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98TH GENERAL ASSEMBLY  
CONFERENCE COMMITTEE REPORT  
ON SENATE BILL 1

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To the President of the Senate and the Speaker of the House  
of Representatives:

We, the conference committee appointed to consider the  
differences between the houses in relation to House Amendments  
Nos. 1 and 3 to Senate Bill 1, recommend the following:

(1) that the House recede from House Amendments Nos. 1 and  
3; and

(2) that Senate Bill 1 be amended by replacing everything  
after the enacting clause with the following:

"Section 1. Legislative statement.

At the time of passage of this amendatory Act of the 98th  
General Assembly, Illinois has both atypically large debts and  
structural budgetary imbalances that will, unless addressed by  
the General Assembly, lead to even greater and rapidly growing  
debts and deficits. Already, Illinois has the lowest credit  
rating of any state, and it faces the prospect of future credit  
downgrades that will further increase the high cost of  
borrowing.

The State has taken significant action to address these  
fiscal troubles, including, but not limited to, increasing the

1 income tax and reducing pension benefits for future employees.  
2 Further, the State has enacted a series of budgets over the  
3 last several fiscal years that resulted in deep cuts to  
4 important discretionary programs that are essential to the  
5 people of Illinois.

6 At the time of passage of this amendatory Act of the 98th  
7 General Assembly, the State's retirement systems have unfunded  
8 actuarially accrued liabilities of approximately \$100 billion.  
9 Meanwhile, the State's annual pension contribution has  
10 substantially increased in recent years, and will continue to  
11 increase in coming years. The General Assembly recognizes that  
12 without significant pension reform, the unfunded liability and  
13 the State's pension contribution will continue to grow, and  
14 further burden the fiscal stability of both the State and its  
15 retirement systems.

16 This amendatory Act of the 98th General Assembly is  
17 intended to address the fiscal issues facing the State and its  
18 retirement systems in a manner that is feasible, consistent  
19 with the Illinois Constitution, and advantageous to both the  
20 taxpayers and employees impacted by these changes. Having  
21 considered other alternatives that would not involve changes to  
22 the retirement systems, the General Assembly has determined  
23 that the fiscal problems facing the State and its retirement  
24 systems cannot be solved without making some changes to the  
25 structure of the retirement systems. As a result, this  
26 amendatory Act requires more fiscal responsibility of the

1 State, while minimizing the impact on current and retired State  
2 employees.

3       Going forward, the automatic annual increase in retirement  
4 annuity will be based on a participant's years of service to  
5 the State and inflation, which more accurately reflects changes  
6 in the cost of living. For participants who have yet to receive  
7 an annuity, a pensionable salary cap will be imposed; however,  
8 it will only impact future salary increases that exceed a cap.  
9 Those workers 45 years of age and younger will be required to  
10 work an additional 4 months for each year under 46, which  
11 results in a minimal increase in retirement age given that the  
12 life expectancy for a 45 year old is 87 years of age. Current  
13 employees will receive a 1% reduction in required employee  
14 contributions. With these changes, the State can adopt an  
15 actuarially sound funding formula that will result in the  
16 pension systems achieving 100% funding no later than 2044. The  
17 State will also make additional contributions that will  
18 considerably aid in reducing the unfunded actuarially accrued  
19 liability.

20       The General Assembly finds that this amendatory Act of the  
21 98th General Assembly will lead to fiscal stability for the  
22 State and its pension systems.

23       Section 3. The Illinois Public Labor Relations Act is  
24 amended by changing Sections 4 and 15 and adding Section 7.5 as  
25 follows:

1 (5 ILCS 315/4) (from Ch. 48, par. 1604)

2 Sec. 4. Management Rights. Employers shall not be  
3 required to bargain over matters of inherent managerial policy,  
4 which shall include such areas of discretion or policy as the  
5 functions of the employer, standards of services, its overall  
6 budget, the organizational structure and selection of new  
7 employees, examination techniques and direction of employees.  
8 Employers, however, shall be required to bargain collectively  
9 with regard to policy matters directly affecting wages, hours  
10 and terms and conditions of employment as well as the impact  
11 thereon upon request by employee representatives, except as  
12 provided in Section 7.5.

13 To preserve the rights of employers and exclusive  
14 representatives which have established collective bargaining  
15 relationships or negotiated collective bargaining agreements  
16 prior to the effective date of this Act, employers shall be  
17 required to bargain collectively with regard to any matter  
18 concerning wages, hours or conditions of employment about which  
19 they have bargained for and agreed to in a collective  
20 bargaining agreement prior to the effective date of this Act, and  
21 except as provided in Section 7.5.

22 The chief judge of the judicial circuit that employs a  
23 public employee who is a court reporter, as defined in the  
24 Court Reporters Act, has the authority to hire, appoint,  
25 promote, evaluate, discipline, and discharge court reporters  
26 within that judicial circuit.

1           Nothing in this amendatory Act of the 94th General Assembly  
2 shall be construed to intrude upon the judicial functions of  
3 any court. This amendatory Act of the 94th General Assembly  
4 applies only to nonjudicial administrative matters relating to  
5 the collective bargaining rights of court reporters.

6           (Source: P.A. 94-98, eff. 7-1-05.)

7           (5 ILCS 315/7.5 new)

8           Sec. 7.5. Duty to bargain regarding pension amendments.

9           (a) Notwithstanding any provision of this Act, employers  
10 shall not be required to bargain over matters affected by the  
11 changes, the impact of changes, and the implementation of  
12 changes made to Article 14, 15, or 16 of the Illinois Pension  
13 Code, or Article 1 of that Code as it applies to those  
14 Articles, made by this amendatory Act of the 98th General  
15 Assembly, or over any other provision of Article 14, 15, or 16  
16 of the Illinois Pension Code, or of Article 1 of that Code as  
17 it applies to those Articles, which are prohibited subjects of  
18 bargaining; nor shall the changes, the impact of changes, or  
19 the implementation of changes made to Article 14, 15, or 16 of  
20 the Illinois Pension Code, or to Article 1 of that Code as it  
21 applies to those Articles, by this amendatory Act of the 98th  
22 General Assembly or any other provision of Article 14, 15, or  
23 16 of the Illinois Pension Code, or of Article 1 of that Code  
24 as it applies to those Articles, be subject to interest  
25 arbitration or any award issued pursuant to interest

1 arbitration. The provisions of this Section shall not apply to  
2 an employment contract or collective bargaining agreement that  
3 is in effect on the effective date of this amendatory Act of  
4 the 98th General Assembly. However, any such contract or  
5 agreement that is subsequently modified, amended, or renewed  
6 shall be subject to the provisions of this Section. The  
7 provisions of this Section shall also not apply to the ability  
8 of an employer and employee representative to bargain  
9 collectively with regard to the pick up of employee  
10 contributions pursuant to Section 14-133.1, 15-157.1, or  
11 16-152.1 of the Illinois Pension Code.

12 (b) Nothing in this Section, however, shall be construed as  
13 otherwise limiting any of the obligations and requirements  
14 applicable to each employer under any of the provisions of this  
15 Act, including, but not limited to, the requirement to bargain  
16 collectively with regard to policy matters directly affecting  
17 wages, hours and terms and conditions of employment as well as  
18 the impact thereon upon request by employee representatives,  
19 except for the matters deemed prohibited subjects of bargaining  
20 under subsection (a) of this Section. Nothing in this Section  
21 shall further be construed as otherwise limiting any of the  
22 rights of employees or employee representatives under the  
23 provisions of this Act, except for matters deemed prohibited  
24 subjects of bargaining under subsection (a) of this Section.

25 (c) In case of any conflict between this Section and any  
26 other provisions of this Act or any other law, the provisions

1 of this Section shall control.

2 (5 ILCS 315/15) (from Ch. 48, par. 1615)

3 Sec. 15. Act Takes Precedence.

4 (a) In case of any conflict between the provisions of this  
5 Act and any other law (other than Section 5 of the State  
6 Employees Group Insurance Act of 1971 and other than the  
7 changes made to the Illinois Pension Code by Public Act 96-889  
8 and other than as provided in Section 7.5 ~~this amendatory Act~~  
9 ~~of the 96th General Assembly~~), executive order or  
10 administrative regulation relating to wages, hours and  
11 conditions of employment and employment relations, the  
12 provisions of this Act or any collective bargaining agreement  
13 negotiated thereunder shall prevail and control. Nothing in  
14 this Act shall be construed to replace or diminish the rights  
15 of employees established by Sections 28 and 28a of the  
16 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
17 of the Regional Transportation Authority Act. The provisions of  
18 this Act are subject to Section 7.5 of this Act and Section 5  
19 of the State Employees Group Insurance Act of 1971. Nothing in  
20 this Act shall be construed to replace the necessity of  
21 complaints against a sworn peace officer, as defined in Section  
22 2(a) of the Uniform Peace Officer Disciplinary Act, from having  
23 a complaint supported by a sworn affidavit.

24 (b) Except as provided in subsection (a) above, any  
25 collective bargaining contract between a public employer and a

1 labor organization executed pursuant to this Act shall  
2 supersede any contrary statutes, charters, ordinances, rules  
3 or regulations relating to wages, hours and conditions of  
4 employment and employment relations adopted by the public  
5 employer or its agents. Any collective bargaining agreement  
6 entered into prior to the effective date of this Act shall  
7 remain in full force during its duration.

8 (c) It is the public policy of this State, pursuant to  
9 paragraphs (h) and (i) of Section 6 of Article VII of the  
10 Illinois Constitution, that the provisions of this Act are the  
11 exclusive exercise by the State of powers and functions which  
12 might otherwise be exercised by home rule units. Such powers  
13 and functions may not be exercised concurrently, either  
14 directly or indirectly, by any unit of local government,  
15 including any home rule unit, except as otherwise authorized by  
16 this Act.

17 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

18 Section 5. The Governor's Office of Management and Budget  
19 Act is amended by changing Sections 7 and 8 as follows:

20 (20 ILCS 3005/7) (from Ch. 127, par. 417)

21 Sec. 7. All statements and estimates of expenditures  
22 submitted to the Office in connection with the preparation of a  
23 State budget, and any other estimates of expenditures,  
24 supporting requests for appropriations, shall be formulated



1 according to the various functions and activities for which the  
2 respective department, office or institution of the State  
3 government (including the elective officers in the executive  
4 department and including the University of Illinois and the  
5 judicial department) is responsible. All such statements and  
6 estimates of expenditures relating to a particular function or  
7 activity shall be further formulated or subject to analysis in  
8 accordance with the following classification of objects:

9 (1) Personal services

10 (2) State contribution for employee group insurance

11 (3) Contractual services

12 (4) Travel

13 (5) Commodities

14 (6) Equipment

15 (7) Permanent improvements

16 (8) Land

17 (9) Electronic Data Processing

18 (10) Telecommunication services

19 (11) Operation of Automotive Equipment

20 (12) Contingencies

21 (13) Reserve

22 (14) Interest

23 (15) Awards and Grants

24 (16) Debt Retirement

25 (17) Non-cost Charges-

26 (18) State retirement contribution for annual normal cost

1       (19) State retirement contribution for unfunded accrued  
2       liability.

3       (Source: P.A. 93-25, eff. 6-20-03.)

4       (20 ILCS 3005/8) (from Ch. 127, par. 418)

5       Sec. 8. When used in connection with a State budget or  
6       expenditure or estimate, items (1) through (16) in the  
7       classification of objects stated in Section 7 shall have the  
8       meanings ascribed to those items in Sections 14 through 24.7,  
9       respectively, of the State Finance Act. ~~"An Act in relation to~~  
10      ~~State finance", approved June 10, 1919, as amended.~~

11      When used in connection with a State budget or expenditure  
12      or estimate, items (18) and (19) in the classification of  
13      objects stated in Section 7 shall have the meanings ascribed to  
14      those items in Sections 24.12 and 24.13, respectively, of the  
15      State Finance Act.

16      (Source: P.A. 82-325.)

17      Section 7. The State Finance Act is amended by changing  
18      Section 13 and by adding Sections 24.12 and 24.13 as follows:

19      (30 ILCS 105/13) (from Ch. 127, par. 149)

20      Sec. 13. The objects and purposes for which  
21      appropriations are made are classified and standardized by  
22      items as follows:

23      (1) Personal services;

- 1 (2) State contribution for employee group insurance;
- 2 (3) Contractual services;
- 3 (4) Travel;
- 4 (5) Commodities;
- 5 (6) Equipment;
- 6 (7) Permanent improvements;
- 7 (8) Land;
- 8 (9) Electronic Data Processing;
- 9 (10) Operation of automotive equipment;
- 10 (11) Telecommunications services;
- 11 (12) Contingencies;
- 12 (13) Reserve;
- 13 (14) Interest;
- 14 (15) Awards and Grants;
- 15 (16) Debt Retirement;
- 16 (17) Non-Cost Charges;
- 17 (18) State retirement contribution for annual normal cost;
- 18 (19) State retirement contribution for unfunded accrued
- 19 liability;
- 20 (20) ~~(18)~~ Purchase Contract for Real Estate.

21 When an appropriation is made to an officer, department,  
22 institution, board, commission or other agency, or to a private  
23 association or corporation, in one or more of the items above  
24 specified, such appropriation shall be construed in accordance  
25 with the definitions and limitations specified in this Act,  
26 unless the appropriation act otherwise provides.

1           An appropriation for a purpose other than one specified and  
2 defined in this Act may be made only as an additional, separate  
3 and distinct item, specifically stating the object and purpose  
4 thereof.

5           (Source: P.A. 84-263; 84-264.)

6           (30 ILCS 105/24.12 new)

7           Sec. 24.12. "State retirement contribution for annual  
8 normal cost" defined. The term "State retirement contribution  
9 for annual normal cost" means the portion of the total required  
10 State contribution to a retirement system for a fiscal year  
11 that represents the State's portion of the System's projected  
12 normal cost for that fiscal year, as determined and certified  
13 by the board of trustees of the retirement system in  
14 conformance with the applicable provisions of the Illinois  
15 Pension Code.

16           (30 ILCS 105/24.13 new)

17           Sec. 24.13. "State retirement contribution for unfunded  
18 accrued liability" defined. The term "State retirement  
19 contribution for unfunded accrued liability" means the portion  
20 of the total required State contribution to a retirement system  
21 for a fiscal year that is not included in the State retirement  
22 contribution for annual normal cost.

23           Section 10. The Budget Stabilization Act is amended by

1 changing Sections 20 and 25 as follows:

2 (30 ILCS 122/20)

3 Sec. 20. Pension Stabilization Fund.

4 (a) The Pension Stabilization Fund is hereby created as a  
5 special fund in the State treasury. Moneys in the fund shall be  
6 used for the sole purpose of making payments to the designated  
7 retirement systems as provided in Section 25.

8 (b) For each fiscal year through State fiscal year 2014,  
9 when the General Assembly's appropriations and transfers or  
10 diversions as required by law from general funds do not exceed  
11 99% of the estimated general funds revenues pursuant to  
12 subsection (a) of Section 10, the Comptroller shall transfer  
13 from the General Revenue Fund as provided by this Section a  
14 total amount equal to 0.5% of the estimated general funds  
15 revenues to the Pension Stabilization Fund.

16 (c) For each fiscal year through State fiscal year 2014,  
17 when the General Assembly's appropriations and transfers or  
18 diversions as required by law from general funds do not exceed  
19 98% of the estimated general funds revenues pursuant to  
20 subsection (b) of Section 10, the Comptroller shall transfer  
21 from the General Revenue Fund as provided by this Section a  
22 total amount equal to 1.0% of the estimated general funds  
23 revenues to the Pension Stabilization Fund.

24 (c-5) In addition to any other amounts required to be  
25 transferred under this Section, in State fiscal year 2016 and

1 each fiscal year thereafter through State fiscal year 2045, or  
2 when each of the designated retirement systems, as defined in  
3 Section 25, has achieved 100% funding, whichever occurs first,  
4 the State Comptroller shall order transferred and the State  
5 Treasurer shall transfer from the General Revenue Fund to the  
6 Pension Stabilization Fund an amount equal to 10% of (1) the  
7 sum of the amounts certified by the designated retirement  
8 systems under subsection (a-5) of Section 2-134, subsection  
9 (a-10) of Section 14-135.08, subsection (a-10) of Section  
10 15-165, and subsection (a-10) of Section 16-158 of this Code  
11 for that fiscal year minus (2) the sum of (i) the transfer  
12 required under subsection (c-10) of this Section for that  
13 fiscal year and (ii) the sum of the required State  
14 contributions certified by the retirement systems under  
15 subsection (a) of Section 2-134, subsection (a-5) of Section  
16 14-135.08, subsection (a-5) of Section 15-165, and subsection  
17 (a-5) of Section 16-158 of this Code for that fiscal year. The  
18 transferred amount is intended to represent one-tenth of the  
19 annual savings to the State resulting from the enactment of  
20 this amendatory Act of the 98th General Assembly.

21 (c-10) In State fiscal year 2019, the State Comptroller  
22 shall order transferred and the State Treasurer shall transfer  
23 \$364,000,000 from the General Revenue Fund to the Pension  
24 Stabilization Fund. In State fiscal year 2020 and each fiscal  
25 year thereafter until terminated under subsection (c-15), the  
26 State Comptroller shall order transferred and the State

1 Treasurer shall transfer \$1,000,000,000 from the General  
2 Revenue Fund to the Pension Stabilization Fund.

3 (c-15) The transfers made beginning in State fiscal year  
4 2020 pursuant to subsection (c-10) of this Section shall  
5 terminate at the end of State fiscal year 2045 or when each of  
6 the designated retirement systems, as defined in Section 25,  
7 has achieved 100% funding, whichever occurs first.

8 (d) The Comptroller shall transfer 1/12 of the total amount  
9 to be transferred each fiscal year under this Section into the  
10 Pension Stabilization Fund on the first day of each month of  
11 that fiscal year or as soon thereafter as possible; except that  
12 the final transfer of the fiscal year shall be made as soon as  
13 practical after the August 31 following the end of the fiscal  
14 year.

15 Until State fiscal year 2015, before ~~Before~~ the final  
16 transfer for a fiscal year is made, the Comptroller shall  
17 reconcile the estimated general funds revenues used in  
18 calculating the other transfers under this Section for that  
19 fiscal year with the actual general funds revenues for that  
20 fiscal year. The final transfer for the fiscal year shall be  
21 adjusted so that the total amount transferred under this  
22 Section for that fiscal year is equal to the percentage  
23 specified in subsection (b) or (c) of this Section, whichever  
24 is applicable, of the actual general funds revenues for that  
25 fiscal year. The actual general funds revenues for the fiscal  
26 year shall be calculated in a manner consistent with subsection

1 (c) of Section 10 of this Act.

