

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 22-101 and 22-103 as follows:

(40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

Sec. 22-101. Retirement Plan for Chicago Transit Authority Employees.

(a) There shall be established and maintained by the Authority created by the "Metropolitan Transit Authority Act", approved April 12, 1945, as amended, (referred to in this Section as the "Authority") a financially sound pension and retirement system adequate to provide for all payments when due under such established system or as modified from time to time by ordinance of the Chicago Transit Board or collective bargaining agreement. For this purpose, the Board must make contributions to the established system as required under this Section and may make any additional contributions provided for by Board ordinance or collective bargaining agreement. The participating employees shall make such periodic payments to the established system as required under this Section and may make any additional contributions provided for by Board ordinance or collective bargaining agreement.

Provisions shall be made by the Board for all officers and employees of the Authority appointed pursuant to the "Metropolitan Transit Authority Act" to become, subject to reasonable rules and regulations, participants of the pension or retirement system with uniform rights, privileges, obligations and status as to the class in which such officers and employees belong. The terms, conditions and provisions of any pension or retirement system or of any amendment or modification thereof affecting employees who are members of any labor organization may be established, amended or modified by agreement with such labor organization, provided the terms, conditions and provisions must be consistent with this Act, the annual funding levels for the retirement system established by law must be met and the benefits paid to future participants in the system may not exceed the benefit ceilings set for future participants under this Act and the contribution levels required by the Authority and its employees may not be less than the contribution levels established under this Act.

(b) The Board of Trustees shall consist of 11 members appointed as follows: (i) 5 trustees shall be appointed by the Chicago Transit Board; (ii) 3 trustees shall be appointed by an organization representing the highest number of Chicago Transit Authority participants; (iii) one trustee shall be appointed by an organization representing the second-highest number of Chicago Transit Authority participants; (iv) one trustee shall be appointed by the recognized coalition

representatives of participants who are not represented by an organization with the highest or second-highest number of Chicago Transit Authority participants; and (v) one trustee shall be selected by the Regional Transportation Authority Board of Directors, and the trustee shall be a professional fiduciary who has experience in the area of collectively bargained pension plans. Trustees shall serve until a successor has been appointed and qualified, or until resignation, death, incapacity, or disqualification.

Any person appointed as a trustee of the board shall qualify by taking an oath of office that he or she will diligently and honestly administer the affairs of the system and will not knowingly violate or willfully permit the violation of any of the provisions of law applicable to the Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and 1-115 of the Illinois Pension Code.

Each trustee shall cast individual votes, and a majority vote shall be final and binding upon all interested parties, provided that the Board of Trustees may require a supermajority vote with respect to the investment of the assets of the Retirement Plan, and may set forth that requirement in the Retirement Plan documents, by-laws, or rules of the Board of Trustees. Each trustee shall have the rights, privileges, authority, and obligations as are usual and customary for such fiduciaries.

The Board of Trustees may cause amounts on deposit in the

Retirement Plan to be invested in those investments that are permitted investments for the investment of moneys held under any one or more of the pension or retirement systems of the State, any unit of local government or school district, or any agency or instrumentality thereof. The Board, by a vote of at least two-thirds of the trustees, may transfer investment management to the Illinois State Board of Investment, which is hereby authorized to manage these investments when so requested by the Board of Trustees.

(c) All individuals who were previously participants in the Retirement Plan for Chicago Transit Authority Employees shall remain participants, and shall receive the same benefits established by the Retirement Plan for Chicago Transit Authority Employees, except as provided in this amendatory Act or by subsequent legislative enactment or amendment to the Retirement Plan. For Authority employees hired on or after the effective date of this amendatory Act of the 95th General Assembly, the Retirement Plan for Chicago Transit Authority Employees shall be the exclusive retirement plan and such employees shall not be eligible for any supplemental plan, except for a deferred compensation plan funded only by employee contributions.

For all Authority employees who are first hired on or after the effective date of this amendatory Act of the 95th General Assembly and are participants in the Retirement Plan for Chicago Transit Authority Employees, the following terms,

conditions and provisions with respect to retirement shall be applicable:

(1) Such participant shall be eligible for an unreduced retirement allowance for life upon the attainment of age 64 with 25 years of continuous service.

