the Board, accompanied by payment of an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Section 9-121.10 and the amounts that would have been contributed had those contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

(h) Subject to the limitation in subsection (i), a State policeman or investigator for the Secretary of State may elect to establish eligible creditable service for up to 12 years of his service as a policeman under Article 5, by filing a written election with the Board on or before January 31, 1992, and paying to the System by January 31, 1994 an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred

to the System under Section 5-236, and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), a State policeman, conservation police officer, or investigator for the Secretary of State may elect to establish eligible creditable service for up to 10 years of service as a sheriff's law enforcement employee under Article 7, by filing a written election with the Board on or before January 31, 1993, and paying to the System by January 31, 1994 an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Section 7-139.7, and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), a State policeman, conservation police officer, or investigator for the Secretary of State may elect to establish eligible creditable service for up to 5 years of service as a police officer under Article 3, a policeman under Article 5, a sheriff's law enforcement employee under Article 7, a member of the county police department under Article 9, or a police

officer under Article 15 by filing a written election with the Board and paying to the System an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4 and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), an investigator for the Office of the Attorney General, or an investigator for the Department of Revenue, may elect to establish eligible creditable service for up to 5 years of service as a police officer under Article 3, a policeman under Article 5, a sheriff's law enforcement employee under Article 7, or a member of the county police department under Article 9 by filing a written election with the Board within 6 months after August 25, 2009 (the effective date of Public Act 96-745) and paying to the System an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the actuarially



assumed rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), a State policeman, conservation police officer, investigator for the Office of the Attorney General, an investigator for the Department of Revenue, or investigator for the Secretary of State may elect to establish eligible creditable service for up to 5 years of service as a person employed by a participating municipality to perform police duties, or law enforcement officer employed on a full-time basis by a forest preserve district under Article 7, a county corrections officer, or a court services officer under Article 9, by filing a written election with the Board within 6 months after August 25, 2009 (the effective date of Public Act 96-745) and paying to the System an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Sections 7-139.8 and 9-121.10 and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the actuarially assumed rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), a State policeman, arson investigator, or Commerce Commission police officer may elect to establish eligible creditable service for up to 5 years of service as a person employed by a

participating municipality to perform police duties under Article 7, a county corrections officer, a court services officer under Article 9, or a firefighter under Article 4 by filing a written election with the Board within 6 months after the effective date of this amendatory Act of the 102nd General Assembly and paying to the System an amount to be determined by the Board equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Sections 4-108.8, 7-139.8, and 9-121.10 and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the actuarially assumed rate for each year, compounded annually, from the date of service to the date of payment.

Subject to the limitation in subsection (i), a conservation police officer may elect to establish eligible creditable service for up to 5 years of service as a person employed by a participating municipality to perform police duties under Article 7, a county corrections officer, or a court services officer under Article 9 by filing a written election with the Board within 6 months after the effective date of this amendatory Act of the 102nd General Assembly and paying to the System an amount to be determined by the Board equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Sections 7-139.8 and 9-121.10 and the amounts that would have

been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) interest thereon at the actuarially assumed rate for each year, compounded annually, from the date of service to the date of payment.

Notwithstanding the limitation in subsection (i), a State policeman or conservation police officer may elect to convert service credit earned under this Article to eligible creditable service, as defined by this Section, by filing a written election with the board within 6 months after the effective date of this amendatory Act of the 102nd General Assembly and paying to the System an amount to be determined by the Board equal to (i) the difference between the amount of employee contributions originally paid for that service and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (ii) the difference between the employer's normal cost of the credit prior to the conversion authorized by this amendatory Act of the 102nd General Assembly and the employer's normal cost of the credit converted in accordance with this amendatory Act of the 102nd General Assembly, plus (iii) interest thereon at the actuarially assumed rate for each year, compounded annually, from the date of service to the date of payment.

(i) The total amount of eligible creditable service established by any person under subsections (g), (h), (j), (k), (l), (l-5), and (o) of this Section shall not exceed 12

years.