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

3 (30 ILCS 122/25)

4 Sec. 25. Transfers from the Pension Stabilization Fund.

5 (a) As used in this Section, "designated retirement  
6 systems" means:

7 (1) the State Employees' Retirement System of  
8 Illinois;

9 (2) the Teachers' Retirement System of the State of  
10 Illinois;

11 (3) the State Universities Retirement System;

12 (4) the Judges Retirement System of Illinois; and

13 (5) the General Assembly Retirement System.

14 (b) As soon as may be practical after any money is  
15 deposited into the Pension Stabilization Fund, the State  
16 Comptroller shall apportion the deposited amount among the  
17 designated retirement systems and the State Comptroller and  
18 State Treasurer shall pay the apportioned amounts to the  
19 designated retirement systems. The amount deposited shall be  
20 apportioned among the designated retirement systems in the same  
21 proportion as their respective portions of the total actuarial  
22 reserve deficiency of the designated retirement systems, as  
23 most recently determined by the Governor's Office of Management  
24 and Budget. Amounts received by a designated retirement system  
25 under this Section shall be used for funding the unfunded



1 liabilities of the retirement system. Payments under this  
2 Section are authorized by the continuing appropriation under  
3 Section 1.7 of the State Pension Funds Continuing Appropriation  
4 Act.

5 (c) At the request of the State Comptroller, the Governor's  
6 Office of Management and Budget shall determine the individual  
7 and total actuarial reserve deficiencies of the designated  
8 retirement systems. For this purpose, the Governor's Office of  
9 Management and Budget shall consider the latest available audit  
10 and actuarial reports of each of the retirement systems and the  
11 relevant reports and statistics of the Public Pension Division  
12 of the Department of Insurance ~~Financial and Professional~~  
13 ~~Regulation~~.

14 (d) Payments to the designated retirement systems under  
15 this Section shall be in addition to, and not in lieu of, any  
16 State contributions required under Section 2-124, 14-131,  
17 15-155, 16-158, or 18-131 of the Illinois Pension Code.

18 Payments to the designated retirement systems under this  
19 Section received after the effective date of this amendatory  
20 Act of the 98th General Assembly, and any investment earnings  
21 attributable to such payments, do not reduce and do not  
22 constitute payment of any portion of the required State  
23 contribution under Article 2, 14, 15, 16, or 18 of the Illinois  
24 Pension Code in the current fiscal year. Such amounts shall not  
25 reduce, and shall not be included in the calculation of, the  
26 required State contribution under Article 2, 14, 15, 16, or 18

1 of the Illinois Pension Code in any future fiscal year, until  
2 the designated retirement system has reached the targeted  
3 funding ratio as prescribed by law for that retirement system.  
4 Such payments may be invested in the same manner as other  
5 assets of the designated retirement system and shall be used in  
6 the calculation of the system's funding ratio for the purposes  
7 of this Section and Section 20 of this Act. Payments under this  
8 Section may be used for any associated administrative costs.  
9 (Source: P.A. 94-839, eff. 6-6-06.)

10 Section 15. The Illinois Pension Code is amended by  
11 changing Sections 1-103.3, 2-108, 2-108.1, 2-119, 2-119.1,  
12 2-124, 2-125, 2-126, 2-134, 2-162, 7-109, 7-114, 7-116, 7-139,  
13 9-219, 9-220, 14-103.10, 14-104.3, 14-106, 14-107, 14-108,  
14 14-110, 14-114, 14-115, 14-131, 14-132, 14-133, 14-135.08,  
15 14-152.1, 15-106, 15-107, 15-111, 15-112, 15-113.4, 15-125,  
16 15-135, 15-136, 15-155, 15-156, 15-157, 15-165, 15-198,  
17 16-106, 16-112, 16-121, 16-127, 16-132, 16-133, 16-133.1,  
18 16-133.2, 16-136.1, 16-152, 16-158, 16-203, 17-116, 17-134,  
19 20-106, 20-121, 20-123, 20-124, and 20-125 and by adding  
20 Sections 2-105.1, 2-105.2, 2-126.5, 2-165, 2-166, 14-103.40,  
21 14-133.5, 14-155, 14-156, 15-157.5, 15-200, 15-201, 16-106.4,  
22 16-152.5, 16-158.2, 16-205, and 16-206 as follows:

23 (40 ILCS 5/1-103.3)

24 Sec. 1-103.3. Application of 1994 amendment; funding

1 standard.

2 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
3 ~~of 1994~~ that change the method of calculating, certifying, and  
4 paying the required State contributions to the retirement  
5 systems established under Articles 2, 14, 15, 16, and 18 shall  
6 first apply to the State contributions required for State  
7 fiscal year 1996.

8 (b) (Blank) ~~The General Assembly declares that a funding~~  
9 ~~ratio (the ratio of a retirement system's total assets to its~~  
10 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
11 ~~State-funded retirement systems in Illinois, and it finds that~~  
12 ~~a funding ratio of 90% is now the generally recognized norm~~  
13 ~~throughout the nation for public employee retirement systems~~  
14 ~~that are considered to be financially secure and funded in an~~  
15 ~~appropriate and responsible manner.~~

16 (c) Every 5 years, beginning in 1999, the Commission on  
17 Government Forecasting and Accountability, in consultation  
18 with the affected retirement systems and the Governor's Office  
19 of Management and Budget (formerly Bureau of the Budget), shall  
20 consider and determine whether the funding goals ~~90% funding~~  
21 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
22 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
23 funding goals ~~goal~~ for those ~~State-funded~~ retirement systems ~~in~~  
24 ~~Illinois~~, and it shall report its findings and recommendations  
25 on this subject to the Governor and the General Assembly.

26 (Source: P.A. 93-1067, eff. 1-15-05.)

1 (40 ILCS 5/2-105.1 new)

2 Sec. 2-105.1. Tier 1 participant; Tier 2 participant.

3 "Tier 1 participant": A participant who first became a  
4 participant before January 1, 2011.

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

7 (40 ILCS 5/2-105.2 new)

8 Sec. 2-105.2. Tier 1 retiree. "Tier 1 retiree" means a  
9 former Tier 1 participant who has made the election to retire  
10 and has terminated service.

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

12 Sec. 2-108. Salary. "Salary": (1) For members of the  
13 General Assembly, the total compensation paid to the member by  
14 the State for one year of service, including the additional  
15 amounts, if any, paid to the member as an officer pursuant to  
16 Section 1 of "An Act in relation to the compensation and  
17 emoluments of the members of the General Assembly", approved  
18 December 6, 1907, as now or hereafter amended.

19 (2) For the State executive officers specified in Section  
20 2-105, the total compensation paid to the member for one year  
21 of service.

22 (3) For members of the System who are participants under  
23 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
24 of the House of Representatives or Secretary or Assistant

1 Secretary of the Senate, the total compensation paid to the  
2 member for one year of service, but not to exceed the salary of  
3 the highest salaried officer of the General Assembly.

4 However, in the event that federal law results in any  
5 participant receiving imputed income based on the value of  
6 group term life insurance provided by the State, such imputed  
7 income shall not be included in salary for the purposes of this  
8 Article.

9 Notwithstanding any other provision of this Code, the  
10 annual salary of a Tier 1 participant for the purposes of this  
11 Code shall not exceed, for periods of service in a term of  
12 office beginning on or after the effective date of this  
13 amendatory Act of the 98th General Assembly, the greater of (i)  
14 the annual limitation determined from time to time under  
15 subsection (b-5) of Section 1-160 of this Code or (ii) the  
16 annualized salary of the participant on the last day of that  
17 participant's last term of office beginning before that  
18 effective date.

19 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

20 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

21 Sec. 2-108.1. Highest salary for annuity purposes.

22 (a) "Highest salary for annuity purposes" means whichever  
23 of the following is applicable to the participant:

24 For a participant who first becomes a participant of this  
25 System before August 10, 2009 (the effective date of Public Act

1 96-207):

2 (1) For a participant who is a member of the General  
3 Assembly on his or her last day of service: the highest  
4 salary that is prescribed by law, on the participant's last  
5 day of service, for a member of the General Assembly who is  
6 not an officer; plus, if the participant was elected or  
7 appointed to serve as an officer of the General Assembly  
8 for 2 or more years and has made contributions as required  
9 under subsection (d) of Section 2-126, the highest  
10 additional amount of compensation prescribed by law, at the  
11 time of the participant's service as an officer, for  
12 members of the General Assembly who serve in that office.

13 (2) For a participant who holds one of the State  
14 executive offices specified in Section 2-105 on his or her  
15 last day of service: the highest salary prescribed by law  
16 for service in that office on the participant's last day of  
17 service.

18 (3) For a participant who is Clerk or Assistant Clerk  
19 of the House of Representatives or Secretary or Assistant  
20 Secretary of the Senate on his or her last day of service:  
21 the salary received for service in that capacity on the  
22 last day of service, but not to exceed the highest salary  
23 (including additional compensation for service as an  
24 officer) that is prescribed by law on the participant's  
25 last day of service for the highest paid officer of the  
26 General Assembly.

1           (4) For a participant who is a continuing participant  
2 under Section 2-117.1 on his or her last day of service:  
3 the salary received for service in that capacity on the  
4 last day of service, but not to exceed the highest salary  
5 (including additional compensation for service as an  
6 officer) that is prescribed by law on the participant's  
7 last day of service for the highest paid officer of the  
8 General Assembly.

9           For a participant who first becomes a participant of this  
10 System on or after August 10, 2009 (the effective date of  
11 Public Act 96-207) and before January 1, 2011 (the effective  
12 date of Public Act 96-889), the average monthly salary obtained  
13 by dividing the total salary of the participant during the  
14 period of: (1) the 48 consecutive months of service within the  
15 last 120 months of service in which the total compensation was  
16 the highest, or (2) the total period of service, if less than  
17 48 months, by the number of months of service in that period.

18           Except as otherwise provided below, for a Tier 2 ~~For a~~  
19 participant who first becomes a participant of this System on  
20 or after January 1, 2011 (the effective date of Public Act  
21 96-889), the average monthly salary obtained by dividing the  
22 total salary of the participant during the 96 consecutive  
23 months of service within the last 120 months of service in  
24 which the total compensation was the highest by the number of  
25 months of service in that period; however, for periods of  
26 service in a term of office beginning on or after January 1,

1     2011 and before the effective date of this amendatory Act of  
2     the 98th General Assembly, the highest salary for annuity  
3     purposes may not exceed \$106,800, except that that amount shall  
4     annually thereafter be increased by the lesser of (i) 3% of  
5     that amount, including all previous adjustments, or (ii) the  
6     annual unadjusted percentage increase (but not less than zero)  
7     in the consumer price index-u for the 12 months ending with the  
8     September preceding each November 1. "Consumer price index-u"  
9     means the index published by the Bureau of Labor Statistics of  
10    the United States Department of Labor that measures the average  
11    change in prices of goods and services purchased by all urban  
12    consumers, United States city average, all items, 1982-84 =  
13    100. The new amount resulting from each annual adjustment shall  
14    be determined by the Public Pension Division of the Department  
15    of Insurance and made available to the Board by November 1 of  
16    each year until there is no longer any such participant who is  
17    in service in a term of office that began before the effective  
18    date of this amendatory Act of the 98th General Assembly.

19       Notwithstanding any other provision of this Section, in  
20    determining the highest salary for annuity purposes of a Tier 2  
21    participant who is in service in a term of office beginning on  
22    or after the effective date of this amendatory Act of the 98th  
23    General Assembly, the Tier 2 participant's salary for periods  
24    of service in a term of office beginning on or after that  
25    effective date shall not exceed the limitation on salary  
26    determined from time to time under subsection (b-5) of Section



1 1-160 of this Code.

2 (b) The earnings limitations of subsection (a) apply to  
3 earnings under any other participating system under the  
4 Retirement Systems Reciprocal Act that are considered in  
5 calculating a proportional annuity under this Article, except  
6 in the case of a person who first became a member of this  
7 System before August 22, 1994 and has not, on or after the  
8 effective date of this amendatory Act of the 97th General  
9 Assembly, irrevocably elected to have those limitations apply.  
10 The limitations of subsection (a) shall apply, however, to  
11 earnings under any other participating system under the  
12 Retirement Systems Reciprocal Act that are considered in  
13 calculating the proportional annuity of a person who first  
14 became a member of this System before August 22, 1994 if, on or  
15 after the effective date of this amendatory Act of the 97th  
16 General Assembly, that member irrevocably elects to have those  
17 limitations apply.

18 (c) In calculating the subsection (a) earnings limitation  
19 to be applied to earnings under any other participating system  
20 under the Retirement Systems Reciprocal Act for the purpose of  
21 calculating a proportional annuity under this Article, the  
22 participant's last day of service shall be deemed to mean the  
23 last day of service in any participating system from which the  
24 person has applied for a proportional annuity under the  
25 Retirement Systems Reciprocal Act.

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

1 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

2 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

3 Sec. 2-119. Retirement annuity - conditions for  
4 eligibility.

5 (a) A participant whose service as a member is terminated,  
6 regardless of age or cause, is entitled to a retirement annuity  
7 beginning on the date specified by the participant in a written  
8 application subject to the following conditions:

9 1. The date the annuity begins does not precede the  
10 date of final termination of service, or is not more than  
11 30 days before the receipt of the application by the board  
12 in the case of annuities based on disability or one year  
13 before the receipt of the application in the case of  
14 annuities based on attained age;

15 2. The participant meets one of the following  
16 eligibility requirements:

17 For a participant who first becomes a participant of  
18 this System before January 1, 2011 (the effective date of  
19 Public Act 96-889):

20 (A) He or she has attained age 55 and has at least  
21 8 years of service credit;

22 (B) He or she has attained age 62 and terminated  
23 service after July 1, 1971 with at least 4 years of  
24 service credit; or

25 (C) He or she has completed 8 years of service and

1           has become permanently disabled and as a consequence,  
2           is unable to perform the duties of his or her office.

3           For a participant who first becomes a participant of  
4           this System on or after January 1, 2011 (the effective date  
5           of Public Act 96-889), he or she has attained age 67 and  
6           has at least 8 years of service credit.

7           (a-1) Notwithstanding subsection (a) of this Section, for a  
8           Tier 1 participant who begins receiving a retirement annuity  
9           under this Section on or after July 1, 2014, the required  
10          retirement age under subsection (a) is increased as follows,  
11          based on the Tier 1 participant's age on June 1, 2014:

12           (1) If he or she is at least age 46 on June 1, 2014,  
13           then the required retirement ages under subsection (a)  
14           remain unchanged.

15           (2) If he or she is at least age 45 but less than age 46  
16           on June 1, 2014, then the required retirement ages under  
17           subsection (a) are increased by 4 months.

18           (3) If he or she is at least age 44 but less than age 45  
19           on June 1, 2014, then the required retirement ages under  
20           subsection (a) are increased by 8 months.

21           (4) If he or she is at least age 43 but less than age 44  
22           on June 1, 2014, then the required retirement ages under  
23           subsection (a) are increased by 12 months.

24           (5) If he or she is at least age 42 but less than age 43  
25           on June 1, 2014, then the required retirement ages under  
26           subsection (a) are increased by 16 months.

1           (6) If he or she is at least age 41 but less than age 42  
2 on June 1, 2014, then the required retirement ages under  
3 subsection (a) are increased by 20 months.

4           (7) If he or she is at least age 40 but less than age 41  
5 on June 1, 2014, then the required retirement ages under  
6 subsection (a) are increased by 24 months.

7           (8) If he or she is at least age 39 but less than age 40  
8 on June 1, 2014, then the required retirement ages under  
9 subsection (a) are increased by 28 months.

10           (9) If he or she is at least age 38 but less than age 39  
11 on June 1, 2014, then the required retirement ages under  
12 subsection (a) are increased by 32 months.

13           (10) If he or she is at least age 37 but less than age  
14 38 on June 1, 2014, then the required retirement ages under  
15 subsection (a) are increased by 36 months.

16           (11) If he or she is at least age 36 but less than age  
17 37 on June 1, 2014, then the required retirement ages under  
18 subsection (a) are increased by 40 months.

19           (12) If he or she is at least age 35 but less than age  
20 36 on June 1, 2014, then the required retirement ages under  
21 subsection (a) are increased by 44 months.

22           (13) If he or she is at least age 34 but less than age  
23 35 on June 1, 2014, then the required retirement ages under  
24 subsection (a) are increased by 48 months.

25           (14) If he or she is at least age 33 but less than age  
26 34 on June 1, 2014, then the required retirement ages under

1 subsection (a) are increased by 52 months.

2 (15) If he or she is at least age 32 but less than age  
3 33 on June 1, 2014, then the required retirement ages under  
4 subsection (a) are increased by 56 months.

5 (16) If he or she is less than age 32 on June 1, 2014,  
6 then the required retirement ages under subsection (a) are  
7 increased by 60 months.

8 Notwithstanding Section 1-103.1, this subsection (a-1)  
9 applies without regard to whether or not the Tier 1 participant  
10 is in active service under this Article on or after the  
11 effective date of this amendatory Act of the 98th General  
12 Assembly.

13 (a-5) A participant who first becomes a participant of this  
14 System on or after January 1, 2011 (the effective date of  
15 Public Act 96-889) who has attained age 62 and has at least 8  
16 years of service credit may elect to receive the lower  
17 retirement annuity provided in paragraph (c) of Section  
18 2-119.01 of this Code.

19 (b) A participant shall be considered permanently disabled  
20 only if: (1) disability occurs while in service and is of such  
21 a nature as to prevent him or her from reasonably performing  
22 the duties of his or her office at the time; and (2) the board  
23 has received a written certificate by at least 2 licensed  
24 physicians appointed by the board stating that the member is  
25 disabled and that the disability is likely to be permanent.

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

1 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

2 Sec. 2-119.1. Automatic increase in retirement annuity.

3 (a) Except as otherwise provided in this Section, a A  
4 participant who retires after June 30, 1967, and who has not  
5 received an initial increase under this Section before the  
6 effective date of this amendatory Act of 1991, shall, in  
7 January or July next following the first anniversary of  
8 retirement, whichever occurs first, and in the same month of  
9 each year thereafter, but in no event prior to age 60, have the  
10 amount of the originally granted retirement annuity increased  
11 as follows: for each year through 1971, 1 1/2%; for each year  
12 from 1972 through 1979, 2%; and for 1980 and each year  
13 thereafter, 3%. Annuitants who have received an initial  
14 increase under this subsection prior to the effective date of  
15 this amendatory Act of 1991 shall continue to receive their  
16 annual increases in the same month as the initial increase.

17 (a-1) Notwithstanding subsection (a), but subject to the  
18 provisions of subsection (a-2), for a Tier 1 retiree, all  
19 automatic increases payable under subsection (a) on or after  
20 the effective date of this amendatory Act of the 98th General  
21 Assembly shall be calculated as 3% of the lesser of (1) the  
22 total annuity payable at the time of the increase, including  
23 previous increases granted, or (2) \$1,000 multiplied by the  
24 number of years of creditable service upon which the annuity is  
25 based.