(2) Such participant shall be eligible for a reduced retirement allowance for life upon the attainment of age 55 with 10 years of continuous service.

(3) For the purpose of determining the retirement allowance to be paid to a retiring employee, the term "Continuous Service" as used in the Retirement Plan for Chicago Transit Authority Employees shall also be deemed to include all pension credit for service with any retirement system established under Article 8 or Article 11 of this Code, provided that the employee forfeits and relinquishes all pension credit under Article 8 or Article 11 of this Code, and the contribution required under this subsection is made by the employee. The Retirement Plan's actuary shall determine the contribution paid by the employee as an amount equal to the normal cost of the benefit accrued, had the service been rendered as an employee, plus interest per annum from the time such service was rendered until the date the payment is made.

(d) From the effective date of this amendatory Act through December 31, 2008, all participating employees shall contribute to the Retirement Plan in an amount not less than 6%

of compensation, and the Authority shall contribute to the Retirement Plan in an amount not less than 12% of compensation.

(e) (1) Beginning January 1, 2009 the Authority shall make contributions to the Retirement Plan in an amount equal to twelve percent (12%) of compensation and participating employees shall make contributions to the Retirement Plan in an amount equal to six percent (6%) of compensation. These contributions may be paid by the Authority and participating employees on a payroll or other periodic basis, but shall in any case be paid to the Retirement Plan at least monthly.

(2) For the period ending December 31, 2040, the amount paid by the Authority in any year with respect to debt service on bonds issued for the purposes of funding a contribution to the Retirement Plan under Section 12c of the Metropolitan Transit Authority Act, other than debt service paid with the proceeds of bonds or notes issued by the Authority for any year after calendar year 2008, shall be treated as a credit against the amount of required contribution to the Retirement Plan by the Authority under subsection (e) (1) for the following year up to an amount not to exceed 6% of compensation paid by the Authority in that following year.

(3) By September 15 of each year beginning in 2009 and ending on December 31, 2039, on the basis of a report prepared by an enrolled actuary retained by the Plan, the Board of Trustees of the Retirement Plan shall determine the estimated funded ratio of the total assets of the Retirement Plan to its

total actuarially determined liabilities. A report containing that determination and the actuarial assumptions on which it is based shall be filed with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois, and the Regional Transportation Authority. If the funded ratio is projected to decline below 60% in any year before 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60% and include that determination in its report. If the actual funded ratio declines below 60% in any year prior to 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll during the years after the then current year using the projected unit credit actuarial cost method so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based, and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until

2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60%, or, in the event of an actual decline below 60%, so the funded ratio is projected to reach 60% by no later than 10 years after the then current year. If the Board of Trustees or the Auditor General determine that an increased contribution is required to meet the funded ratio required by the subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions required by this subsection (1).

(4) For the period beginning 2040, the minimum contribution to the Retirement Plan for each fiscal year shall be an amount determined by the Board of Trustees of the Retirement Plan to be sufficient to bring the total assets of the Retirement Plan up to 90% of its total actuarial liabilities by the end of 2059. Participating employees shall be responsible for one-third of the required contribution and the Authority shall be responsible for two-thirds of the required contribution. In making these determinations, the Board of Trustees shall calculate the required contribution each year as a level percentage of payroll over the years remaining to and including fiscal year 2059 using the projected unit credit actuarial cost method. A report containing that determination and the actuarial assumptions on which it is based shall be filed by



September 15 of each year with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois and the Regional Transportation Authority. If the funded ratio is projected to fail to reach 90% by December 31, 2059, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio will meet 90% by December 31, 2059 and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio reaches no less than 90% by December 31, 2059. If the Board of Trustees or the Auditor General determine that an increased contribution is required to meet the funded ratio required by this subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in

addition to the contributions required by subsection (e) (1).

(5) Beginning in 2060, the minimum contribution for each year shall be the amount needed to maintain the total assets of the Retirement Plan at 90% of the total actuarial liabilities of the Plan, and the contribution shall be funded two-thirds by the Authority and one-third by the participating employees in accordance with this subsection.