(j) Subject to the limitation in subsection (i), an investigator for the Office of the State's Attorneys Appellate Prosecutor or a controlled substance inspector may elect to establish eligible creditable service for up to 10 years of his service as a policeman under Article 3 or a sheriff's law enforcement employee under Article 7, by filing a written election with the Board, accompanied by payment of an amount to be determined by the Board, equal to (1) the difference between the amount of employee and employer contributions transferred to the System under Section 3-110.6 or 7-139.8, and the amounts that would have been contributed had such contributions been made at the rates applicable to State policemen, plus (2) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

(k) Subject to the limitation in subsection (i) of this Section, an alternative formula employee may elect to establish eligible creditable service for periods spent as a full-time law enforcement officer or full-time corrections officer employed by the federal government or by a state or local government located outside of Illinois, for which credit is not held in any other public employee pension fund or retirement system. To obtain this credit, the applicant must file a written application with the Board by March 31, 1998, accompanied by evidence of eligibility acceptable to the Board

and payment of an amount to be determined by the Board, equal to (1) employee contributions for the credit being established, based upon the applicant's salary on the first day as an alternative formula employee after the employment for which credit is being established and the rates then applicable to alternative formula employees, plus (2) an amount determined by the Board to be the employer's normal cost of the benefits accrued for the credit being established, plus (3) regular interest on the amounts in items (1) and (2) from the first day as an alternative formula employee after the employment for which credit is being established to the date of payment.

(1) Subject to the limitation in subsection (i), a security employee of the Department of Corrections may elect, not later than July 1, 1998, to establish eligible creditable service for up to 10 years of his or her service as a policeman under Article 3, by filing a written election with the Board, accompanied by payment of an amount to be determined by the Board, equal to (i) the difference between the amount of employee and employer contributions transferred to the System under Section 3-110.5, and the amounts that would have been contributed had such contributions been made at the rates applicable to security employees of the Department of Corrections, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

(1-5) Subject to the limitation in subsection (i) of this Section, a State policeman may elect to establish eligible creditable service for up to 5 years of service as a full-time law enforcement officer employed by the federal government or by a state or local government located outside of Illinois for which credit is not held in any other public employee pension fund or retirement system. To obtain this credit, the applicant must file a written application with the Board no later than 3 years after the effective date of this amendatory Act of the 101st General Assembly, accompanied by evidence of eligibility acceptable to the Board and payment of an amount to be determined by the Board, equal to (1) employee contributions for the credit being established, based upon the applicant's salary on the first day as an alternative formula employee after the employment for which credit is being established and the rates then applicable to alternative formula employees, plus (2) an amount determined by the Board to be the employer's normal cost of the benefits accrued for the credit being established, plus (3) regular interest on the amounts in items (1) and (2) from the first day as an alternative formula employee after the employment for which credit is being established to the date of payment.

(m) The amendatory changes to this Section made by this amendatory Act of the 94th General Assembly apply only to: (1) security employees of the Department of Juvenile Justice employed by the Department of Corrections before the effective

date of this amendatory Act of the 94th General Assembly and transferred to the Department of Juvenile Justice by this amendatory Act of the 94th General Assembly; and (2) persons employed by the Department of Juvenile Justice on or after the effective date of this amendatory Act of the 94th General Assembly who are required by subsection (b) of Section 3-2.5-15 of the Unified Code of Corrections to have any bachelor's or advanced degree from an accredited college or university or, in the case of persons who provide vocational training, who are required to have adequate knowledge in the skill for which they are providing the vocational training.

(n) A person employed in a position under subsection (b) of this Section who has purchased service credit under subsection (j) of Section 14-104 or subsection (b) of Section 14-105 in any other capacity under this Article may convert up to 5 years of that service credit into service credit covered under this Section by paying to the Fund an amount equal to (1) the additional employee contribution required under Section 14-133, plus (2) the additional employer contribution required under Section 14-131, plus (3) interest on items (1) and (2) at the actuarially assumed rate from the date of the service to the date of payment.

(o) Subject to the limitation in subsection (i), a conservation police officer, investigator for the Secretary of State, Commerce Commission police officer, investigator for the Department of Revenue or the Illinois Gaming Board, or

arson investigator subject to subsection (g) of Section 1-160 may elect to convert up to 8 years of service credit established before the effective date of this amendatory Act of the 101st General Assembly as a conservation police officer, investigator for the Secretary of State, Commerce Commission police officer, investigator for the Department of Revenue or the Illinois Gaming Board, or arson investigator under this Article into eligible creditable service by filing a written election with the Board no later than one year after the effective date of this amendatory Act of the 101st General Assembly, accompanied by payment of an amount to be determined by the Board equal to (i) the difference between the amount of the employee contributions actually paid for that service and the amount of the employee contributions that would have been paid had the employee contributions been made as a noncovered employee serving in a position in which eligible creditable service, as defined in this Section, may be earned, plus (ii) interest thereon at the effective rate for each year, compounded annually, from the date of service to the date of payment.