26 Beginning January 1, 2016, the \$1,000 referred to in item

1 (2) of this subsection (a-1) shall be increased on each January  
2 1 by the annual unadjusted percentage increase (but not less  
3 than zero) in the consumer price index-u for the 12 months  
4 ending with the preceding September; these adjustments shall be  
5 cumulative and compounded. For the purposes of this subsection  
6 (a-1), "consumer price index-u" means the index published by  
7 the Bureau of Labor Statistics of the United States Department  
8 of Labor that measures the average change in prices of goods  
9 and services purchased by all urban consumers, United States  
10 city average, all items, 1982-84 = 100. The new dollar amount  
11 resulting from each annual adjustment shall be determined by  
12 the Public Pension Division of the Department of Insurance and  
13 made available to the System by November 1 of each year.

14 This subsection (a-1) is applicable without regard to  
15 whether the person is in service on or after the effective date  
16 of this amendatory Act of the 98th General Assembly.

17 (a-2) Notwithstanding subsections (a) and (a-1), for an  
18 active or inactive Tier 1 participant who has not begun to  
19 receive a retirement annuity under this Article before July 1,  
20 2014:

21 (1) the second automatic annual increase payable under  
22 subsection (a) shall be at the rate of 0% of the total  
23 annuity payable at the time of the increase if he or she is  
24 at least age 50 on the effective date of this amendatory  
25 Act;

26 (2) the second, fourth, and sixth automatic annual

1 increases payable under subsection (a) shall be at the rate  
2 of 0% of the total annuity payable at the time of the  
3 increase if he or she is at least age 47 but less than age  
4 50 on the effective date of this amendatory Act;

5 (3) the second, fourth, sixth, and eighth automatic  
6 annual increases payable under subsection (a) shall be at  
7 the rate of 0% of the total annuity payable at the time of  
8 the increase if he or she is at least age 44 but less than  
9 age 47 on the effective date of this amendatory Act; and

10 (4) the second, fourth, sixth, eighth, and tenth  
11 automatic annual increases payable under subsection (a)  
12 shall be at the rate of 0% of the total annuity payable at  
13 the time of the increase if he or she is less than age 44 on  
14 the effective date of this amendatory Act.

15 For the purposes of Section 1-103.1, this subsection (a-2)  
16 is applicable without regard to whether the person is in  
17 service on or after the effective date of this amendatory Act  
18 of the 98th General Assembly.

19 (b) Beginning January 1, 1990, for eligible participants  
20 who remain in service after attaining 20 years of creditable  
21 service, the ~~3%~~ increases provided under subsection (a) shall  
22 begin to accrue on the January 1 next following the date upon  
23 which the participant (1) attains age 55, or (2) attains 20  
24 years of creditable service, whichever occurs later, and shall  
25 continue to accrue while the participant remains in service;  
26 such increases shall become payable on January 1 or July 1,



1       whichever occurs first, next following the first anniversary of  
2       retirement. For any person who has service credit in the System  
3       for the entire period from January 15, 1969 through December  
4       31, 1992, regardless of the date of termination of service, the  
5       reference to age 55 in clause (1) of this subsection (b) shall  
6       be deemed to mean age 50. The increases accruing under this  
7       subsection (b) after the effective date of this amendatory Act  
8       of the 98th General Assembly shall accrue at the rate provided  
9       in subsection (a-1).

10       This subsection (b) does not apply to any person who first  
11       becomes a member of the System after the effective date of this  
12       amendatory Act of the 93rd General Assembly.

13       (b-5) Notwithstanding any other provision of this Section  
14       Article, a participant who first becomes a participant on or  
15       after January 1, 2011 (the effective date of Public Act 96-889)  
16       shall, in January or July next following the first anniversary  
17       of retirement, whichever occurs first, and in the same month of  
18       each year thereafter, but in no event prior to age 67, have the  
19       amount of the retirement annuity then being paid increased by  
20       an amount calculated as a percentage of the originally granted  
21       retirement annuity, equal to 3% or one-half of the annual  
22       unadjusted percentage increase (but not less than zero) in the  
23       Consumer Price Index for All Urban Consumers for the 12 months  
24       ending with the preceding September, as determined by the  
25       Public Pension Division of the Department of Insurance and  
26       reported to the System by November 1 of each year ~~under~~

1 ~~subsection (a) of Section 2-108.1~~, whichever is less.

2 The changes made to this subsection (b-5) by this  
3 amendatory Act of the 98th General Assembly shall apply to  
4 increases provided under this subsection on or after the  
5 effective date of this amendatory Act without regard to whether  
6 service terminated before that effective date.

7 (c) The foregoing provisions relating to automatic  
8 increases are not applicable to a participant who retires  
9 before having made contributions (at the rate prescribed in  
10 Section 2-126) for automatic increases for less than the  
11 equivalent of one full year. However, in order to be eligible  
12 for the automatic increases, such a participant may make  
13 arrangements to pay to the system the amount required to bring  
14 the total contributions for the automatic increase to the  
15 equivalent of one year's contributions based upon his or her  
16 last salary.

17 (d) A participant who terminated service prior to July 1,  
18 1967, with at least 14 years of service is entitled to an  
19 increase in retirement annuity beginning January, 1976, and to  
20 additional increases in January of each year thereafter.

21 The initial increase shall be 1 1/2% of the originally  
22 granted retirement annuity multiplied by the number of full  
23 years that the annuitant was in receipt of such annuity prior  
24 to January 1, 1972, plus 2% of the originally granted  
25 retirement annuity for each year after that date. The  
26 subsequent annual increases shall be at the rate of 2% of the

1 originally granted retirement annuity for each year through  
 2 1979 and at the rate of 3% for 1980 and thereafter. The  
 3 increases provided under this subsection (d) on or after the  
 4 effective date of this amendatory Act of the 98th General  
 5 Assembly shall be at the rate provided in subsection (a-1),  
 6 notwithstanding that service terminated before that effective  
 7 date.

8 (e) Except as may be provided in subsection (b-5),  
 9 beginning ~~Beginning~~ January 1, 1990, all automatic annual  
 10 increases payable under this Section shall be calculated as a  
 11 percentage of the total annuity payable at the time of the  
 12 increase, including previous increases granted under this  
 13 Article.

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

15 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)  
 16 Sec. 2-124. Contributions by State.

17 (a) The State shall make contributions to the System by  
 18 appropriations of amounts which, together with the  
 19 contributions of participants, interest earned on investments,  
 20 and other income will meet the cost of maintaining and  
 21 administering the System on a 100% ~~90%~~ funded basis in  
 22 accordance with actuarial recommendations by the end of State  
 23 fiscal year 2044.

24 (b) The Board shall determine the amount of State  
 25 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board and  
2 the prescribed rate of interest, using the formula in  
3 subsection (c).

4 (c) For State fiscal years 2015 through 2044, the minimum  
5 contribution to the System to be made by the State for each  
6 fiscal year shall be an amount determined by the System to be  
7 equal to the sum of (1) the State's portion of the projected  
8 normal cost for that fiscal year, plus (2) an amount sufficient  
9 to bring the total assets of the System up to 100% of the total  
10 actuarial liabilities of the System by the end of State fiscal  
11 year 2044. In making these determinations, the required State  
12 contribution shall be calculated each year as a level  
13 percentage of payroll over the years remaining to and including  
14 fiscal year 2044 and shall be determined under the projected  
15 unit cost method for fiscal year 2015 and under the entry age  
16 normal actuarial cost method for fiscal years 2016 through  
17 2044.

18 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
19 contribution to the System to be made by the State for each  
20 fiscal year shall be an amount determined by the System to be  
21 sufficient to bring the total assets of the System up to 90% of  
22 the total actuarial liabilities of the System by the end of  
23 State fiscal year 2045. In making these determinations, the  
24 required State contribution shall be calculated each year as a  
25 level percentage of payroll over the years remaining to and  
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 For State fiscal years 1996 through 2005, the State  
3 contribution to the System, as a percentage of the applicable  
4 employee payroll, shall be increased in equal annual increments  
5 so that by State fiscal year 2011, the State is contributing at  
6 the rate required under this Section.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2006 is  
9 \$4,157,000.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2007 is  
12 \$5,220,300.

13 For each of State fiscal years 2008 through 2009, the State  
14 contribution to the System, as a percentage of the applicable  
15 employee payroll, shall be increased in equal annual increments  
16 from the required State contribution for State fiscal year  
17 2007, so that by State fiscal year 2011, the State is  
18 contributing at the rate otherwise required under this Section.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2010 is  
21 \$10,454,000 and shall be made from the proceeds of bonds sold  
22 in fiscal year 2010 pursuant to Section 7.2 of the General  
23 Obligation Bond Act, less (i) the pro rata share of bond sale  
24 expenses determined by the System's share of total bond  
25 proceeds, (ii) any amounts received from the General Revenue  
26 Fund in fiscal year 2010, and (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if  
2 applicable.

3 Notwithstanding any other provision of this Article, the  
4 total required State contribution for State fiscal year 2011 is  
5 the amount recertified by the System on or before April 1, 2011  
6 pursuant to Section 2-134 and shall be made from the proceeds  
7 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
8 the General Obligation Bond Act, less (i) the pro rata share of  
9 bond sale expenses determined by the System's share of total  
10 bond proceeds, (ii) any amounts received from the General  
11 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
12 bond proceeds due to the issuance of discounted bonds, if  
13 applicable.

14 Beginning in State fiscal year 2045, the minimum State  
15 contribution for each fiscal year shall be the amount needed to  
16 maintain the total assets of the System at 100% of the total  
17 actuarial liabilities of the System.

18 ~~Beginning in State fiscal year 2046, the minimum State~~  
19 ~~contribution for each fiscal year shall be the amount needed to~~  
20 ~~maintain the total assets of the System at 90% of the total~~  
21 ~~actuarial liabilities of the System.~~

22 Amounts received by the System pursuant to Section 25 of  
23 the Budget Stabilization Act or Section 8.12 of the State  
24 Finance Act in any fiscal year do not reduce and do not  
25 constitute payment of any portion of the minimum State  
26 contribution required under this Article in that fiscal year.

1 Such amounts shall not reduce, and shall not be included in the  
2 calculation of, the required State contributions under this  
3 Article in any future year until the System has reached a  
4 funding ratio of at least 100% ~~90%~~. A reference in this Article  
5 to the "required State contribution" or any substantially  
6 similar term does not include or apply to any amounts payable  
7 to the System under Section 25 of the Budget Stabilization Act.

8 Notwithstanding any other provision of this Section, the  
9 required State contribution for State fiscal year 2005 and for  
10 fiscal year 2008 and each fiscal year thereafter through State  
11 fiscal year 2014, as calculated under this Section and  
12 certified under Section 2-134, shall not exceed an amount equal  
13 to (i) the amount of the required State contribution that would  
14 have been calculated under this Section for that fiscal year if  
15 the System had not received any payments under subsection (d)  
16 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
17 the portion of the State's total debt service payments for that  
18 fiscal year on the bonds issued in fiscal year 2003 for the  
19 purposes of that Section 7.2, as determined and certified by  
20 the Comptroller, that is the same as the System's portion of  
21 the total moneys distributed under subsection (d) of Section  
22 7.2 of the General Obligation Bond Act. In determining this  
23 maximum for State fiscal years 2008 through 2010, however, the  
24 amount referred to in item (i) shall be increased, as a  
25 percentage of the applicable employee payroll, in equal  
26 increments calculated from the sum of the required State

1 contribution for State fiscal year 2007 plus the applicable  
2 portion of the State's total debt service payments for fiscal  
3 year 2007 on the bonds issued in fiscal year 2003 for the  
4 purposes of Section 7.2 of the General Obligation Bond Act, so  
5 that, by State fiscal year 2011, the State is contributing at  
6 the rate otherwise required under this Section.

7 (d) For purposes of determining the required State  
8 contribution to the System, the value of the System's assets  
9 shall be equal to the actuarial value of the System's assets,  
10 which shall be calculated as follows:

11 As of June 30, 2008, the actuarial value of the System's  
12 assets shall be equal to the market value of the assets as of  
13 that date. In determining the actuarial value of the System's  
14 assets for fiscal years after June 30, 2008, any actuarial  
15 gains or losses from investment return incurred in a fiscal  
16 year shall be recognized in equal annual amounts over the  
17 5-year period following that fiscal year.

18 (e) For purposes of determining the required State  
19 contribution to the system for a particular year, the actuarial  
20 value of assets shall be assumed to earn a rate of return equal  
21 to the system's actuarially assumed rate of return.

22 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
23 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
24 7-13-12.)

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



1           Sec. 2-125. Obligations of State; funding guarantee.

2           (a) The payment of (1) the required State contributions,  
3           (2) all benefits granted under this system and (3) all expenses  
4           of administration and operation are obligations of the State to  
5           the extent specified in this Article.

6           (b) All income, interest and dividends derived from  
7           deposits and investments shall be credited to the account of  
8           the system in the State Treasury and used to pay benefits under  
9           this Article.

10           (c) Beginning July 1, 2014, the State shall be obligated to  
11           contribute to the System in each State fiscal year an amount  
12           not less than the sum of (i) the State's normal cost for the  
13           year and (ii) the portion of the unfunded accrued liability  
14           assigned to that year by law. Notwithstanding any other  
15           provision of law, if the State fails to pay an amount required  
16           under this subsection, it shall be the obligation of the Board  
17           to seek payment of the required amount in compliance with the  
18           provisions of this Section and, if the amount remains unpaid,  
19           to bring a mandamus action in the Supreme Court of Illinois to  
20           compel the State to make the required payment.

21           If the System submits a voucher for contributions required  
22           under Section 2-124 and the State fails to pay that voucher  
23           within 90 days of its receipt, the Board shall submit a written  
24           request to the Comptroller seeking payment. A copy of the  
25           request shall be filed with the Secretary of State, and the  
26           Secretary of State shall provide a copy to the Governor and

1 General Assembly. No earlier than the 16th day after the System  
2 files the request with the Comptroller and Secretary of State,  
3 if the amount remains unpaid the Board shall commence a  
4 mandamus action in the Supreme Court of Illinois to compel the  
5 Comptroller to satisfy the voucher.

6 This subsection (c) constitutes an express waiver of the  
7 State's sovereign immunity solely to the extent that it permits  
8 the Board to commence a mandamus action in the Supreme Court of  
9 Illinois to compel the Comptroller to pay a voucher for the  
10 contributions required under Section 2-124.

11 (d) Beginning in State fiscal year 2016, the State shall be  
12 obligated to make the transfers set forth in subsections (c-5)  
13 and (c-10) of Section 20 of the Budget Stabilization Act and to  
14 pay to the System its proportionate share of the transferred  
15 amounts in accordance with Section 25 of the Budget  
16 Stabilization Act. Notwithstanding any other provision of law,  
17 if the State fails to transfer an amount required under this  
18 subsection or to pay to the System its proportionate share of  
19 the transferred amount in accordance with Section 25 of the  
20 Budget Stabilization Act, it shall be the obligation of the  
21 Board to seek transfer or payment of the required amount in  
22 compliance with the provisions of this Section and, if the  
23 required amount remains untransferred or the required payment  
24 remains unpaid, to bring a mandamus action in the Supreme Court  
25 of Illinois to compel the State to make the required transfer  
26 or payment or both, as the case may be.

1       If the State fails to make a transfer required under  
2 subsection (c-5) or (c-10) of Section 20 of the Budget  
3 Stabilization Act or a payment to the System required under  
4 Section 25 of that Act, the Board shall submit a written  
5 request to the Comptroller seeking payment. A copy of the  
6 request shall be filed with the Secretary of State, and the  
7 Secretary of State shall provide a copy to the Governor and  
8 General Assembly. No earlier than the 16th day after the System  
9 files the request with the Comptroller and Secretary of State,  
10 if the required amount remains untransferred or the required  
11 payment remains unpaid, the Board shall commence a mandamus  
12 action in the Supreme Court of Illinois to compel the  
13 Comptroller to make the required transfer or payment or both,  
14 as the case may be.

15       This subsection (d) constitutes an express waiver of the  
16 State's sovereign immunity solely to the extent that it permits  
17 the Board to commence a mandamus action in the Supreme Court of  
18 Illinois to compel the Comptroller to make a transfer required  
19 under subsection (c-5) or (c-10) of Section 20 of the Budget  
20 Stabilization Act and to pay to the System its proportionate  
21 share of the transferred amount in accordance with Section 25  
22 of the Budget Stabilization Act.

23       The obligations created by this subsection (d) expire when  
24 all of the requirements of subsections (c-5) and (c-10) of  
25 Section 20 of the Budget Stabilization Act and Section 25 of  
26 the Budget Stabilization Act have been met.

1       (e) Any payments and transfers required to be made by the  
2 State pursuant to subsection (c) or (d) are expressly  
3 subordinate to the payment of the principal, interest, and  
4 premium, if any, on any bonded debt obligation of the State or  
5 any other State-created entity, either currently outstanding  
6 or to be issued, for which the source of repayment or security  
7 thereon is derived directly or indirectly from tax revenues  
8 collected by the State or any other State-created entity.  
9 Payments on such bonded obligations include any statutory fund  
10 transfers or other prefunding mechanisms or formulas set forth,  
11 now or hereafter, in State law or bond indentures, into debt  
12 service funds or accounts of the State related to such bond  
13 obligations, consistent with the payment schedules associated  
14 with such obligations.

15       (Source: P.A. 83-1440.)

16       (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

17       Sec. 2-126. Contributions by participants.

18       (a) Each participant shall contribute toward the cost of  
19 his or her retirement annuity a percentage of each payment of  
20 salary received by him or her for service as a member as  
21 follows: for service between October 31, 1947 and January 1,  
22 1959, 5%; for service between January 1, 1959 and June 30,  
23 1969, 6%; for service between July 1, 1969 and January 10,  
24 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
25 service after December 31, 1981, 8 1/2%.

1 (b) Beginning August 2, 1949, each male participant, and  
2 from July 1, 1971, each female participant shall contribute  
3 towards the cost of the survivor's annuity 2% of salary.

4 A participant who has no eligible survivor's annuity  
5 beneficiary may elect to cease making contributions for  
6 survivor's annuity under this subsection. A survivor's annuity  
7 shall not be payable upon the death of a person who has made  
8 this election, unless prior to that death the election has been  
9 revoked and the amount of the contributions that would have  
10 been paid under this subsection in the absence of the election  
11 is paid to the System, together with interest at the rate of 4%  
12 per year from the date the contributions would have been made  
13 to the date of payment.

14 (c) Beginning July 1, 1967 and, in the case of Tier 1  
15 participants, ending on June 30, 2014, each participant shall  
16 contribute 1% of salary towards the cost of automatic increase  
17 in annuity provided in Section 2-119.1. These contributions  
18 shall be made concurrently with contributions for retirement  
19 annuity purposes.