(f) The Authority shall take the steps necessary to comply with Section 414(h) (2) of the Internal Revenue Code of 1986, as amended, to permit the pick-up of employee contributions under subsections (d) and (e) on a tax-deferred basis.

(g) The Board of Trustees shall certify to the Governor, the General Assembly, the Auditor General, the Board of the Regional Transportation Authority, and the Authority at least 90 days prior to the end of each fiscal year the amount of the required contributions to the retirement system for the next retirement system fiscal year under this Section. The certification shall include a copy of the actuarial recommendations upon which it is based. In addition, copies of the certification shall be sent to the Commission on Government Forecasting and Accountability and the Mayor of Chicago.

(h) (1) As to an employee who first becomes entitled to a retirement allowance commencing on or after November 30, 1989, the retirement allowance shall be the amount determined in accordance with the following formula:

(A) One percent (1%) of his "Average Annual

Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus

(B) One and seventy-five hundredths percent (1.75%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(2) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 1993, the retirement allowance shall be the amount determined in accordance with the following formula:

(A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus

(B) One and eighty hundredths percent (1.80%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(3) As to an employee who first becomes entitled to a

retirement allowance commencing on or after January 1, 1994, the retirement allowance shall be the amount determined in accordance with the following formula:

(A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus

(B) One and eighty-five hundredths percent (1.85%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(4) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2000, the retirement allowance shall be the amount determined in accordance with the following formula:

(A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus

(B) Two percent (2%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in

the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(5) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2001, the retirement allowance shall be the amount determined in accordance with the following formula:

(A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus

(B) Two and fifteen hundredths percent (2.15%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

The changes made by this amendatory Act of the 95th General Assembly, to the extent that they affect the rights or privileges of Authority employees that are currently the subject of collective bargaining, have been agreed to between the authorized representatives of these employees and of the Authority prior to enactment of this amendatory Act, as evidenced by a Memorandum of Understanding between these representatives that will be filed with the Secretary of State Index Department and designated as "95-GA-C05". The General

Assembly finds and declares that those changes are consistent with 49 U.S.C. 5333(b) (also known as Section 13(c) of the Federal Transit Act) because of this agreement between authorized representatives of these employees and of the Authority, and that any future amendments to the provisions of this amendatory Act of the 95th General Assembly, to the extent those amendments would affect the rights and privileges of Authority employees that are currently the subject of collective bargaining, would be consistent with 49 U.S.C. 5333(b) if and only if those amendments were agreed to between these authorized representatives prior to enactment.

(i) Early retirement incentive plan; funded ratio.

(1) Beginning on the effective date of this Section, no early retirement incentive shall be offered to participants of the Plan unless the Funded Ratio of the Plan is at least 80% or more.

(2) For the purposes of this Section, the Funded Ratio shall be the Adjusted Assets divided by the Actuarial Accrued Liability developed in accordance with Statement #25 promulgated by the Government Accounting Standards Board and the actuarial assumptions described in the Plan. The Adjusted Assets shall be calculated based on the methodology described in the Plan.

(j) Nothing in this amendatory Act of the 95th General Assembly shall impair the rights or privileges of Authority employees under any other law.

(k) Any individual who, on or after the effective date of this amendatory Act of the 97th General Assembly, first becomes a participant of the Retirement Plan shall not be paid any of the benefits provided under this Code if he or she is convicted of a felony relating to, arising out of, or in connection with his or her service as a participant.

This subsection (k) shall not operate to impair any contract or vested right acquired before the effective date of this amendatory Act of the 97th General Assembly under any law or laws continued in this Code, and it shall not preclude the right to refund.

(Source: P.A. 94-839, eff. 6-6-06; 95-708, eff. 1-18-08.)

(40 ILCS 5/22-103)

Sec. 22-103. Regional Transportation Authority and related pension plans.

(a) As used in this Section:

"Affected pension plan" means a defined-benefit pension plan supported in whole or in part by employer contributions and maintained by the Regional Transportation Authority, the Suburban Bus Division, or the Commuter Rail Division, or any combination thereof, under the general authority of the Regional Transportation Authority Act, including but not limited to any such plan that has been established under or is subject to a collective bargaining agreement or is limited to employees covered by a collective bargaining agreement.