(Source: P.A. 100-19, eff. 1-1-18; 100-611, eff. 7-20-18; 101-610, eff. 1-1-20.)

(40 ILCS 5/14-152.1)

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



(a) As used in this Section, "new benefit increase" means an increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 96-37, Public Act 100-23, Public Act 100-587, Public Act 100-611, Public Act 101-10, Public Act 101-610, or this amendatory Act of the 102nd General Assembly ~~or this amendatory Act of the 101st General Assembly.~~

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

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

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and

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

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

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

benefit increase was in effect.

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18; 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-610, eff. 1-1-20.)

Article 65.

Section 65-5. The Illinois Pension Code is amended by changing Section 17-147 as follows:

(40 ILCS 5/17-147) (from Ch. 108 1/2, par. 17-147)

Sec. 17-147. Custody of Fund; bonds; legal Fund ~~Bonds~~  
~~Legal~~ proceedings. The city treasurer, ex officio ~~ex officio~~, shall be the custodian of the Fund, and shall secure and safely keep it, subject to the control and direction of the Board. The city treasurer ~~He~~ shall keep the ~~his~~ books and accounts concerning the Fund in the manner prescribed by the Board. The books and accounts shall always be subject to the inspection of the Board or any member thereof. The city treasurer shall be liable on the city treasurer's ~~his~~ official bond for the proper performance of ~~his~~ duties and the conservation of the Fund.

Payments from the Fund shall be made upon checks or through direct deposit transmittals authorized ~~warrants signed by the president and the secretary of the Board of Education, the president of the Board, and countersigned by the executive~~

director or by such person as the Board may designate from time to time by appropriate resolution.

Neither the treasurer nor any other officer having the custody of the Fund is entitled to retain any interest accruing thereon, but such interest shall accrue and inure to the benefit of such Fund, become a part thereof, subject to the purposes of this Article.

Any legal proceedings necessary for the enforcement of the provisions of this Article shall be brought by and in the name of the Board of the Fund.

(Source: P.A. 90-566, eff. 1-2-98.)

#### Article 70.

Section 70-5. The Illinois Pension Code is amended by changing Section 16-106 as follows:

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

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

- (1) Any educational, administrative, professional or other staff employed in the public common schools included

within this system in a position requiring certification under the law governing the certification of teachers;

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

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

(4) Any employee of a school board association

operating in compliance with Article 23 of the School Code who is certificated under the law governing the certification of teachers, provided that he or she becomes such an employee before the effective date of this amendatory Act of the 99th General Assembly;

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

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

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

(6) Any educational, administrative, professional or other staff employed by and under the supervision and control of a regional superintendent of schools or the chief administrative officer of the education service centers established under Section 2-3.62 of the School Code and serving that portion of a Class II county outside a city of 500,000 or more inhabitants, provided such employment position requires the person to be certificated under the law governing the certification of teachers and is in an educational program serving 2 or more districts in accordance with a joint agreement authorized by the School Code or by federal legislation;

(7) Any educational, administrative, professional or other staff employed in an educational program serving 2 or more school districts in accordance with a joint

agreement authorized by the School Code or by federal legislation and in a position requiring certification under the laws governing the certification of teachers;

(8) Any officer or employee of a statewide teacher organization or officer of a national teacher organization who is certified under the law governing certification of teachers, provided: (i) the individual had previously established creditable service under this Article, (ii) the individual files with the system an irrevocable election to become a member before the effective date of this amendatory Act of the 97th General Assembly, (iii) the individual does not receive credit for such service under any other Article of this Code, and (iv) the individual first became an officer or employee of the teacher organization and becomes a member before the effective date of this amendatory Act of the 97th General Assembly;

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

(10) Any person employed, on the effective date of this amendatory Act of the 94th General Assembly, by the Macon-Piatt Regional Office of Education in a birth-through-age-three pilot program receiving funds

under Section 2-389 of the School Code who is required by the Macon-Piatt Regional Office of Education to hold a teaching certificate, provided that the Macon-Piatt Regional Office of Education makes an election, within 6 months after the effective date of this amendatory Act of the 94th General Assembly, to have the person participate in the system. Any service established prior to the effective date of this amendatory Act of the 94th General Assembly for service as an employee of the Macon-Piatt Regional Office of Education in a birth-through-age-three pilot program receiving funds under Section 2-389 of the School Code shall be considered service as a teacher if employee and employer contributions have been received by the system and the system has not refunded those contributions.