20 (d) In addition, each participant serving as an officer of  
21 the General Assembly shall contribute, for the same purposes  
22 and at the same rates as are required of a regular participant,  
23 on each additional payment received as an officer. If the  
24 participant serves as an officer for at least 2 but less than 4  
25 years, he or she shall contribute an amount equal to the amount  
26 that would have been contributed had the participant served as

1 an officer for 4 years. Persons who serve as officers in the  
2 87th General Assembly but cannot receive the additional payment  
3 to officers because of the ban on increases in salary during  
4 their terms may nonetheless make contributions based on those  
5 additional payments for the purpose of having the additional  
6 payments included in their highest salary for annuity purposes;  
7 however, persons electing to make these additional  
8 contributions must also pay an amount representing the  
9 corresponding employer contributions, as calculated by the  
10 System.

11 (e) Notwithstanding any other provision of this Article,  
12 the required contribution of a participant who first becomes a  
13 participant on or after January 1, 2011 shall not exceed the  
14 contribution that would be due under this Article if that  
15 participant's highest salary for annuity purposes were  
16 \$106,800, plus any increases in that amount under Section  
17 2-108.1.

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

19 (40 ILCS 5/2-126.5 new)

20 Sec. 2-126.5. Use of contributions for health care  
21 subsidies. The System shall not use any contribution received  
22 by the System under this Article to provide a subsidy for the  
23 cost of participation in a retiree health care program.

24 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

1           Sec. 2-134. To certify required State contributions and  
2 submit vouchers.

3           (a) The Board shall certify to the Governor on or before  
4 December 15 of each year until December 15, 2011 the amount of  
5 the required State contribution to the System for the next  
6 fiscal year and shall specifically identify the System's  
7 projected State normal cost for that fiscal year. The  
8 certification shall include a copy of the actuarial  
9 recommendations upon which it is based and shall specifically  
10 identify the System's projected State normal cost for that  
11 fiscal year.

12           On or before November 1 of each year, beginning November 1,  
13 2012, the Board shall submit to the State Actuary, the  
14 Governor, and the General Assembly a proposed certification of  
15 the amount of the required State contribution to the System for  
16 the next fiscal year, along with all of the actuarial  
17 assumptions, calculations, and data upon which that proposed  
18 certification is based. On or before January 1 of each year  
19 beginning January 1, 2013, the State Actuary shall issue a  
20 preliminary report concerning the proposed certification and  
21 identifying, if necessary, recommended changes in actuarial  
22 assumptions that the Board must consider before finalizing its  
23 certification of the required State contributions. On or before  
24 January 15, 2013 and every January 15 thereafter, the Board  
25 shall certify to the Governor and the General Assembly the  
26 amount of the required State contribution for the next fiscal

1 year. The Board's certification must note any deviations from  
2 the State Actuary's recommended changes, the reason or reasons  
3 for not following the State Actuary's recommended changes, and  
4 the fiscal impact of not following the State Actuary's  
5 recommended changes on the required State contribution.

6 On or before May 1, 2004, the Board shall recalculate and  
7 recertify to the Governor the amount of the required State  
8 contribution to the System for State fiscal year 2005, taking  
9 into account the amounts appropriated to and received by the  
10 System under subsection (d) of Section 7.2 of the General  
11 Obligation Bond Act.

12 On or before July 1, 2005, the Board shall recalculate and  
13 recertify to the Governor the amount of the required State  
14 contribution to the System for State fiscal year 2006, taking  
15 into account the changes in required State contributions made  
16 by this amendatory Act of the 94th General Assembly.

17 On or before April 1, 2011, the Board shall recalculate and  
18 recertify to the Governor the amount of the required State  
19 contribution to the System for State fiscal year 2011, applying  
20 the changes made by Public Act 96-889 to the System's assets  
21 and liabilities as of June 30, 2009 as though Public Act 96-889  
22 was approved on that date.

23 (a-5) For purposes of Section (c-5) of Section 20 of the  
24 Budget Stabilization Act, on or before November 1 of each year  
25 beginning November 1, 2014, the Board shall determine the  
26 amount of the State contribution to the System that would have



1 been required for the next fiscal year if this amendatory Act  
2 of the 98th General Assembly had not taken effect, using the  
3 best and most recent available data but based on the law in  
4 effect on May 31, 2014. The Board shall submit to the State  
5 Actuary, the Governor, and the General Assembly a proposed  
6 certification, along with the relevant law, actuarial  
7 assumptions, calculations, and data upon which that  
8 certification is based. On or before January 1, 2015 and every  
9 January 1 thereafter, the State Actuary shall issue a  
10 preliminary report concerning the proposed certification and  
11 identifying, if necessary, recommended changes in actuarial  
12 assumptions that the Board must consider before finalizing its  
13 certification. On or before January 15, 2015 and every January  
14 1 thereafter, the Board shall certify to the Governor and the  
15 General Assembly the amount of the State contribution to the  
16 System that would have been required for the next fiscal year  
17 if this amendatory Act of the 98th General Assembly had not  
18 taken effect, using the best and most recent available data but  
19 based on the law in effect on May 31, 2014. The Board's  
20 certification must note any deviations from the State Actuary's  
21 recommended changes, the reason or reasons for not following  
22 the State Actuary's recommended changes, and the impact of not  
23 following the State Actuary's recommended changes.

24 (b) Beginning in State fiscal year 1996, on or as soon as  
25 possible after the 15th day of each month the Board shall  
26 submit vouchers for payment of State contributions to the

1 System, in a total monthly amount of one-twelfth of the  
2 required annual State contribution certified under subsection  
3 (a). From the effective date of this amendatory Act of the 93rd  
4 General Assembly through June 30, 2004, the Board shall not  
5 submit vouchers for the remainder of fiscal year 2004 in excess  
6 of the fiscal year 2004 certified contribution amount  
7 determined under this Section after taking into consideration  
8 the transfer to the System under subsection (d) of Section  
9 6z-61 of the State Finance Act. These vouchers shall be paid by  
10 the State Comptroller and Treasurer by warrants drawn on the  
11 funds appropriated to the System for that fiscal year. If in  
12 any month the amount remaining unexpended from all other  
13 appropriations to the System for the applicable fiscal year  
14 (including the appropriations to the System under Section 8.12  
15 of the State Finance Act and Section 1 of the State Pension  
16 Funds Continuing Appropriation Act) is less than the amount  
17 lawfully vouchered under this Section, the difference shall be  
18 paid from the General Revenue Fund under the continuing  
19 appropriation authority provided in Section 1.1 of the State  
20 Pension Funds Continuing Appropriation Act.

21 (c) The full amount of any annual appropriation for the  
22 System for State fiscal year 1995 shall be transferred and made  
23 available to the System at the beginning of that fiscal year at  
24 the request of the Board. Any excess funds remaining at the end  
25 of any fiscal year from appropriations shall be retained by the  
26 System as a general reserve to meet the System's accrued

1 liabilities.

2 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
3 97-694, eff. 6-18-12.)

4 (40 ILCS 5/2-162)

5 Sec. 2-162. Application and expiration of new benefit  
6 increases.

7 (a) As used in this Section, "new benefit increase" means  
8 an increase in the amount of any benefit provided under this  
9 Article, or an expansion of the conditions of eligibility for  
10 any benefit under this Article, that results from an amendment  
11 to this Code that takes effect after the effective date of this  
12 amendatory Act of the 94th General Assembly. "New benefit  
13 increase", however, does not include any benefit increase  
14 resulting from the changes made to this Article by this  
15 amendatory Act of the 98th General Assembly.

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

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

25 Every new benefit increase is contingent upon the General

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

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

22 (e) Except as otherwise provided in the language creating  
23 the new benefit increase, a new benefit increase that expires  
24 under this Section continues to apply to persons who applied  
25 and qualified for the affected benefit while the new benefit  
26 increase was in effect and to the affected beneficiaries and

1 alternate payees of such persons, but does not apply to any  
2 other person, including without limitation a person who  
3 continues in service after the expiration date and did not  
4 apply and qualify for the affected benefit while the new  
5 benefit increase was in effect.

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

7 (40 ILCS 5/2-165 new)

8 Sec. 2-165. Defined contribution plan.

9 (a) By July 1, 2015, the System shall prepare and implement  
10 a voluntary defined contribution plan for up to 5% of eligible  
11 active Tier 1 participants. The System shall determine the 5%  
12 cap by the number of active Tier 1 participants on the  
13 effective date of this Section. The defined contribution plan  
14 developed under this Section shall be a plan that aggregates  
15 employer and employee contributions in individual participant  
16 accounts which, after meeting any other requirements, are used  
17 for payouts after retirement in accordance with this Section  
18 and any other applicable laws.

19 As used in this Section, "defined benefit plan" means the  
20 retirement plan available under this Article to Tier 1  
21 participants who have not made the election authorized under  
22 this Section.

23 (1) Under the defined contribution plan, an active Tier  
24 1 participant of this System could elect to cease accruing  
25 benefits in the defined benefit plan under this Article and

1 begin accruing benefits for future service in the defined  
2 contribution plan. Service credit under the defined  
3 contribution plan may be used for determining retirement  
4 eligibility under the defined benefit plan.

5 (2) Participants in the defined contribution plan  
6 shall pay employee contributions at the same rate as Tier 1  
7 participants in this System who do not participate in the  
8 defined contribution plan.

9 (3) State contributions shall be paid into the accounts  
10 of all participants in the defined contribution plan at a  
11 uniform rate, expressed as a percentage of compensation and  
12 determined for each year. This rate shall be no higher than  
13 the employer's normal cost for Tier 1 participants in the  
14 defined benefit plan for that year, as determined by the  
15 System and expressed as a percentage of compensation, and  
16 shall be no lower than 3% of compensation. The State shall  
17 adjust this rate annually.

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

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

1 defined contribution plan account by an amount determined  
2 by the System to cover the cost of offering such benefits.

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

7 (7) The defined contribution plan shall provide a  
8 variety of options for payouts to retirees and their  
9 survivors.

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

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

20 (b) Only persons who are active Tier 1 participants of the  
21 System on the effective date of this Section are eligible to  
22 participate in the defined contribution plan. Participation in  
23 the defined contribution plan shall be limited to the first 5%  
24 of eligible persons who elect to participate. The election to  
25 participate in the defined contribution plan is voluntary and  
26 irrevocable.

1       (c) An eligible active Tier 1 participant may irrevocably  
2 elect to participate in the defined contribution plan by filing  
3 with the System a written application to participate that is  
4 received by the System prior to its determination that 5% of  
5 eligible persons have elected to participate in the defined  
6 contribution plan.

7       When the System first determines that 5% of eligible  
8 persons have elected to participate in the defined contribution  
9 plan, the System shall provide notice to previously eligible  
10 employees that the plan is no longer available and shall cease  
11 accepting applications to participate.

12       (d) The System shall make a good faith effort to contact  
13 each active Tier 1 participant who is eligible to participate  
14 in the defined contribution plan. The System shall mail  
15 information describing the option to join the defined  
16 contribution plan to each of these employees to his or her last  
17 known address on file with the System. If the employee is not  
18 responsive to other means of contact, it is sufficient for the  
19 System to publish the details of the option on its website.

20       Upon request for further information describing the  
21 option, the System shall provide employees with information  
22 from the System before exercising the option to join the plan,  
23 including information on the impact to their vested benefits or  
24 non-vested service. The individual consultation shall include  
25 projections of the participant's defined benefits at  
26 retirement or earlier termination of service and the value of



1 the participant's account at retirement or earlier termination  
2 of service. The System shall not provide advice or counseling  
3 with respect to whether the employee should exercise the  
4 option. The System shall inform Tier 1 participants who are  
5 eligible to participate in the defined contribution plan that  
6 they may also wish to obtain information and counsel relating  
7 to their option from any other available source, including but  
8 not limited to labor organizations, private counsel, and  
9 financial advisors.

10 (e) In no event shall the System, its staff, its authorized  
11 representatives, or the Board be liable for any information  
12 given to an employee under this Section. The System may  
13 coordinate with the Illinois Department of Central Management  
14 Services and other retirement systems administering a defined  
15 contribution plan in accordance with this amendatory Act of the  
16 98th General Assembly to provide information concerning the  
17 impact of the option set forth in this Section.

18 (f) Notwithstanding any other provision of this Section, no  
19 person shall begin participating in the defined contribution  
20 plan until it has attained qualified plan status and received  
21 all necessary approvals from the U.S. Internal Revenue Service.

22 (g) The System shall report on its progress under this  
23 Section, including the available details of the defined  
24 contribution plan and the System's plans for informing eligible  
25 Tier 1 participants about the plan, to the Governor and the  
26 General Assembly on or before January 15, 2015.

1       (h) The Illinois State Board of Investments shall be the  
2 plan sponsor for the defined contribution plan established  
3 under this Section.

4       (i) The intent of this amendatory Act of the 98th General  
5 Assembly is to ensure that the State's normal cost of  
6 participation in the defined contribution plan is similar, and  
7 if possible equal, to the State's normal cost of participation  
8 in the defined benefit plan, unless a lower State's normal cost  
9 is necessary to ensure cost neutrality.

10       (40 ILCS 5/2-166 new)

11       Sec. 2-166. Defined contribution plan; termination. If the  
12 defined contribution plan is terminated or becomes inoperative  
13 pursuant to law, then each participant in the plan shall  
14 automatically be deemed to have been a contributing Tier 1  
15 participant in the System's defined benefit plan during the  
16 time in which he or she participated in the defined  
17 contribution plan, and for that purpose the System shall be  
18 entitled to recover the amounts in the participant's defined  
19 contribution accounts.

20       (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

21       Sec. 7-109. Employee.

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

23             (a) 1. Receives earnings as payment for the performance  
24             of personal services or official duties out of the

1           general fund of a municipality, or out of any special  
2           fund or funds controlled by a municipality, or by an  
3           instrumentality thereof, or a participating  
4           instrumentality, including, in counties, the fees or  
5           earnings of any county fee office; and

6           2. Under the usual common law rules applicable in  
7           determining the employer-employee relationship, has  
8           the status of an employee with a municipality, or any  
9           instrumentality thereof, or a participating  
10          instrumentality, including aldermen, county  
11          supervisors and other persons (excepting those  
12          employed as independent contractors) who are paid  
13          compensation, fees, allowances or other emolument for  
14          official duties, and, in counties, the several county  
15          fee offices.

16          (b) Serves as a township treasurer appointed under the  
17          School Code, as heretofore or hereafter amended, and who  
18          receives for such services regular compensation as  
19          distinguished from per diem compensation, and any regular  
20          employee in the office of any township treasurer whether or  
21          not his earnings are paid from the income of the permanent  
22          township fund or from funds subject to distribution to the  
23          several school districts and parts of school districts as  
24          provided in the School Code, or from both such sources; or  
25          is the chief executive officer, chief educational officer,  
26          chief fiscal officer, or other employee of a Financial

1 Oversight Panel established pursuant to Article 1H of the  
2 School Code, other than a superintendent or certified  
3 school business official, except that such person shall not  
4 be treated as an employee under this Section if that person  
5 has negotiated with the Financial Oversight Panel, in  
6 conjunction with the school district, a contractual  
7 agreement for exclusion from this Section.

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

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

11 (a) Are eligible for inclusion under any of the  
12 following laws:

13 1. "An Act in relation to an Illinois State  
14 Teachers' Pension and Retirement Fund", approved May  
15 27, 1915, as amended;

16 2. Articles 15 and 16 of this Code.

17 However, such persons shall be included as employees to  
18 the extent of earnings that are not eligible for inclusion  
19 under the foregoing laws for services not of an  
20 instructional nature of any kind.

21 However, any member of the armed forces who is employed  
22 as a teacher of subjects in the Reserve Officers Training  
23 Corps of any school and who is not certified under the law  
24 governing the certification of teachers shall be included  
25 as an employee.

26 (b) Are designated by the governing body of a

1 municipality in which a pension fund is required by law to  
2 be established for policemen or firemen, respectively, as  
3 performing police or fire protection duties, except that  
4 when such persons are the heads of the police or fire  
5 department and are not eligible to be included within any  
6 such pension fund, they shall be included within this  
7 Article; provided, that such persons shall not be excluded  
8 to the extent of concurrent service and earnings not  
9 designated as being for police or fire protection duties.  
10 However, (i) any head of a police department who was a  
11 participant under this Article immediately before October  
12 1, 1977 and did not elect, under Section 3-109 of this Act,  
13 to participate in a police pension fund shall be an  
14 "employee", and (ii) any chief of police who elects to  
15 participate in this Fund under Section 3-109.1 of this  
16 Code, regardless of whether such person continues to be  
17 employed as chief of police or is employed in some other  
18 rank or capacity within the police department, shall be an  
19 employee under this Article for so long as such person is  
20 employed to perform police duties by a participating  
21 municipality and has not lawfully rescinded that election.

22 (c) After August 26, 2011 (the effective date of Public  
23 Act 97-609), are contributors to or eligible to contribute  
24 to a Taft-Hartley pension plan established on or before  
25 June 1, 2011 and are employees of a theatre, arena, or  
26 convention center that is located in a municipality located

1 in a county with a population greater than 5,000,000, and  
2 to which the participating municipality is required to  
3 contribute as the person's employer based on earnings from  
4 the municipality. Nothing in this paragraph shall affect  
5 service credit or creditable service for any period of  
6 service prior to August 26, 2011, and this paragraph shall  
7 not apply to individuals who are participating in the Fund  
8 prior to August 26, 2011.

9 (d) Become an employee of any of the following  
10 participating instrumentalities on or after the effective  
11 date of this amendatory Act of the 98th General Assembly:  
12 the Illinois Municipal League; the Illinois Association of  
13 Park Districts; the Illinois Supervisors, County  
14 Commissioners and Superintendents of Highways Association;  
15 an association, or not-for-profit corporation, membership  
16 in which is authorized under Section 85-15 of the Township  
17 Code; the United Counties Council; or the Will County  
18 Governmental League.

19 (3) All persons, including, without limitation, public  
20 defenders and probation officers, who receive earnings from  
21 general or special funds of a county for performance of  
22 personal services or official duties within the territorial  
23 limits of the county, are employees of the county (unless  
24 excluded by subsection (2) of this Section) notwithstanding  
25 that they may be appointed by and are subject to the direction  
26 of a person or persons other than a county board or a county

1 officer. It is hereby established that an employer-employee  
2 relationship under the usual common law rules exists between  
3 such employees and the county paying their salaries by reason  
4 of the fact that the county boards fix their rates of  
5 compensation, appropriate funds for payment of their earnings  
6 and otherwise exercise control over them. This finding and this  
7 amendatory Act shall apply to all such employees from the date  
8 of appointment whether such date is prior to or after the  
9 effective date of this amendatory Act and is intended to  
10 clarify existing law pertaining to their status as  
11 participating employees in the Fund.