"Affected pension plan" does not include any pension fund or retirement system subject to Section 22-101 of this Section.

"Authority" means the Regional Transportation Authority created under the Regional Transportation Authority Act.

"Contributing employer" means an employer that is required to make contributions to an affected pension plan under the terms of that plan.

"Funding ratio" means the ratio of an affected pension plan's assets to the present value of its actuarial liabilities, as determined at its latest actuarial valuation in accordance with applicable actuarial assumptions and recommendations.

"Under-funded pension plan" or "under-funded" means an affected pension plan that, at the time of its last actuarial valuation, has a funding ratio of less than 90%.

(b) The contributing employers of each affected pension plan have a general duty to make the required employer contributions to the affected pension plan in a timely manner in accordance with the terms of the plan. A contributing employer must make contributions to the affected pension plan as required under this subsection and, if applicable, subsection (c); a contributing employer may make any additional contributions provided for by the board of the employer or collective bargaining agreement.

(c) In the case of an affected pension plan that is under-funded on January 1, 2009 or becomes under-funded at any



time after that date, the contributing employers shall contribute to the affected pension plan, in addition to all amounts otherwise required, amounts sufficient to bring the funding ratio of the affected pension plan up to 90% in accordance with an amortization schedule adopted jointly by the contributing employers and the trustee of the affected pension plan. The amortization schedule may extend for any period up to a maximum of 50 years and shall provide for additional employer contributions in substantially equal annual amounts over the selected period. If the contributing employers and the trustee of the affected pension plan do not agree on an appropriate period for the amortization schedule within 6 months of the date of determination that the plan is under-funded, then the amortization schedule shall be based on a period of 50 years.

In the case of an affected pension plan that has more than one contributing employer, each contributing employer's share of the total additional employer contributions required under this subsection shall be determined: (i) in proportion to the amounts, if any, by which the respective contributing employers have failed to meet their contribution obligations under the terms of the affected pension plan; or (ii) if all of the contributing employers have met their contribution obligations under the terms of the affected pension plan, then in the same proportion as they are required to contribute under the terms of that plan. In the case of an affected pension plan that has only one contributing employer, that contributing employer is

responsible for all of the additional employer contributions required under this subsection.

If an under-funded pension plan is determined to have achieved a funding ratio of at least 90% during the period when an amortization schedule is in force under this Section, the contributing employers and the trustee of the affected pension plan, acting jointly, may cancel the amortization schedule and the contributing employers may cease making additional contributions under this subsection for as long as the affected pension plan retains a funding ratio of at least 90%.

(d) Beginning January 1, 2009, if the Authority fails to pay to an affected pension fund within 30 days after it is due (i) any employer contribution that it is required to make as a contributing employer, (ii) any additional employer contribution that it is required to pay under subsection (c), or (iii) any payment that it is required to make under Section 4.02a or 4.02b of the Regional Transportation Authority Act, the trustee of the affected pension fund shall promptly so notify the Commission on Government Forecasting and Accountability, the Mayor of Chicago, the Governor, and the General Assembly.

(e) For purposes of determining employer contributions, assets, and actuarial liabilities under this subsection, contributions, assets, and liabilities relating to health care benefits shall not be included.

(f) This amendatory Act of the 94th General Assembly does

not affect or impair the right of any contributing employer or its employees to collectively bargain the amount or level of employee contributions to an affected pension plan, to the extent that the plan includes employees subject to collective bargaining.

(g) Any individual who, on or after the effective date of this amendatory Act of the 97th General Assembly, first becomes a participant of an affected pension plan shall not be paid any of the benefits provided under this Code if he or she is convicted of a felony relating to, arising out of, or in connection with his or her service as a participant.

This subsection shall not operate to impair any contract or vested right acquired before the effective date of this amendatory Act of the 97th General Assembly under any law or laws continued in this Code, and it shall not preclude the right to refund.

(Source: P.A. 94-839, eff. 6-6-06.)

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