An annuitant receiving a retirement annuity under this Article who is employed by a board of education or other employer as permitted under Section 16-118 or 16-150.1 is not a "teacher" for purposes of this Article. A person who has received a single-sum retirement benefit under Section 16-136.4 of this Article is not a "teacher" for purposes of this Article. For purposes of this Article, "teacher" does not include a person employed by an entity that provides substitute teaching services under Section 2-3.173 of the School Code and is not a school district.

(Source: P.A. 100-813, eff. 8-13-18; 101-502, eff. 8-23-19.)



Article 75.

Section 75-5. The State Employees Group Insurance Act of 1971 is amended by changing Section 6.5 as follows:

(5 ILCS 375/6.5)

Sec. 6.5. Health benefits for TRS benefit recipients and TRS dependent beneficiaries.

(a) Purpose. It is the purpose of this amendatory Act of 1995 to transfer the administration of the program of health benefits established for benefit recipients and their dependent beneficiaries under Article 16 of the Illinois Pension Code to the Department of Central Management Services.

(b) Transition provisions. The Board of Trustees of the Teachers' Retirement System shall continue to administer the health benefit program established under Article 16 of the Illinois Pension Code through December 31, 1995. Beginning January 1, 1996, the Department of Central Management Services shall be responsible for administering a program of health benefits for TRS benefit recipients and TRS dependent beneficiaries under this Section. The Department of Central Management Services and the Teachers' Retirement System shall cooperate in this endeavor and shall coordinate their activities so as to ensure a smooth transition and uninterrupted health benefit coverage.

(c) Eligibility. All persons who were enrolled in the Article 16 program at the time of the transfer shall be eligible to participate in the program established under this Section without any interruption or delay in coverage or limitation as to pre-existing medical conditions. Eligibility to participate shall be determined by the Teachers' Retirement System. Eligibility information shall be communicated to the Department of Central Management Services in a format acceptable to the Department.

Eligible TRS benefit recipients may enroll or re-enroll in the program of health benefits established under this Section during any applicable annual open enrollment period and as otherwise permitted by the Department of Central Management Services. A TRS benefit recipient shall not be deemed ineligible to participate solely by reason of the TRS benefit recipient having made a previous election to disenroll or otherwise not participate in the program of health benefits.

A TRS dependent beneficiary who is a child age 19 or over and mentally or physically disabled does not become ineligible to participate by reason of (i) becoming ineligible to be claimed as a dependent for Illinois or federal income tax purposes or (ii) receiving earned income, so long as those earnings are insufficient for the child to be fully self-sufficient.

(d) Coverage. The level of health benefits provided under this Section shall be similar to the level of benefits

provided by the program previously established under Article 16 of the Illinois Pension Code.

Group life insurance benefits are not included in the benefits to be provided to TRS benefit recipients and TRS dependent beneficiaries under this Act.

The program of health benefits under this Section may include any or all of the benefit limitations, including but not limited to a reduction in benefits based on eligibility for federal Medicare benefits, that are provided under subsection (a) of Section 6 of this Act for other health benefit programs under this Act.

(e) Insurance rates and premiums. The Director shall determine the insurance rates and premiums for TRS benefit recipients and TRS dependent beneficiaries, and shall present to the Teachers' Retirement System of the State of Illinois, by April 15 of each calendar year, the rate-setting methodology (including but not limited to utilization levels and costs) used to determine the amount of the health care premiums.

For Fiscal Year 1996, the premium shall be equal to the premium actually charged in Fiscal Year 1995; in subsequent years, the premium shall never be lower than the premium charged in Fiscal Year 1995.

For Fiscal Year 2003, the premium shall not exceed 110% of the premium actually charged in Fiscal Year 2002.

For Fiscal Year 2004, the premium shall not exceed

112% of the premium actually charged in Fiscal Year 2003.

For Fiscal Year 2005, the premium shall not exceed a weighted average of 106.6% of the premium actually charged in Fiscal Year 2004.

For Fiscal Year 2006, the premium shall not exceed a weighted average of 109.1% of the premium actually charged in Fiscal Year 2005.

For Fiscal Year 2007, the premium shall not exceed a weighted average of 103.9% of the premium actually charged in Fiscal Year 2006.