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

14 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)

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

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

18 1. The total amount of money paid to an employee for  
19 personal services or official duties as an employee (except  
20 those employed as independent contractors) paid out of the  
21 general fund, or out of any special funds controlled by the  
22 municipality, or by any instrumentality thereof, or  
23 participating instrumentality, including compensation,  
24 fees, allowances, or other emolument paid for official  
25 duties (but not including automobile maintenance, travel

1 expense, or reimbursements for expenditures incurred in  
2 the performance of duties or, in the case of a person who  
3 first becomes a participant on or after the effective date  
4 of this amendatory Act of the 98th General Assembly,  
5 payments for unused sick or vacation time) and, for fee  
6 offices, the fees or earnings of the offices to the extent  
7 such fees are paid out of funds controlled by the  
8 municipality, or instrumentality or participating  
9 instrumentality; and

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

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

20 (c) If a disabled participating employee is eligible to  
21 receive Workers' Compensation for an accidental injury and the  
22 participating municipality or instrumentality which employed  
23 the participating employee when injured continues to pay the  
24 participating employee regular salary or other compensation or  
25 pays the employee an amount in excess of the Workers'  
26 Compensation amount, then earnings shall be deemed to be the



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

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

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

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

1 Article.

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

3 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

5 (a) For retirement and survivor annuities, the monthly  
6 earnings obtained by dividing the total earnings received by  
7 the employee during the period of either (1) the 48 consecutive  
8 months of service within the last 120 months of service in  
9 which his total earnings were the highest or (2) the employee's  
10 total period of service, by the number of months of service in  
11 such period.

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

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

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

1 of creditable prior service, the average for the total prior  
2 service period for which creditable service is received under  
3 Section 7-139; (2) for out of state service and authorized  
4 leave, the earnings rate shall be the rate upon which service  
5 credits are granted; (3) periods of military leave shall not be  
6 considered; (4) the earnings rate for all periods of disability  
7 shall be considered equal to the rate of earnings upon which  
8 the employee's disability benefits are computed for such  
9 periods; (5) the earnings to be considered for each of the  
10 final three months of the final earnings period for persons who  
11 first became participants before January 1, 2012 and the  
12 earnings to be considered for each of the final 24 months for  
13 participants who first become participants on or after January  
14 1, 2012 shall not exceed 125% of the highest earnings of any  
15 other month in the final earnings period; ~~and~~ (6) the annual  
16 amount of final rate of earnings shall be the monthly amount  
17 multiplied by the number of months of service normally required  
18 by the position in a year; and (7) in the case of a person who  
19 first becomes a participant on or after the effective date of  
20 this amendatory Act of the 98th General Assembly, payments for  
21 unused sick or vacation time shall not be considered.

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

23 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

25 (a) Each participating employee shall be granted credits

1 and creditable service, for purposes of determining the amount  
2 of any annuity or benefit to which he or a beneficiary is  
3 entitled, as follows:

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

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

18 If the effective date of participation for the  
19 participating municipality or participating  
20 instrumentality is after January 1, 1998, creditable  
21 service shall be granted for the last 20% of the period of  
22 prior service with that employer, but no more than 5 years,  
23 without any employee contribution. A participating  
24 employee may establish creditable service for the  
25 remainder of the period of prior service with that employer  
26 by making an application in writing, accompanied by payment

1 of an employee contribution in an amount determined by the  
2 Fund, based on the employee contribution rates in effect at  
3 the time of application for the creditable service and the  
4 employee's salary rate on the effective date of  
5 participation for that employer, plus interest at the  
6 effective rate from the date of the prior service to the  
7 date of payment. Application for this creditable service  
8 may be made at any time while the employee is still in  
9 service.

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

20 Any person who has withdrawn from the service of a  
21 participating municipality or participating  
22 instrumentality prior to the effective date, who reenters  
23 the service of the same municipality or participating  
24 instrumentality after the effective date and becomes a  
25 participating employee is entitled to creditable service  
26 for prior service as otherwise provided in this subdivision

1 (a) (1) only if he or she renders 2 years of service as a  
2 participating employee after the effective date.  
3 Application for such service must be made while in a  
4 participating status. The salary rate to be used in the  
5 calculation of the required employee contribution, if any,  
6 shall be the employee's salary rate at the time of first  
7 reentering service with the employer after the employer's  
8 effective date of participation.

9 2. For current service, each participating employee  
10 shall be credited with:

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

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

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

1           d. Survivor credits equal to each payment of  
2 survivor contributions received from the participating  
3 employee as of the date the corresponding payment of  
4 earnings is payable, and survivor contributions made  
5 for the purpose of establishing out-of-state service  
6 credits.

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

15           4. For authorized leave of absence without pay: A  
16 participating employee shall be granted credits and  
17 creditable service for periods of authorized leave of  
18 absence without pay under the following conditions:

19           a. An application for credits and creditable  
20 service is submitted to the board while the employee is  
21 in a status of active employment.

22           b. Not more than 12 complete months of creditable  
23 service for authorized leave of absence without pay  
24 shall be counted for purposes of determining any  
25 benefits payable under this Article.

26           c. Credits and creditable service shall be granted

1 for leave of absence only if such leave is approved by  
2 the governing body of the municipality, including  
3 approval of the estimated cost thereof to the  
4 municipality as determined by the fund, and employee  
5 contributions, plus interest at the effective rate  
6 applicable for each year from the end of the period of  
7 leave to date of payment, have been paid to the fund in  
8 accordance with Section 7-173. The contributions shall  
9 be computed upon the assumption earnings continued  
10 during the period of leave at the rate in effect when  
11 the leave began.

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

21 e. No credits or creditable service shall be  
22 allowed for leave of absence without pay during any  
23 period of prior service.

24 5. For military service: The governing body of a  
25 municipality or participating instrumentality may elect to  
26 allow creditable service to participating employees who



1 leave their employment to serve in the armed forces of the  
2 United States for all periods of such service, provided  
3 that the person returns to active employment within 90 days  
4 after completion of full time active duty, but no  
5 creditable service shall be allowed such person for any  
6 period that can be used in the computation of a pension or  
7 any other pay or benefit, other than pay for active duty,  
8 for service in any branch of the armed forces of the United  
9 States. If necessary to the computation of any benefit, the  
10 board shall establish municipality credits for  
11 participating employees under this paragraph on the  
12 assumption that the employee received earnings at the rate  
13 received at the time he left the employment to enter the  
14 armed forces. A participating employee in the armed forces  
15 shall not be considered an employee during such period of  
16 service and no additional death and no disability benefits  
17 are payable for death or disability during such period.

18 Any participating employee who left his employment  
19 with a municipality or participating instrumentality to  
20 serve in the armed forces of the United States and who  
21 again became a participating employee within 90 days after  
22 completion of full time active duty by entering the service  
23 of a different municipality or participating  
24 instrumentality, which has elected to allow creditable  
25 service for periods of military service under the preceding  
26 paragraph, shall also be allowed creditable service for his

1 period of military service on the same terms that would  
2 apply if he had been employed, before entering military  
3 service, by the municipality or instrumentality which  
4 employed him after he left the military service and the  
5 employer costs arising in relation to such grant of  
6 creditable service shall be charged to and paid by that  
7 municipality or instrumentality.

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

18 5.1. In addition to any creditable service established  
19 under paragraph 5 of this subsection (a), creditable  
20 service may be granted for up to 48 months of service in  
21 the armed forces of the United States.

22 In order to receive creditable service for military  
23 service under this paragraph 5.1, a participating employee  
24 must (1) apply to the Fund in writing and provide evidence  
25 of the military service that is satisfactory to the Board;  
26 (2) obtain the written approval of the current employer;

1 and (3) make contributions to the Fund equal to (i) the  
2 employee contributions that would have been required had  
3 the service been rendered as a member, plus (ii) an amount  
4 determined by the board to be equal to the employer's  
5 normal cost of the benefits accrued for that military  
6 service, plus (iii) interest on items (i) and (ii) from the  
7 date of first membership in the Fund to the date of  
8 payment. The required interest shall be calculated at the  
9 regular interest rate.

10 The changes made to this paragraph 5.1 by Public Acts  
11 95-483 and 95-486 apply only to participating employees in  
12 service on or after August 28, 2007 (the effective date of  
13 those Public Acts).

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

1 with the municipality or participating instrumentality  
2 whose governing body authorizes the service established  
3 plus interest at the effective rate on the date such  
4 credits are established, payable from the date the employee  
5 completes the required 2 years of current service to date  
6 of payment. In no case shall more than 120 months of  
7 creditable service be granted under this provision.

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

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

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

14 8. For accumulated unused sick leave: A participating  
15 employee who first becomes a participating employee before  
16 the effective date of this amendatory Act of the 98th  
17 General Assembly and who is applying for a retirement  
18 annuity shall be entitled to creditable service for that  
19 portion of the employee's accumulated unused sick leave for  
20 which payment is not received, as follows:

21 a. Sick leave days shall be limited to those  
22 accumulated under a sick leave plan established by a  
23 participating municipality or participating  
24 instrumentality which is available to all employees or  
25 a class of employees.

26 b. Except as provided in item b-1, only sick leave

1 days accumulated with a participating municipality or  
2 participating instrumentality with which the employee  
3 was in service within 60 days of the effective date of  
4 his retirement annuity shall be credited; If the  
5 employee was in service with more than one employer  
6 during this period only the sick leave days with the  
7 employer with which the employee has the greatest  
8 number of unpaid sick leave days shall be considered.

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

22 c. The creditable service granted shall be  
23 considered solely for the purpose of computing the  
24 amount of the retirement annuity and shall not be used  
25 to establish any minimum service period required by any  
26 provision of the Illinois Pension Code, the effective

1 date of the retirement annuity, or the final rate of  
2 earnings.

3 d. The creditable service shall be at the rate of  
4 1/20 of a month for each full sick day, provided that  
5 no more than 12 months may be credited under this  
6 subdivision 8.

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

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

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

1 the date of termination of the service for which credit is  
2 being transferred to the date of payment, exceeds (2) the  
3 amount actually transferred to the Fund. Such transferred  
4 service shall be deemed to be service as a sheriff's law  
5 enforcement employee for the purposes of Section 7-142.1.

6 10. For service transferred from an Article 3 system  
7 under Section 3-110.8: Credits and creditable service  
8 shall be granted for service under Article 3 of this Act as  
9 provided in Section 3-110.8, to any active member of this  
10 Fund upon transfer of such credits pursuant to Section  
11 3-110.8. If the amount by which (1) the employer and  
12 employee contributions that would have been required if he  
13 had participated in this Fund during the period for which  
14 credit is being transferred, plus interest thereon at the  
15 effective rate for each year, compounded annually, from the  
16 date of termination of the service for which credit is  
17 being transferred to the date of payment, exceeds (2) the  
18 amount actually transferred to the Fund, then the amount of  
19 creditable service established under this paragraph 10  
20 shall be reduced by a corresponding amount in accordance  
21 with the rules and procedures established under this  
22 paragraph 10.

23 The board shall establish by rule the manner of making  
24 the calculation required under this paragraph 10, taking  
25 into account the appropriate actuarial assumptions; the  
26 member's service, age, and salary history; the level of



1 funding of the employer; and any other factors that the  
2 board determines to be relevant.

3 Until January 1, 2010, members who transferred service  
4 from an Article 3 system under the provisions of Public Act  
5 94-356 may establish additional credit in this Fund, but  
6 only up to the amount of the service credit reduction in  
7 that transfer, as calculated under the actuarial  
8 assumptions. This credit may be established upon payment by  
9 the member of an amount to be determined by the board,  
10 equal to (1) the amount that would have been contributed as  
11 employee and employer contributions had all the service  
12 been as an employee under this Article, plus interest  
13 thereon compounded annually from the date of service to the  
14 date of transfer, less (2) the total amount transferred  
15 from the Article 3 system, plus (3) interest on the  
16 difference at the effective rate for each year, compounded  
17 annually, from the date of the transfer to the date of  
18 payment. The additional service credit is allowed under  
19 this amendatory Act of the 95th General Assembly  
20 notwithstanding the provisions of Article 3 terminating  
21 all transferred credits on the date of transfer.

22 11. For service transferred from an Article 3 system  
23 under Section 3-110.3: Credits and creditable service  
24 shall be granted for service under Article 3 of this Act as  
25 provided in Section 3-110.3, to any active member of this  
26 Fund, upon transfer of such credits pursuant to Section

1 3-110.3. If the board determines that the amount  
2 transferred is less than the true cost to the Fund of  
3 allowing that creditable service to be established, then in  
4 order to establish that creditable service, the member must  
5 pay to the Fund an additional contribution equal to the  
6 difference, as determined by the board in accordance with  
7 the rules and procedures adopted under this paragraph. If  
8 the member does not make the full additional payment as  
9 required by this paragraph prior to termination of his  
10 participation with that employer, then his or her  
11 creditable service shall be reduced by an amount equal to  
12 the difference between the amount transferred under  
13 Section 3-110.3, including any payments made by the member  
14 under this paragraph prior to termination, and the true  
15 cost to the Fund of allowing that creditable service to be  
16 established, as determined by the board in accordance with  
17 the rules and procedures adopted under this paragraph.

18 The board shall establish by rule the manner of making  
19 the calculation required under this paragraph 11, taking  
20 into account the appropriate actuarial assumptions; the  
21 member's service, age, and salary history, and any other  
22 factors that the board determines to be relevant.

23 (b) Creditable service - amount:

24 1. One month of creditable service shall be allowed for  
25 each month for which a participating employee made  
26 contributions as required under Section 7-173, or for which

1           creditable service is otherwise granted hereunder. Not  
2           more than 1 month of service shall be credited and counted  
3           for 1 calendar month, and not more than 1 year of service  
4           shall be credited and counted for any calendar year. A  
5           calendar month means a nominal month beginning on the first  
6           day thereof, and a calendar year means a year beginning  
7           January 1 and ending December 31.

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

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

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

1 a lump sum or in installments made in accordance with board  
2 rule.

3 (d) Upon the granting of a retirement, surviving spouse or  
4 child annuity, a death benefit or a separation benefit, on  
5 account of any employee, all individual accumulated credits  
6 shall thereupon terminate. Upon the withdrawal of additional  
7 contributions, the credits applicable thereto shall thereupon  
8 terminate. Terminated credits shall not be applied to increase  
9 the benefits any remaining employee would otherwise receive  
10 under this Article.

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

12 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)  
13 Sec. 9-219. Computation of service.

14 (1) In computing the term of service of an employee prior  
15 to the effective date, the entire period beginning on the date  
16 he was first appointed and ending on the day before the  
17 effective date, except any intervening period during which he  
18 was separated by withdrawal from service, shall be counted for  
19 all purposes of this Article.

20 (2) In computing the term of service of any employee on or  
21 after the effective date, the following periods of time shall  
22 be counted as periods of service for age and service, widow's  
23 and child's annuity purposes:

24 (a) The time during which he performed the duties of  
25 his position.

1           (b) Vacations, leaves of absence with whole or part  
2 pay, and leaves of absence without pay not longer than 90  
3 days.

4           (c) For an employee who is a member of a county police  
5 department or a correctional officer with the county  
6 department of corrections, approved leaves of absence  
7 without pay during which the employee serves as a full-time  
8 officer or employee of an employee association, the  
9 membership of which consists of other participants in the  
10 Fund, provided that the employee contributes to the Fund  
11 (1) the amount that he would have contributed had he  
12 remained an active employee in the position he occupied at  
13 the time the leave of absence was granted, (2) an amount  
14 calculated by the Board representing employer  
15 contributions, and (3) regular interest thereon from the  
16 date of service to the date of payment. However, if the  
17 employee's application to establish credit under this  
18 subsection is received by the Fund on or after July 1, 2002  
19 and before July 1, 2003, the amount representing employer  
20 contributions specified in item (2) shall be waived.

21           For a former member of a county police department who  
22 has received a refund under Section 9-164, periods during  
23 which the employee serves as head of an employee  
24 association, the membership of which consists of other  
25 police officers, provided that the employee contributes to  
26 the Fund (1) the amount that he would have contributed had

1 he remained an active member of the county police  
2 department in the position he occupied at the time he left  
3 service, (2) an amount calculated by the Board representing  
4 employer contributions, and (3) regular interest thereon  
5 from the date of service to the date of payment. However,  
6 if the former member of the county police department  
7 retires on or after January 1, 1993 but no later than March  
8 1, 1993, the amount representing employer contributions  
9 specified in item (2) shall be waived.

10 For leaves of absence to which this item (c) applies  
11 and for other periods to which this item (c) applies,  
12 including those leaves of absence and other periods of  
13 service beginning before January 5, 2012 (the effective  
14 date of Public Act 97-651) ~~this amendatory Act of the 97th~~  
15 ~~General Assembly~~, the employee or former member must  
16 continue to remain in sworn status, subject to the  
17 professional standards of the public employer or those  
18 terms established in statute.

19 (d) Any period of disability for which he received  
20 disability benefit or whole or part pay.

21 (e) For a person who first becomes an employee before  
22 the effective date of this amendatory Act of the 98th  
23 General Assembly, accumulated ~~Accumulated~~ vacation or  
24 other time for which an employee who retires on or after  
25 November 1, 1990 receives a lump sum payment at the time of  
26 retirement, provided that contributions were made to the

1 fund at the time such lump sum payment was received. The  
2 service granted for the lump sum payment shall not change  
3 the employee's date of withdrawal for computing the  
4 effective date of the annuity.

5 (f) An employee who first becomes an employee before  
6 the effective date of this amendatory Act of the 98th  
7 General Assembly may receive service credit for annuity  
8 purposes for accumulated sick leave as of the date of the  
9 employee's withdrawal from service, not to exceed a total  
10 of 180 days, provided that the amount of such accumulated  
11 sick leave is certified by the County Comptroller to the  
12 Board and the employee pays an amount equal to 8.5% (9% for  
13 members of the County Police Department who are eligible to  
14 receive an annuity under Section 9-128.1) of the amount  
15 that would have been paid had such accumulated sick leave  
16 been paid at the employee's final rate of salary. Such  
17 payment shall be made within 30 days after the date of  
18 withdrawal and prior to receipt of the first annuity check.  
19 The service credit granted for such accumulated sick leave  
20 shall not change the employee's date of withdrawal for the  
21 purpose of computing the effective date of the annuity.

22 (3) In computing the term of service of an employee on or  
23 after the effective date for ordinary disability benefit  
24 purposes, the following periods of time shall be counted as  
25 periods of service:

26 (a) Unless otherwise specified in Section 9-157, the

1 time during which he performed the duties of his position.

2 (b) Paid vacations and leaves of absence with whole or  
3 part pay.

4 (c) Any period for which he received duty disability  
5 benefit.

6 (d) Any period of disability for which he received  
7 whole or part pay.