For Fiscal Year 2008 and thereafter, the premium in each fiscal year shall not exceed 105% of the premium actually charged in the previous fiscal year.

Rates and premiums may be based in part on age and eligibility for federal medicare coverage. However, the cost of participation for a TRS dependent beneficiary who is an unmarried child age 19 or over and mentally or physically disabled shall not exceed the cost for a TRS dependent beneficiary who is an unmarried child under age 19 and participates in the same major medical or managed care program.

The cost of health benefits under the program shall be paid as follows:

(1) For a TRS benefit recipient selecting a managed care program, up to 75% of the total insurance rate shall be paid from the Teacher Health Insurance Security Fund.

Effective with Fiscal Year 2007 and thereafter, for a TRS benefit recipient selecting a managed care program, 75% of the total insurance rate shall be paid from the Teacher Health Insurance Security Fund.

(2) For a TRS benefit recipient selecting the major medical coverage program, up to 50% of the total insurance rate shall be paid from the Teacher Health Insurance Security Fund if a managed care program is accessible, as determined by the Teachers' Retirement System. Effective with Fiscal Year 2007 and thereafter, for a TRS benefit recipient selecting the major medical coverage program, 50% of the total insurance rate shall be paid from the Teacher Health Insurance Security Fund if a managed care program is accessible, as determined by the Department of Central Management Services.

(3) For a TRS benefit recipient selecting the major medical coverage program, up to 75% of the total insurance rate shall be paid from the Teacher Health Insurance Security Fund if a managed care program is not accessible, as determined by the Teachers' Retirement System. Effective with Fiscal Year 2007 and thereafter, for a TRS benefit recipient selecting the major medical coverage program, 75% of the total insurance rate shall be paid from the Teacher Health Insurance Security Fund if a managed care program is not accessible, as determined by the Department of Central Management Services.

(3.1) For a TRS dependent beneficiary who is Medicare primary and enrolled in a managed care plan, or the major medical coverage program if a managed care plan is not available, 25% of the total insurance rate shall be paid from the Teacher Health Security Fund as determined by the Department of Central Management Services. For the purpose of this item (3.1), the term "TRS dependent beneficiary who is Medicare primary" means a TRS dependent beneficiary who is participating in Medicare Parts A and B.

(4) Except as otherwise provided in item (3.1), the balance of the rate of insurance, including the entire premium of any coverage for TRS dependent beneficiaries that has been elected, shall be paid by deductions authorized by the TRS benefit recipient to be withheld from his or her monthly annuity or benefit payment from the Teachers' Retirement System; except that (i) if the balance of the cost of coverage exceeds the amount of the monthly annuity or benefit payment, the difference shall be paid directly to the Teachers' Retirement System by the TRS benefit recipient, and (ii) all or part of the balance of the cost of coverage may, at the school board's option, be paid to the Teachers' Retirement System by the school board of the school district from which the TRS benefit recipient retired, in accordance with Section 10-22.3b of the School Code. The Teachers' Retirement System shall promptly deposit all moneys withheld by or paid to it

under this subdivision (e)(4) into the Teacher Health Insurance Security Fund. These moneys shall not be considered assets of the Retirement System.

(5) If, for any month beginning on or after January 1, 2013, a TRS benefit recipient or TRS dependent beneficiary was enrolled in Medicare Parts A and B and such Medicare coverage was primary to coverage under this Section but payment for coverage under this Section was made at a rate greater than the Medicare primary rate published by the Department of Central Management Services, the TRS benefit recipient or TRS dependent beneficiary shall be eligible for a refund equal to the difference between the amount paid by the TRS benefit recipient or TRS dependent beneficiary and the published Medicare primary rate. To receive a refund pursuant to this subsection, the TRS benefit recipient or TRS dependent beneficiary must provide documentation to the Department of Central Management Services evidencing the TRS benefit recipient's or TRS dependent beneficiary's Medicare coverage and the amount paid by the TRS benefit recipient or TRS dependent beneficiary during the applicable time period. ~~If in any case an error is made in billing a TRS benefit recipient under this Section, the Department shall identify the error and refund the overpaid amount as soon as practicable. A TRS benefit recipient who has overpaid under this Section shall be entitled to a refund of~~

~~overpayments for up to 7 years of past payments.~~

(f) Financing. Beginning July 1, 1995, all revenues arising from the administration of the health benefit programs established under Article 16 of the Illinois Pension Code or this Section shall be deposited into the Teacher Health Insurance Security Fund, which is hereby created as a nonappropriated trust fund to be held outside the State Treasury, with the State Treasurer as custodian. Any interest earned on moneys in the Teacher Health Insurance Security Fund shall be deposited into the Fund.