8 (4) For an employee who on January 1, 1958, was transferred  
9 by Act of the 70th General Assembly from his position in a  
10 department of welfare of any city located in the county in  
11 which this Article is in force and effect to a similar position  
12 in a department of such county, service shall also be credited  
13 for ordinary disability benefit and child's annuity for such  
14 period of department of welfare service during which period he  
15 was a contributor to a statutory annuity and benefit fund in  
16 such city and for which purposes service credit would otherwise  
17 not be credited by virtue of such involuntary transfer.

18 (5) An employee described in subsection (e) of Section  
19 9-108 shall receive credit for child's annuity and ordinary  
20 disability benefit for the period of time for which he was  
21 credited with service in the fund from which he was  
22 involuntarily separated through class or group transfer;  
23 provided, that no such credit shall be allowed to the extent  
24 that it results in a duplication of credits or benefits, and  
25 neither shall such credit be allowed to the extent that it was  
26 or may be forfeited by the application for and acceptance of a



1 refund from the fund from which the employee was transferred.

2 (6) Overtime or extra service shall not be included in  
3 computing service. Not more than 1 year of service shall be  
4 allowed for service rendered during any calendar year.

5 (7) Unused sick or vacation time shall not be used to  
6 compute the service of an employee who first becomes an  
7 employee on or after the effective date of this amendatory Act  
8 of the 98th General Assembly.

9 (Source: P.A. 97-651, eff. 1-5-12.)

10 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

11 Sec. 9-220. Basis of service credit.

12 (a) In computing the period of service of any employee for  
13 annuity purposes under Section 9-134, the following provisions  
14 shall govern:

15 (1) All periods prior to the effective date shall be  
16 computed in accordance with the provisions governing the  
17 computation of such service.

18 (2) Service on or after the effective date shall  
19 include:

20 (i) The actual period of time the employee  
21 contributes or has contributed to the fund for service  
22 rendered to age 65 plus the actual period of time after  
23 age 65 for which the employee performs the duties of  
24 his position or performs such duties and is given a  
25 county contribution for age and service annuity or

1 minimum annuity purposes.

2 (ii) Leaves of absence from duty, or vacation, for  
3 which an employee receives all or part of his salary.

4 (iii) For a person who first becomes an employee  
5 before the effective date of this amendatory Act of the  
6 98th General Assembly, accumulated ~~Accumulated~~  
7 vacation or other time for which an employee who  
8 retires on or after November 1, 1990 receives a lump  
9 sum payment at the time of retirement, provided that  
10 contributions were made to the fund at the time such  
11 lump sum payment was received. The service granted for  
12 the lump sum payment shall not change the employee's  
13 date of withdrawal for computing the effective date of  
14 the annuity.

15 (iv) For a person who first becomes an employee  
16 before the effective date of this amendatory Act of the  
17 98th General Assembly, accumulated ~~Accumulated~~ sick  
18 leave as of the date of the employee's withdrawal from  
19 service, not to exceed a total of 180 days, provided  
20 that the amount of such accumulated sick leave is  
21 certified by the County Comptroller to the Board and  
22 the employee pays an amount equal to 8.5% (9% for  
23 members of the County Police Department who are  
24 eligible to receive an annuity under Section 9-128.1)  
25 of the amount that would have been paid had such  
26 accumulated sick leave been paid at the employee's

1 final rate of salary. Such payment shall be made within  
2 30 days after the date of withdrawal and prior to  
3 receipt of the first annuity check. The service credit  
4 granted for such accumulated sick leave shall not  
5 change the employee's date of withdrawal for the  
6 purpose of computing the effective date of the annuity.

7 (v) Periods during which the employee has had  
8 contributions for annuity purposes made for him in  
9 accordance with law while on military leave of absence  
10 during World War II.

11 (vi) Periods during which the employee receives a  
12 disability benefit under this Article.

13 (vii) For any person who first becomes a member on  
14 or after January 1, 2011, the actual period of time the  
15 employee contributes or has contributed to the fund for  
16 service rendered up to the limitation on salary in  
17 subsection (b-5) of Section 1-160 plus the actual  
18 period of time thereafter for which the employee  
19 performs the duties of his position and ceased  
20 contributing due to the salary limitation in  
21 subsection (b-5) of Section 1-160.

22 (3) The right to have certain periods of time  
23 considered as service as stated in paragraph (2) of Section  
24 9-164 shall not apply for annuity purposes unless the  
25 refunds shall have been repaid in accordance with this  
26 Article.

1           (4) All service shall be computed in whole calendar  
2 months, and at least 15 days of service in any one calendar  
3 month shall constitute one calendar month of service, and 1  
4 year of service shall be equal to the number of months,  
5 days or hours for which an appropriation was made in the  
6 annual appropriation ordinance for the position held by the  
7 employee.

8           (5) Unused sick or vacation time shall not be used to  
9 compute the service of an employee who first becomes an  
10 employee on or after the effective date of this amendatory  
11 Act of the 98th General Assembly.

12           (b) For all other annuity purposes of this Article the  
13 following schedule shall govern the computation of a year of  
14 service of an employee whose salary or wages is on the basis  
15 stated, and any fractional part of a year of service shall be  
16 determined according to said schedule:

17           Annual or Monthly Basis: Service during 4 months in any 1  
18 calendar year;

19           Weekly Basis: Service during any 17 weeks of any 1 calendar  
20 year, and service during any week shall constitute a week of  
21 service;

22           Daily Basis: Service during 100 days in any 1 calendar  
23 year, and service during any day shall constitute a day of  
24 service;

25           Hourly Basis: Service during 800 hours in any 1 calendar  
26 year, and service during any hour shall constitute an hour of

1 service.

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

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

4 Sec. 14-103.10. Compensation.

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

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

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

- 23 (1) for vacation,
- 24 (2) for accumulated unused sick leave,
- 25 (3) upon discharge or dismissal,

1           (4) for approved holidays.

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

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

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

- 22           (1) for vacation;
- 23           (2) for accumulated unused sick leave;
- 24           (3) upon discharge or dismissal; and
- 25           (4) for approved holidays.

26           (f) Notwithstanding the other provisions of this Section,

1 for service on or after July 1, 2013, "compensation" does not  
2 include any stipend payable to an employee for service on a  
3 board or commission.

4 (g) Notwithstanding any other provision of this Section,  
5 for an employee who first becomes a participant on or after the  
6 effective date of this amendatory Act of the 98th General  
7 Assembly, "compensation" does not include any payments or  
8 reimbursements for travel vouchers submitted more than 30 days  
9 after the last day of travel for which the voucher is  
10 submitted.

11 (h) Notwithstanding any other provision of this Code, the  
12 annual compensation of a Tier 1 member for the purposes of this  
13 Code shall not exceed, for periods of service on or after the  
14 effective date of this amendatory Act of the 98th General  
15 Assembly, the greater of (i) the annual limitation determined  
16 from time to time under subsection (b-5) of Section 1-160 of  
17 this Code, (ii) the annualized compensation of the Tier 1  
18 member as of that effective date, or (iii) the annualized  
19 compensation of the Tier 1 member immediately preceding the  
20 expiration, renewal, or amendment of an employment contract or  
21 collective bargaining agreement in effect on that effective  
22 date.

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

24 (40 ILCS 5/14-103.40 new)

25 Sec. 14-103.40. Tier 1 member. "Tier 1 member": A member

1 of this System who first became a member or participant before  
2 January 1, 2011 under any reciprocal retirement system or  
3 pension fund established under this Code other than a  
4 retirement system or pension fund established under Article 2,  
5 3, 4, 5, 6, or 18 of this Code.

6 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)  
7 Sec. 14-104.3. Notwithstanding provisions contained in  
8 Section 14-103.10, any person who first becomes a member before  
9 the effective date of this amendatory Act of the 98th General  
10 Assembly and who at the time of retirement and after December  
11 6, 1983 receives compensation in a lump sum for accumulated  
12 vacation, sickness, or personal business may receive service  
13 credit for such periods by making contributions within 90 days  
14 of withdrawal, based on the rate of compensation in effect  
15 immediately prior to retirement and the contribution rate then  
16 in effect. Any person who first becomes a member on or after  
17 the effective date of this amendatory Act of the 98th General  
18 Assembly and who receives compensation in a lump sum for  
19 accumulated vacation, sickness, or personal business may not  
20 receive service credit for such periods. Exercising the option  
21 provided in this Section shall not change a member's date of  
22 withdrawal or final average compensation for purposes of  
23 computing the amount or effective date of a retirement annuity.  
24 Any annuitant who establishes service credit as herein provided  
25 shall have his retirement annuity adjusted retroactively to the



1 date of retirement.

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

3 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

4 Sec. 14-106. Membership service credit.

5 (a) After January 1, 1944, all service of a member since he  
6 last became a member with respect to which contributions are  
7 made shall count as membership service; provided, that for  
8 service on and after July 1, 1950, 12 months of service shall  
9 constitute a year of membership service, the completion of 15  
10 days or more of service during any month shall constitute 1  
11 month of membership service, 8 to 15 days shall constitute 1/2  
12 month of membership service and less than 8 days shall  
13 constitute 1/4 month of membership service. The payroll record  
14 of each department shall constitute conclusive evidence of the  
15 record of service rendered by a member.

16 (b) For a member who is employed and paid on an  
17 academic-year basis rather than on a 12-month annual basis,  
18 employment for a full academic year shall constitute a full  
19 year of membership service, except that the member shall not  
20 receive more than one year of membership service credit (plus  
21 any additional service credit granted for unused sick leave)  
22 for service during any 12-month period. This subsection (b)  
23 applies to all such service for which the member has not begun  
24 to receive a retirement annuity before January 1, 2001.

25 (c) A person who first becomes a member before the

1 effective date of this amendatory Act of the 98th General  
2 Assembly shall be entitled to additional service credit, under  
3 rules prescribed by the Board, for accumulated unused sick  
4 leave credited to his account in the last Department on the  
5 date of withdrawal from service or for any period for which he  
6 would have been eligible to receive benefits under a sick pay  
7 plan authorized by law, if he had suffered a sickness or  
8 accident on the date of withdrawal from service. It shall be  
9 the responsibility of the last Department to certify to the  
10 Board the length of time salary or benefits would have been  
11 paid to the member based upon the accumulated unused sick leave  
12 or the applicable sick pay plan if he had become entitled  
13 thereto because of sickness on the date that his status as an  
14 employee terminated. This period of service credit granted  
15 under this paragraph shall not be considered in determining the  
16 date the retirement annuity is to begin, or final average  
17 compensation.

18 (d) A person who first becomes a member on or after the  
19 effective date of this amendatory Act of the 98th General  
20 Assembly shall not be entitled to additional service credit for  
21 accumulated unused sick leave.

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

23 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)  
24 Sec. 14-107. Retirement annuity - service and age -  
25 conditions.

1       (a) A member is entitled to a retirement annuity after  
2 having at least 8 years of creditable service.

3       (b) A member who has at least 35 years of creditable  
4 service may claim his or her retirement annuity at any age. A  
5 member having at least 8 years of creditable service but less  
6 than 35 may claim his or her retirement annuity upon or after  
7 attainment of age 60 or, beginning January 1, 2001, any lesser  
8 age which, when added to the number of years of his or her  
9 creditable service, equals at least 85. A member upon or after  
10 attainment of age 55 having at least 25 years of creditable  
11 service (30 years if retirement is before January 1, 2001) may  
12 elect to receive the lower retirement annuity provided in  
13 paragraph (c) of Section 14-108 of this Code. For purposes of  
14 the rule of 85, portions of years shall be counted in whole  
15 months.

16       (c) Notwithstanding subsection (b) of this Section, for a  
17 Tier 1 member who begins receiving a retirement annuity under  
18 this Section on or after July 1, 2014, the required retirement  
19 age under subsection (b) is increased as follows, based on the  
20 Tier 1 member's age on June 1, 2014:

21           (1) If he or she is at least age 46 on June 1, 2014,  
22 then the required retirement ages under subsection (b)  
23 remain unchanged.

24           (2) If he or she is at least age 45 but less than age 46  
25 on June 1, 2014, then the required retirement ages under  
26 subsection (b) are increased by 4 months.

1           (3) If he or she is at least age 44 but less than age 45  
2 on June 1, 2014, then the required retirement ages under  
3 subsection (b) are increased by 8 months.

4           (4) If he or she is at least age 43 but less than age 44  
5 on June 1, 2014, then the required retirement ages under  
6 subsection (b) are increased by 12 months.

7           (5) If he or she is at least age 42 but less than age 43  
8 on June 1, 2014, then the required retirement ages under  
9 subsection (b) are increased by 16 months.

10           (6) If he or she is at least age 41 but less than age 42  
11 on June 1, 2014, then the required retirement ages under  
12 subsection (b) are increased by 20 months.

13           (7) If he or she is at least age 40 but less than age 41  
14 on June 1, 2014, then the required retirement ages under  
15 subsection (b) are increased by 24 months.

16           (8) If he or she is at least age 39 but less than age 40  
17 on June 1, 2014, then the required retirement ages under  
18 subsection (b) are increased by 28 months.

19           (9) If he or she is at least age 38 but less than age 39  
20 on June 1, 2014, then the required retirement ages under  
21 subsection (b) are increased by 32 months.

22           (10) If he or she is at least age 37 but less than age  
23 38 on June 1, 2014, then the required retirement ages under  
24 subsection (b) are increased by 36 months.

25           (11) If he or she is at least age 36 but less than age  
26 37 on June 1, 2014, then the required retirement ages under

1 subsection (b) are increased by 40 months.

2 (12) If he or she is at least age 35 but less than age  
3 36 on June 1, 2014, then the required retirement ages under  
4 subsection (b) are increased by 44 months.

5 (13) If he or she is at least age 34 but less than age  
6 35 on June 1, 2014, then the required retirement ages under  
7 subsection (b) are increased by 48 months.

8 (14) If he or she is at least age 33 but less than age  
9 34 on June 1, 2014, then the required retirement ages under  
10 subsection (b) are increased by 52 months.

11 (15) If he or she is at least age 32 but less than age  
12 33 on June 1, 2014, then the required retirement ages under  
13 subsection (b) are increased by 56 months.

14 (16) If he or she is less than age 32 on June 1, 2014,  
15 then the required retirement ages under subsection (b) are  
16 increased by 60 months.

17 Notwithstanding Section 1-103.1, this subsection (c)  
18 applies without regard to whether or not the Tier 1 member is  
19 in active service under this Article on or after the effective  
20 date of this amendatory Act of the 98th General Assembly.

21 (d) The allowance shall begin with the first full calendar  
22 month specified in the member's application therefor, the first  
23 day of which shall not be before the date of withdrawal as  
24 approved by the board. Regardless of the date of withdrawal,  
25 the allowance need not begin within one year of application  
26 therefor.

1 (Source: P.A. 91-927, eff. 12-14-00.)

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

3 Sec. 14-108. Amount of retirement annuity. A member who  
4 has contributed to the System for at least 12 months shall be  
5 entitled to a prior service annuity for each year of certified  
6 prior service credited to him, except that a member shall  
7 receive 1/3 of the prior service annuity for each year of  
8 service for which contributions have been made and all of such  
9 annuity shall be payable after the member has made  
10 contributions for a period of 3 years. Proportionate amounts  
11 shall be payable for service of less than a full year after  
12 completion of at least 12 months.

13 The total period of service to be considered in  
14 establishing the measure of prior service annuity shall include  
15 service credited in the Teachers' Retirement System of the  
16 State of Illinois and the State Universities Retirement System  
17 for which contributions have been made by the member to such  
18 systems; provided that at least 1 year of the total period of 3  
19 years prescribed for the allowance of a full measure of prior  
20 service annuity shall consist of membership service in this  
21 system for which credit has been granted.

22 (a) In the case of a member who retires on or after January  
23 1, 1998 and is a noncovered employee, the retirement annuity  
24 for membership service and prior service shall be 2.2% of final  
25 average compensation for each year of service. Any service

1 credit established as a covered employee shall be computed as  
2 stated in paragraph (b).

3 (b) In the case of a member who retires on or after January  
4 1, 1998 and is a covered employee, the retirement annuity for  
5 membership service and prior service shall be computed as  
6 stated in paragraph (a) for all service credit established as a  
7 noncovered employee; for service credit established as a  
8 covered employee it shall be 1.67% of final average  
9 compensation for each year of service.

10 (c) For a member retiring after attaining age 55 but before  
11 age 60 with at least 30 but less than 35 years of creditable  
12 service if retirement is before January 1, 2001, or with at  
13 least 25 but less than 30 years of creditable service if  
14 retirement is on or after January 1, 2001, the retirement  
15 annuity shall be reduced by 1/2 of 1% for each month that the  
16 member's age is under age 60 at the time of retirement. For  
17 members to whom subsection (c) of Section 14-107 applies, the  
18 references to age 55 and 60 in this subsection (c) are  
19 increased as provided in subsection (c) of Section 14-107.

20 (d) A retirement annuity shall not exceed 75% of final  
21 average compensation, subject to such extension as may result  
22 from the application of Section 14-114 or Section 14-115.

23 (e) The retirement annuity payable to any covered employee  
24 who is a member of the System and in service on January 1,  
25 1969, or in service thereafter in 1969 as a result of  
26 legislation enacted by the Illinois General Assembly

1 transferring the member to State employment from county  
2 employment in a county Department of Public Aid in counties of  
3 3,000,000 or more population, under a plan of coordination with  
4 the Old Age, Survivors and Disability provisions thereof, if  
5 not fully insured for Old Age Insurance payments under the  
6 Federal Old Age, Survivors and Disability Insurance provisions  
7 at the date of acceptance of a retirement annuity, shall not be  
8 less than the amount for which the member would have been  
9 eligible if coordination were not applicable.

10 (f) The retirement annuity payable to any covered employee  
11 who is a member of the System and in service on January 1,  
12 1969, or in service thereafter in 1969 as a result of the  
13 legislation designated in the immediately preceding paragraph,  
14 if fully insured for Old Age Insurance payments under the  
15 Federal Social Security Act at the date of acceptance of a  
16 retirement annuity, shall not be less than an amount which when  
17 added to the Primary Insurance Benefit payable to the member  
18 upon attainment of age 65 under such Federal Act, will equal  
19 the annuity which would otherwise be payable if the coordinated  
20 plan of coverage were not applicable.

21 (g) In the case of a member who is a noncovered employee,  
22 the retirement annuity for membership service as a security  
23 employee of the Department of Corrections or security employee  
24 of the Department of Human Services shall be: if retirement  
25 occurs on or after January 1, 2001, 3% of final average  
26 compensation for each year of creditable service; or if



1 retirement occurs before January 1, 2001, 1.9% of final average  
2 compensation for each of the first 10 years of service, 2.1%  
3 for each of the next 10 years of service, 2.25% for each year  
4 of service in excess of 20 but not exceeding 30, and 2.5% for  
5 each year in excess of 30; except that the annuity may be  
6 calculated under subsection (a) rather than this subsection (g)  
7 if the resulting annuity is greater.