Moneys in the Teacher Health Insurance Security Fund shall be used only to pay the costs of the health benefit program established under this Section, including associated administrative costs, and the costs associated with the health benefit program established under Article 16 of the Illinois Pension Code, as authorized in this Section. Beginning July 1, 1995, the Department of Central Management Services may make expenditures from the Teacher Health Insurance Security Fund for those costs.

After other funds authorized for the payment of the costs of the health benefit program established under Article 16 of the Illinois Pension Code are exhausted and until January 1, 1996 (or such later date as may be agreed upon by the Director of Central Management Services and the Secretary of the Teachers' Retirement System), the Secretary of the Teachers' Retirement System may make expenditures from the Teacher



Health Insurance Security Fund as necessary to pay up to 75% of the cost of providing health coverage to eligible benefit recipients (as defined in Sections 16-153.1 and 16-153.3 of the Illinois Pension Code) who are enrolled in the Article 16 health benefit program and to facilitate the transfer of administration of the health benefit program to the Department of Central Management Services.

The Department of Central Management Services, or any successor agency designated to procure healthcare contracts pursuant to this Act, is authorized to establish funds, separate accounts provided by any bank or banks as defined by the Illinois Banking Act, or separate accounts provided by any savings and loan association or associations as defined by the Illinois Savings and Loan Act of 1985 to be held by the Director, outside the State treasury, for the purpose of receiving the transfer of moneys from the Teacher Health Insurance Security Fund. The Department may promulgate rules further defining the methodology for the transfers. Any interest earned by moneys in the funds or accounts shall inure to the Teacher Health Insurance Security Fund. The transferred moneys, and interest accrued thereon, shall be used exclusively for transfers to administrative service organizations or their financial institutions for payments of claims to claimants and providers under the self-insurance health plan. The transferred moneys, and interest accrued thereon, shall not be used for any other purpose including,

but not limited to, reimbursement of administration fees due the administrative service organization pursuant to its contract or contracts with the Department.

(g) Contract for benefits. The Director shall by contract, self-insurance, or otherwise make available the program of health benefits for TRS benefit recipients and their TRS dependent beneficiaries that is provided for in this Section. The contract or other arrangement for the provision of these health benefits shall be on terms deemed by the Director to be in the best interest of the State of Illinois and the TRS benefit recipients based on, but not limited to, such criteria as administrative cost, service capabilities of the carrier or other contractor, and the costs of the benefits.

(g-5) Committee. A Teacher Retirement Insurance Program Committee shall be established, to consist of 10 persons appointed by the Governor.

The Committee shall convene at least 4 times each year, and shall consider and make recommendations on issues affecting the program of health benefits provided under this Section. Recommendations of the Committee shall be based on a consensus of the members of the Committee.

If the Teacher Health Insurance Security Fund experiences a deficit balance based upon the contribution and subsidy rates established in this Section and Section 6.6 for Fiscal Year 2008 or thereafter, the Committee shall make recommendations for adjustments to the funding sources

established under these Sections.

In addition, the Committee shall identify proposed solutions to the funding shortfalls that are affecting the Teacher Health Insurance Security Fund, and it shall report those solutions to the Governor and the General Assembly within 6 months after August 15, 2011 (the effective date of Public Act 97-386).

(h) Continuation of program. It is the intention of the General Assembly that the program of health benefits provided under this Section be maintained on an ongoing, affordable basis.

The program of health benefits provided under this Section may be amended by the State and is not intended to be a pension or retirement benefit subject to protection under Article XIII, Section 5 of the Illinois Constitution.

(i) Repeal. (Blank).

(Source: P.A. 100-1017, eff. 8-21-18; 101-483, eff. 1-1-20.)

#### Article 99.

Section 99-90. The State Mandates Act is amended by adding Section 8.45 as follows:

(30 ILCS 805/8.45 new)

Sec. 8.45. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for

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the implementation of any mandate created by this amendatory Act of the 102nd General Assembly.

Section 99-99. Effective date. This Article and Articles 5, 15, 35, 50, 55, and 75 take effect upon becoming law.