8 (h) In the case of a member who is a covered employee, the  
9 retirement annuity for membership service as a security  
10 employee of the Department of Corrections or security employee  
11 of the Department of Human Services shall be: if retirement  
12 occurs on or after January 1, 2001, 2.5% of final average  
13 compensation for each year of creditable service; if retirement  
14 occurs before January 1, 2001, 1.67% of final average  
15 compensation for each of the first 10 years of service, 1.90%  
16 for each of the next 10 years of service, 2.10% for each year  
17 of service in excess of 20 but not exceeding 30, and 2.30% for  
18 each year in excess of 30.

19 (i) For the purposes of this Section and Section 14-133 of  
20 this Act, the term "security employee of the Department of  
21 Corrections" and the term "security employee of the Department  
22 of Human Services" shall have the meanings ascribed to them in  
23 subsection (c) of Section 14-110.

24 (j) The retirement annuity computed pursuant to paragraphs  
25 (g) or (h) shall be applicable only to those security employees  
26 of the Department of Corrections and security employees of the

1 Department of Human Services who have at least 20 years of  
2 membership service and who are not eligible for the alternative  
3 retirement annuity provided under Section 14-110. However,  
4 persons transferring to this System under Section 14-108.2 or  
5 14-108.2c who have service credit under Article 16 of this Code  
6 may count such service toward establishing their eligibility  
7 under the 20-year service requirement of this subsection; but  
8 such service may be used only for establishing such  
9 eligibility, and not for the purpose of increasing or  
10 calculating any benefit.

11 (k) (Blank).

12 (l) The changes to this Section made by this amendatory Act  
13 of 1997 (changing certain retirement annuity formulas from a  
14 stepped rate to a flat rate) apply to members who retire on or  
15 after January 1, 1998, without regard to whether employment  
16 terminated before the effective date of this amendatory Act of  
17 1997. An annuity shall not be calculated in steps by using the  
18 new flat rate for some steps and the superseded stepped rate  
19 for other steps of the same type of service.

20 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

21 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

22 Sec. 14-110. Alternative retirement annuity.

23 (a) Any member who has withdrawn from service with not less  
24 than 20 years of eligible creditable service and has attained  
25 age 55, and any member who has withdrawn from service with not

1 less than 25 years of eligible creditable service and has  
2 attained age 50, regardless of whether the attainment of either  
3 of the specified ages occurs while the member is still in  
4 service, shall be entitled to receive at the option of the  
5 member, in lieu of the regular or minimum retirement annuity, a  
6 retirement annuity computed as follows:

7 (i) for periods of service as a noncovered employee: if  
8 retirement occurs on or after January 1, 2001, 3% of final  
9 average compensation for each year of creditable service;  
10 if retirement occurs before January 1, 2001, 2 1/4% of  
11 final average compensation for each of the first 10 years  
12 of creditable service, 2 1/2% for each year above 10 years  
13 to and including 20 years of creditable service, and 2 3/4%  
14 for each year of creditable service above 20 years; and

15 (ii) for periods of eligible creditable service as a  
16 covered employee: if retirement occurs on or after January  
17 1, 2001, 2.5% of final average compensation for each year  
18 of creditable service; if retirement occurs before January  
19 1, 2001, 1.67% of final average compensation for each of  
20 the first 10 years of such service, 1.90% for each of the  
21 next 10 years of such service, 2.10% for each year of such  
22 service in excess of 20 but not exceeding 30, and 2.30% for  
23 each year in excess of 30.

24 Such annuity shall be subject to a maximum of 75% of final  
25 average compensation if retirement occurs before January 1,  
26 2001 or to a maximum of 80% of final average compensation if

1 retirement occurs on or after January 1, 2001.

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

7 (a-5) Notwithstanding subsection (a) of this Section, for a  
8 Tier 1 member who begins receiving a retirement annuity under  
9 this Section on or after July 1, 2014, the required retirement  
10 age under subsection (a) is increased as follows, based on the  
11 Tier 1 member's age on June 1, 2014:

12 (1) If he or she is at least age 46 on June 1, 2014,  
13 then the required retirement ages under subsection (a)  
14 remain unchanged.

15 (2) If he or she is at least age 45 but less than age 46  
16 on June 1, 2014, then the required retirement ages under  
17 subsection (a) are increased by 4 months.

18 (3) If he or she is at least age 44 but less than age 45  
19 on June 1, 2014, then the required retirement ages under  
20 subsection (a) are increased by 8 months.

21 (4) If he or she is at least age 43 but less than age 44  
22 on June 1, 2014, then the required retirement ages under  
23 subsection (a) are increased by 12 months.

24 (5) If he or she is at least age 42 but less than age 43  
25 on June 1, 2014, then the required retirement ages under  
26 subsection (a) are increased by 16 months.

1           (6) If he or she is at least age 41 but less than age 42  
2 on June 1, 2014, then the required retirement ages under  
3 subsection (a) are increased by 20 months.

4           (7) If he or she is at least age 40 but less than age 41  
5 on June 1, 2014, then the required retirement ages under  
6 subsection (a) are increased by 24 months.

7           (8) If he or she is at least age 39 but less than age 40  
8 on June 1, 2014, then the required retirement ages under  
9 subsection (a) are increased by 28 months.

10           (9) If he or she is at least age 38 but less than age 39  
11 on June 1, 2014, then the required retirement ages under  
12 subsection (a) are increased by 32 months.

13           (10) If he or she is at least age 37 but less than age  
14 38 on June 1, 2014, then the required retirement ages under  
15 subsection (a) are increased by 36 months.

16           (11) If he or she is at least age 36 but less than age  
17 37 on June 1, 2014, then the required retirement ages under  
18 subsection (a) are increased by 40 months.

19           (12) If he or she is at least age 35 but less than age  
20 36 on June 1, 2014, then the required retirement ages under  
21 subsection (a) are increased by 44 months.

22           (13) If he or she is at least age 34 but less than age  
23 35 on June 1, 2014, then the required retirement ages under  
24 subsection (a) are increased by 48 months.

25           (14) If he or she is at least age 33 but less than age  
26 34 on June 1, 2014, then the required retirement ages under

1 subsection (a) are increased by 52 months.

2 (15) If he or she is at least age 32 but less than age  
3 33 on June 1, 2014, then the required retirement ages under  
4 subsection (a) are increased by 56 months.

5 (16) If he or she is less than age 32 on June 1, 2014,  
6 then the required retirement ages under subsection (a) are  
7 increased by 60 months.

8 Notwithstanding Section 1-103.1, this subsection (a-5)  
9 applies without regard to whether or not the Tier 1 member is  
10 in active service under this Article on or after the effective  
11 date of this amendatory Act of the 98th General Assembly.

12 (b) For the purpose of this Section, "eligible creditable  
13 service" means creditable service resulting from service in one  
14 or more of the following positions:

15 (1) State policeman;

16 (2) fire fighter in the fire protection service of a  
17 department;

18 (3) air pilot;

19 (4) special agent;

20 (5) investigator for the Secretary of State;

21 (6) conservation police officer;

22 (7) investigator for the Department of Revenue or the  
23 Illinois Gaming Board;

24 (8) security employee of the Department of Human  
25 Services;

26 (9) Central Management Services security police

1 officer;

2 (10) security employee of the Department of  
3 Corrections or the Department of Juvenile Justice;

4 (11) dangerous drugs investigator;

5 (12) investigator for the Department of State Police;

6 (13) investigator for the Office of the Attorney  
7 General;

8 (14) controlled substance inspector;

9 (15) investigator for the Office of the State's  
10 Attorneys Appellate Prosecutor;

11 (16) Commerce Commission police officer;

12 (17) arson investigator;

13 (18) State highway maintenance worker.

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

24 (c) For the purposes of this Section:

25 (1) The term "state policeman" includes any title or  
26 position in the Department of State Police that is held by

1 an individual employed under the State Police Act.

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

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

16 (4) The term "special agent" means any person who by  
17 reason of employment by the Division of Narcotic Control,  
18 the Bureau of Investigation or, after July 1, 1977, the  
19 Division of Criminal Investigation, the Division of  
20 Internal Investigation, the Division of Operations, or any  
21 other Division or organizational entity in the Department  
22 of State Police is vested by law with duties to maintain  
23 public order, investigate violations of the criminal law of  
24 this State, enforce the laws of this State, make arrests  
25 and recover property. The term "special agent" includes any  
26 title or position in the Department of State Police that is



1 held by an individual employed under the State Police Act.

2 (5) The term "investigator for the Secretary of State"  
3 means any person employed by the Office of the Secretary of  
4 State and vested with such investigative duties as render  
5 him ineligible for coverage under the Social Security Act  
6 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
7 218(1)(1) of that Act.

8 A person who became employed as an investigator for the  
9 Secretary of State between January 1, 1967 and December 31,  
10 1975, and who has served as such until attainment of age  
11 60, either continuously or with a single break in service  
12 of not more than 3 years duration, which break terminated  
13 before January 1, 1976, shall be entitled to have his  
14 retirement annuity calculated in accordance with  
15 subsection (a), notwithstanding that he has less than 20  
16 years of credit for such service.

17 (6) The term "Conservation Police Officer" means any  
18 person employed by the Division of Law Enforcement of the  
19 Department of Natural Resources and vested with such law  
20 enforcement duties as render him ineligible for coverage  
21 under the Social Security Act by reason of Sections  
22 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
23 term "Conservation Police Officer" includes the positions  
24 of Chief Conservation Police Administrator and Assistant  
25 Conservation Police Administrator.

26 (7) The term "investigator for the Department of

1 Revenue" means any person employed by the Department of  
2 Revenue and vested with such investigative duties as render  
3 him ineligible for coverage under the Social Security Act  
4 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
5 218(1)(1) of that Act.

6 The term "investigator for the Illinois Gaming Board"  
7 means any person employed as such by the Illinois Gaming  
8 Board and vested with such peace officer duties as render  
9 the person ineligible for coverage under the Social  
10 Security Act by reason of Sections 218(d)(5)(A),  
11 218(d)(8)(D), and 218(1)(1) of that Act.

12 (8) The term "security employee of the Department of  
13 Human Services" means any person employed by the Department  
14 of Human Services who (i) is employed at the Chester Mental  
15 Health Center and has daily contact with the residents  
16 thereof, (ii) is employed within a security unit at a  
17 facility operated by the Department and has daily contact  
18 with the residents of the security unit, (iii) is employed  
19 at a facility operated by the Department that includes a  
20 security unit and is regularly scheduled to work at least  
21 50% of his or her working hours within that security unit,  
22 or (iv) is a mental health police officer. "Mental health  
23 police officer" means any person employed by the Department  
24 of Human Services in a position pertaining to the  
25 Department's mental health and developmental disabilities  
26 functions who is vested with such law enforcement duties as

1 render the person ineligible for coverage under the Social  
2 Security Act by reason of Sections 218(d)(5)(A),  
3 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
4 means that portion of a facility that is devoted to the  
5 care, containment, and treatment of persons committed to  
6 the Department of Human Services as sexually violent  
7 persons, persons unfit to stand trial, or persons not  
8 guilty by reason of insanity. With respect to past  
9 employment, references to the Department of Human Services  
10 include its predecessor, the Department of Mental Health  
11 and Developmental Disabilities.

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

15 (9) "Central Management Services security police  
16 officer" means any person employed by the Department of  
17 Central Management Services who is vested with such law  
18 enforcement duties as render him ineligible for coverage  
19 under the Social Security Act by reason of Sections  
20 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

21 (10) For a member who first became an employee under  
22 this Article before July 1, 2005, the term "security  
23 employee of the Department of Corrections or the Department  
24 of Juvenile Justice" means any employee of the Department  
25 of Corrections or the Department of Juvenile Justice or the  
26 former Department of Personnel, and any member or employee

1 of the Prisoner Review Board, who has daily contact with  
2 inmates or youth by working within a correctional facility  
3 or Juvenile facility operated by the Department of Juvenile  
4 Justice or who is a parole officer or an employee who has  
5 direct contact with committed persons in the performance of  
6 his or her job duties. For a member who first becomes an  
7 employee under this Article on or after July 1, 2005, the  
8 term means an employee of the Department of Corrections or  
9 the Department of Juvenile Justice who is any of the  
10 following: (i) officially headquartered at a correctional  
11 facility or Juvenile facility operated by the Department of  
12 Juvenile Justice, (ii) a parole officer, (iii) a member of  
13 the apprehension unit, (iv) a member of the intelligence  
14 unit, (v) a member of the sort team, or (vi) an  
15 investigator.

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

19 (12) The term "investigator for the Department of State  
20 Police" means a person employed by the Department of State  
21 Police who is vested under Section 4 of the Narcotic  
22 Control Division Abolition Act with such law enforcement  
23 powers as render him ineligible for coverage under the  
24 Social Security Act by reason of Sections 218(d)(5)(A),  
25 218(d)(8)(D) and 218(1)(1) of that Act.

26 (13) "Investigator for the Office of the Attorney

1 General" means any person who is employed as such by the  
2 Office of the Attorney General and is vested with such  
3 investigative duties as render him ineligible for coverage  
4 under the Social Security Act by reason of Sections  
5 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
6 the period before January 1, 1989, the term includes all  
7 persons who were employed as investigators by the Office of  
8 the Attorney General, without regard to social security  
9 status.

10 (14) "Controlled substance inspector" means any person  
11 who is employed as such by the Department of Professional  
12 Regulation and is vested with such law enforcement duties  
13 as render him ineligible for coverage under the Social  
14 Security Act by reason of Sections 218(d)(5)(A),  
15 218(d)(8)(D) and 218(1)(1) of that Act. The term  
16 "controlled substance inspector" includes the Program  
17 Executive of Enforcement and the Assistant Program  
18 Executive of Enforcement.

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

24 (16) "Commerce Commission police officer" means any  
25 person employed by the Illinois Commerce Commission who is  
26 vested with such law enforcement duties as render him

1 ineligible for coverage under the Social Security Act by  
2 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
3 218(1)(1) of that Act.

4 (17) "Arson investigator" means any person who is  
5 employed as such by the Office of the State Fire Marshal  
6 and is vested with such law enforcement duties as render  
7 the person ineligible for coverage under the Social  
8 Security Act by reason of Sections 218(d)(5)(A),  
9 218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
10 employed as an arson investigator on January 1, 1995 and is  
11 no longer in service but not yet receiving a retirement  
12 annuity may convert his or her creditable service for  
13 employment as an arson investigator into eligible  
14 creditable service by paying to the System the difference  
15 between the employee contributions actually paid for that  
16 service and the amounts that would have been contributed if  
17 the applicant were contributing at the rate applicable to  
18 persons with the same social security status earning  
19 eligible creditable service on the date of application.

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

22 (i) A person employed on a full-time basis by the  
23 Illinois Department of Transportation in the position  
24 of highway maintainer, highway maintenance lead  
25 worker, highway maintenance lead/lead worker, heavy  
26 construction equipment operator, power shovel

1 operator, or bridge mechanic; and whose principal  
2 responsibility is to perform, on the roadway, the  
3 actual maintenance necessary to keep the highways that  
4 form a part of the State highway system in serviceable  
5 condition for vehicular traffic.

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

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

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

1 or

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

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

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

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

14 (vi) beginning January 1, 1991, 25 years of eligible  
15 creditable service and age 50, or 20 years of eligible  
16 creditable service and age 55.

17 For members to whom subsection (a-5) of this Section  
18 applies, the references to age 50 and 55 in item (vi) of this  
19 subsection are increased as provided in subsection (a-5).

20 Persons who have service credit under Article 16 of this  
21 Code for service as a security employee of the Department of  
22 Corrections or the Department of Juvenile Justice, or the  
23 Department of Human Services in a position requiring  
24 certification as a teacher may count such service toward  
25 establishing their eligibility under the service requirements  
26 of this Section; but such service may be used only for



1 establishing such eligibility, and not for the purpose of  
2 increasing or calculating any benefit.

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

11 (f) For purposes of calculating retirement annuities under  
12 this Section, periods of service rendered after December 31,  
13 1968 and before October 1, 1975 as a covered employee in the  
14 position of special agent, conservation police officer, mental  
15 health police officer, or investigator for the Secretary of  
16 State, shall be deemed to have been service as a noncovered  
17 employee, provided that the employee pays to the System prior  
18 to retirement an amount equal to (1) the difference between the  
19 employee contributions that would have been required for such  
20 service as a noncovered employee, and the amount of employee  
21 contributions actually paid, plus (2) if payment is made after  
22 July 31, 1987, regular interest on the amount specified in item  
23 (1) from the date of service to the date of payment.

24 For purposes of calculating retirement annuities under  
25 this Section, periods of service rendered after December 31,  
26 1968 and before January 1, 1982 as a covered employee in the

1 position of investigator for the Department of Revenue shall be  
2 deemed to have been service as a noncovered employee, provided  
3 that the employee pays to the System prior to retirement an  
4 amount equal to (1) the difference between the employee  
5 contributions that would have been required for such service as  
6 a noncovered employee, and the amount of employee contributions  
7 actually paid, plus (2) if payment is made after January 1,  
8 1990, regular interest on the amount specified in item (1) from  
9 the date of service to the date of payment.

10 (g) A State policeman may elect, not later than January 1,  
11 1990, to establish eligible creditable service for up to 10  
12 years of his service as a policeman under Article 3, by filing  
13 a written election with the Board, accompanied by payment of an  
14 amount to be determined by the Board, equal to (i) the  
15 difference between the amount of employee and employer  
16 contributions transferred to the System under Section 3-110.5,  
17 and the amounts that would have been contributed had such  
18 contributions been made at the rates applicable to State  
19 policemen, plus (ii) interest thereon at the effective rate for  
20 each year, compounded annually, from the date of service to the  
21 date of payment.

22 Subject to the limitation in subsection (i), a State  
23 policeman may elect, not later than July 1, 1993, to establish  
24 eligible creditable service for up to 10 years of his service  
25 as a member of the County Police Department under Article 9, by  
26 filing a written election with the Board, accompanied by

1 payment of an amount to be determined by the Board, equal to  
2 (i) the difference between the amount of employee and employer  
3 contributions transferred to the System under Section 9-121.10  
4 and the amounts that would have been contributed had those  
5 contributions been made at the rates applicable to State  
6 policemen, plus (ii) interest thereon at the effective rate for  
7 each year, compounded annually, from the date of service to the  
8 date of payment.

9 (h) Subject to the limitation in subsection (i), a State  
10 policeman or investigator for the Secretary of State may elect  
11 to establish eligible creditable service for up to 12 years of  
12 his service as a policeman under Article 5, by filing a written  
13 election with the Board on or before January 31, 1992, and  
14 paying to the System by January 31, 1994 an amount to be  
15 determined by the Board, equal to (i) the difference between  
16 the amount of employee and employer contributions transferred  
17 to the System under Section 5-236, and the amounts that would  
18 have been contributed had such contributions been made at the  
19 rates applicable to State policemen, plus (ii) interest thereon  
20 at the effective rate for each year, compounded annually, from  
21 the date of service to the date of payment.

22 Subject to the limitation in subsection (i), a State  
23 policeman, conservation police officer, or investigator for  
24 the Secretary of State may elect to establish eligible  
25 creditable service for up to 10 years of service as a sheriff's  
26 law enforcement employee under Article 7, by filing a written

1 election with the Board on or before January 31, 1993, and  
2 paying to the System by January 31, 1994 an amount to be  
3 determined by the Board, equal to (i) the difference between  
4 the amount of employee and employer contributions transferred  
5 to the System under Section 7-139.7, and the amounts that would  
6 have been contributed had such contributions been made at the  
7 rates applicable to State policemen, plus (ii) interest thereon  
8 at the effective rate for each year, compounded annually, from  
9 the date of service to the date of payment.

10 Subject to the limitation in subsection (i), a State  
11 policeman, conservation police officer, or investigator for  
12 the Secretary of State may elect to establish eligible  
13 creditable service for up to 5 years of service as a police  
14 officer under Article 3, a policeman under Article 5, a  
15 sheriff's law enforcement employee under Article 7, a member of  
16 the county police department under Article 9, or a police  
17 officer under Article 15 by filing a written election with the  
18 Board and paying to the System an amount to be determined by  
19 the Board, equal to (i) the difference between the amount of  
20 employee and employer contributions transferred to the System  
21 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
22 and the amounts that would have been contributed had such  
23 contributions been made at the rates applicable to State  
24 policemen, plus (ii) interest thereon at the effective rate for  
25 each year, compounded annually, from the date of service to the  
26 date of payment.

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

19           Subject to the limitation in subsection (i), a State  
20 policeman, conservation police officer, investigator for the  
21 Office of the Attorney General, an investigator for the  
22 Department of Revenue, or investigator for the Secretary of  
23 State may elect to establish eligible creditable service for up  
24 to 5 years of service as a person employed by a participating  
25 municipality to perform police duties, or law enforcement  
26 officer employed on a full-time basis by a forest preserve

1 district under Article 7, a county corrections officer, or a  
2 court services officer under Article 9, by filing a written  
3 election with the Board within 6 months after August 25, 2009  
4 (the effective date of Public Act 96-745) and paying to the  
5 System an amount to be determined by the Board, equal to (i)  
6 the difference between the amount of employee and employer  
7 contributions transferred to the System under Sections 7-139.8  
8 and 9-121.10 and the amounts that would have been contributed  
9 had such contributions been made at the rates applicable to  
10 State policemen, plus (ii) interest thereon at the actuarially  
11 assumed rate for each year, compounded annually, from the date  
12 of service to the date of payment.

13 (i) The total amount of eligible creditable service  
14 established by any person under subsections (g), (h), (j), (k),  
15 and (l) of this Section shall not exceed 12 years.

16 (j) Subject to the limitation in subsection (i), an  
17 investigator for the Office of the State's Attorneys Appellate  
18 Prosecutor or a controlled substance inspector may elect to  
19 establish eligible creditable service for up to 10 years of his  
20 service as a policeman under Article 3 or a sheriff's law  
21 enforcement employee under Article 7, by filing a written  
22 election with the Board, accompanied by payment of an amount to  
23 be determined by the Board, equal to (1) the difference between  
24 the amount of employee and employer contributions transferred  
25 to the System under Section 3-110.6 or 7-139.8, and the amounts  
26 that would have been contributed had such contributions been

1 made at the rates applicable to State policemen, plus (2)  
2 interest thereon at the effective rate for each year,  
3 compounded annually, from the date of service to the date of  
4 payment.

5 (k) Subject to the limitation in subsection (i) of this  
6 Section, an alternative formula employee may elect to establish  
7 eligible creditable service for periods spent as a full-time  
8 law enforcement officer or full-time corrections officer  
9 employed by the federal government or by a state or local  
10 government located outside of Illinois, for which credit is not  
11 held in any other public employee pension fund or retirement  
12 system. To obtain this credit, the applicant must file a  
13 written application with the Board by March 31, 1998,  
14 accompanied by evidence of eligibility acceptable to the Board  
15 and payment of an amount to be determined by the Board, equal  
16 to (1) employee contributions for the credit being established,  
17 based upon the applicant's salary on the first day as an  
18 alternative formula employee after the employment for which  
19 credit is being established and the rates then applicable to  
20 alternative formula employees, plus (2) an amount determined by  
21 the Board to be the employer's normal cost of the benefits  
22 accrued for the credit being established, plus (3) regular  
23 interest on the amounts in items (1) and (2) from the first day  
24 as an alternative formula employee after the employment for  
25 which credit is being established to the date of payment.

26 (l) Subject to the limitation in subsection (i), a security

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

14 (m) The amendatory changes to this Section made by this  
15 amendatory Act of the 94th General Assembly apply only to: (1)  
16 security employees of the Department of Juvenile Justice  
17 employed by the Department of Corrections before the effective  
18 date of this amendatory Act of the 94th General Assembly and  
19 transferred to the Department of Juvenile Justice by this  
20 amendatory Act of the 94th General Assembly; and (2) persons  
21 employed by the Department of Juvenile Justice on or after the  
22 effective date of this amendatory Act of the 94th General  
23 Assembly who are required by subsection (b) of Section 3-2.5-15  
24 of the Unified Code of Corrections to have a bachelor's or  
25 advanced degree from an accredited college or university with a  
26 specialization in criminal justice, education, psychology,



1 social work, or a closely related social science or, in the  
2 case of persons who provide vocational training, who are  
3 required to have adequate knowledge in the skill for which they  
4 are providing the vocational training.

5 (n) A person employed in a position under subsection (b) of  
6 this Section who has purchased service credit under subsection  
7 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
8 any other capacity under this Article may convert up to 5 years  
9 of that service credit into service credit covered under this  
10 Section by paying to the Fund an amount equal to (1) the  
11 additional employee contribution required under Section  
12 14-133, plus (2) the additional employer contribution required  
13 under Section 14-131, plus (3) interest on items (1) and (2) at  
14 the actuarially assumed rate from the date of the service to  
15 the date of payment.

16 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
17 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
18 7-2-10.)

19 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)  
20 Sec. 14-114. Automatic increase in retirement annuity.

21 (a) This subsection (a) is subject to subsections (a-1) and  
22 (a-2) of this Section. Any person receiving a retirement  
23 annuity under this Article who retires having attained age 60,  
24 or who retires before age 60 having at least 35 years of  
25 creditable service, or who retires on or after January 1, 2001

1 at an age which, when added to the number of years of his or her  
2 creditable service, equals at least 85, shall, on January 1  
3 next following the first full year of retirement, have the  
4 amount of the then fixed and payable monthly retirement annuity  
5 increased 3%. Any person receiving a retirement annuity under  
6 this Article who retires before attainment of age 60 and with  
7 less than (i) 35 years of creditable service if retirement is  
8 before January 1, 2001, or (ii) the number of years of  
9 creditable service which, when added to the member's age, would  
10 equal 85, if retirement is on or after January 1, 2001, shall  
11 have the amount of the fixed and payable retirement annuity  
12 increased by 3% on the January 1 occurring on or next following  
13 (1) attainment of age 60, or (2) the first anniversary of  
14 retirement, whichever occurs later. However, for persons who  
15 receive the alternative retirement annuity under Section  
16 14-110, references in this subsection (a) to attainment of age  
17 60 shall be deemed to refer to attainment of age 55. For a  
18 person receiving early retirement incentives under Section  
19 14-108.3 whose retirement annuity began after January 1, 1992  
20 pursuant to an extension granted under subsection (e) of that  
21 Section, the first anniversary of retirement shall be deemed to  
22 be January 1, 1993. For a person who retires on or after June  
23 28, 2001 and on or before October 1, 2001, and whose retirement  
24 annuity is calculated, in whole or in part, under Section  
25 14-110 or subsection (g) or (h) of Section 14-108, the first  
26 anniversary of retirement shall be deemed to be January 1,

1 2002.

2 On each January 1 following the date of the initial  
3 increase under this subsection, the employee's monthly  
4 retirement annuity shall be increased by an additional 3%.

5 Beginning January 1, 1990, all automatic annual increases  
6 payable under this Section shall be calculated as a percentage  
7 of the total annuity payable at the time of the increase,  
8 including previous increases granted under this Article.

9 (a-1) Notwithstanding subsection (a), but subject to the  
10 provisions of subsection (a-2), all automatic increases  
11 payable under subsection (a) on or after the effective date of  
12 this amendatory Act of the 98th General Assembly shall be  
13 calculated as 3% of the lesser of (1) the total annuity payable  
14 at the time of the increase, including previous increases  
15 granted, or (2) \$800 (\$1,000 for portions of the annuity based  
16 on service as a noncovered employee) multiplied by the number  
17 of years of creditable service upon which the annuity is based.

18 Beginning January 1, 2016, the \$800 (\$1,000 for portions of  
19 the annuity based on service as a noncovered employee) referred  
20 in item (2) of this subsection (a-1) shall be increased on each  
21 January 1 by the annual unadjusted percentage increase (but not  
22 less than zero) in the consumer price index-u for the 12 months  
23 ending with the preceding September; these adjustments shall be  
24 cumulative and compounded. For the purposes of this subsection  
25 (a-1), "consumer price index-u" means the index published by  
26 the Bureau of Labor Statistics of the United States Department

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

7 This subsection (a-1) is applicable without regard to  
8 whether the person is in service on or after the effective date  
9 of this amendatory Act of the 98th General Assembly.

10 (a-2) Notwithstanding subsections (a) and (a-1), for an  
11 active or inactive Tier 1 member who has not begun to receive a  
12 retirement annuity under this Article before July 1, 2014:

13 (1) the second automatic annual increase payable under  
14 subsection (a) shall be at the rate of 0% of the total  
15 annuity payable at the time of the increase if he or she is  
16 at least age 50 on the effective date of this amendatory  
17 Act;

18 (2) the second, fourth, and sixth automatic annual  
19 increases payable under subsection (a) shall be at the rate  
20 of 0% of the total annuity payable at the time of the  
21 increase if he or she is at least age 47 but less than age  
22 50 on the effective date of this amendatory Act;

23 (3) the second, fourth, sixth, and eighth automatic  
24 annual increases payable under subsection (a) shall be at  
25 the rate of 0% of the total annuity payable at the time of  
26 the increase if he or she is at least age 44 but less than

1 age 47 on the effective date of this amendatory Act; and

2 (4) the second, fourth, sixth, eighth, and tenth  
3 automatic annual increases payable under subsection (a)  
4 shall be at the rate of 0% of the total annuity payable at  
5 the time of the increase if he or she is less than age 44 on  
6 the effective date of this amendatory Act.

7 For the purposes of Section 1-103.1, this subsection (a-2)  
8 is applicable without regard to whether the person is in  
9 service on or after the effective date of this amendatory Act  
10 of the 98th General Assembly.

11 (b) The provisions of subsection (a) of this Section shall  
12 be applicable to an employee only if the employee makes the  
13 additional contributions required after December 31, 1969 for  
14 the purpose of the automatic increases for not less than the  
15 equivalent of one full year. If an employee becomes an  
16 annuitant before his additional contributions equal one full  
17 year's contributions based on his salary at the date of  
18 retirement, the employee may pay the necessary balance of the  
19 contributions to the system, without interest, and be eligible  
20 for the increasing annuity authorized by this Section.

21 (c) The provisions of subsection (a) of this Section shall  
22 not be applicable to any annuitant who is on retirement on  
23 December 31, 1969, and thereafter returns to State service,  
24 unless the member has established at least one year of  
25 additional creditable service following reentry into service.

26 (d) In addition to other increases which may be provided by

1 this Section, on January 1, 1981 any annuitant who was  
2 receiving a retirement annuity on or before January 1, 1971  
3 shall have his retirement annuity then being paid increased \$1  
4 per month for each year of creditable service. On January 1,  
5 1982, any annuitant who began receiving a retirement annuity on  
6 or before January 1, 1977, shall have his retirement annuity  
7 then being paid increased \$1 per month for each year of  
8 creditable service.

9 On January 1, 1987, any annuitant who began receiving a  
10 retirement annuity on or before January 1, 1977, shall have the  
11 monthly retirement annuity increased by an amount equal to 8¢  
12 per year of creditable service times the number of years that  
13 have elapsed since the annuity began.

14 (e) Every person who receives the alternative retirement  
15 annuity under Section 14-110 and who is eligible to receive the  
16 3% increase under subsection (a) on January 1, 1986, shall also  
17 receive on that date a one-time increase in retirement annuity  
18 equal to the difference between (1) his actual retirement  
19 annuity on that date, including any increases received under  
20 subsection (a), and (2) the amount of retirement annuity he  
21 would have received on that date if the amendments to  
22 subsection (a) made by Public Act 84-162 had been in effect  
23 since the date of his retirement.

24 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
25 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-115) (from Ch. 108 1/2, par. 14-115)

2 Sec. 14-115. Supplemental Annuity.

3 (a) Each annuitant, who retired at age 55 or over and after  
4 the completion of at least 15 years of creditable service,  
5 whose status as an employee terminated before January 1, 1970,  
6 is entitled to a monthly supplemental annuity effective January  
7 1, 1970, or on January 1 nearest the annuitant's 65th birthday,  
8 whichever is later. Such supplemental annuity shall be 1-1/2%  
9 of the monthly retirement annuity, multiplied by the number of  
10 full years which elapsed from the date of the member's latest  
11 retirement to the effective date of the supplemental annuity.  
12 This monthly supplemental annuity shall be increased on each  
13 January 1 thereafter during the lifetime of the annuitant by  
14 1-1/2% of the monthly retirement annuity disregarding any  
15 supplemental annuity previously granted. Beginning January 1,  
16 1972, the rate of increase in the supplemental annuity shall be  
17 2%. Beginning January 1, 1979, the rate of increase in the  
18 supplemental annuity shall be 3%.

19 The supplemental annuity under this subsection is payable  
20 only if the annuitant pays to the System, in a single sum, an  
21 amount equal to 1% of his monthly final average compensation  
22 multiplied by the number of full years of creditable service.

23 (b) Any member who retired with less than 15 years of  
24 creditable service whose status as an employee terminated  
25 before January 1, 1970, shall be entitled to an increase of 3%  
26 of the original monthly retirement allowance, effective

1 January 1, 1982, or on January 1 nearest the annuitant's 65th  
2 birthday, whichever is later. On each January 1 thereafter  
3 during the lifetime of the member, he shall be entitled to an  
4 additional increase of 3% of the original monthly retirement  
5 allowance. No qualifying contribution is required for the  
6 supplemental annuity under this subsection.

7 (c) Beginning January 1, 1990, all automatic annual  
8 increases payable under this Section shall be calculated as a  
9 percentage of the total monthly amount of annuity payable at  
10 the time of the increase, including any supplemental annuity or  
11 other increase previously granted under this Article.

12 (d) Notwithstanding any other provision of this Section,  
13 all increases payable under this Section on or after the  
14 effective date of this amendatory Act of the 98th General  
15 Assembly shall be calculated as 3% of the lesser of (1) the  
16 total annuity payable at the time of the increase, including  
17 previous increases granted, or (2) \$800 (\$1,000 for portions of  
18 the annuity based on service as a noncovered employee)  
19 multiplied by the number of years of creditable service upon  
20 which the annuity is based.

21 Beginning January 1, 2016, the \$800 (\$1,000 for portions of  
22 the annuity based on service as a noncovered employee) referred  
23 in item (2) of this subsection (d) shall be increased on each  
24 January 1 by the annual unadjusted percentage increase (but not  
25 less than zero) in the consumer price index-u for the 12 months  
26 ending with the preceding September; these adjustments shall be



1 cumulative and compounded. For the purposes of this subsection  
2 (d), "consumer price index-u" means the index published by the  
3 Bureau of Labor Statistics of the United States Department of  
4 Labor that measures the average change in prices of goods and  
5 services purchased by all urban consumers, United States city  
6 average, all items, 1982-84 = 100. The new dollar amount  
7 resulting from each annual adjustment shall be determined by  
8 the Public Pension Division of the Department of Insurance and  
9 made available to the System by November 1 of each year.

10 This subsection (d) is applicable without regard to whether  
11 the person is in service on or after the effective date of this  
12 amendatory Act of the 98th General Assembly.

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

14 (40 ILCS 5/14-131)

15 Sec. 14-131. Contributions by State.

16 (a) The State shall make contributions to the System by  
17 appropriations of amounts which, together with other employer  
18 contributions from trust, federal, and other funds, employee  
19 contributions, investment income, and other income, will be  
20 sufficient to meet the cost of maintaining and administering  
21 the System on a 100% ~~90%~~ funded basis in accordance with  
22 actuarial recommendations by the end of State fiscal year 2044.

23 For the purposes of this Section and Section 14-135.08,  
24 references to State contributions refer only to employer  
25 contributions and do not include employee contributions that

1 are picked up or otherwise paid by the State or a department on  
2 behalf of the employee.

3 (b) The Board shall determine the total amount of State  
4 contributions required for each fiscal year on the basis of the  
5 actuarial tables and other assumptions adopted by the Board,  
6 using the formula in subsection (e).

7 The Board shall also determine a State contribution rate  
8 for each fiscal year, expressed as a percentage of payroll,  
9 based on the total required State contribution for that fiscal  
10 year (less the amount received by the System from  
11 appropriations under Section 8.12 of the State Finance Act and  
12 Section 1 of the State Pension Funds Continuing Appropriation  
13 Act, if any, for the fiscal year ending on the June 30  
14 immediately preceding the applicable November 15 certification  
15 deadline), the estimated payroll (including all forms of  
16 compensation) for personal services rendered by eligible  
17 employees, and the recommendations of the actuary.

18 For the purposes of this Section and Section 14.1 of the  
19 State Finance Act, the term "eligible employees" includes  
20 employees who participate in the System, persons who may elect  
21 to participate in the System but have not so elected, persons  
22 who are serving a qualifying period that is required for  
23 participation, and annuitants employed by a department as  
24 described in subdivision (a) (1) or (a) (2) of Section 14-111.

25 (c) Contributions shall be made by the several departments  
26 for each pay period by warrants drawn by the State Comptroller

1 against their respective funds or appropriations based upon  
2 vouchers stating the amount to be so contributed. These amounts  
3 shall be based on the full rate certified by the Board under  
4 Section 14-135.08 for that fiscal year. From the effective date  
5 of this amendatory Act of the 93rd General Assembly through the  
6 payment of the final payroll from fiscal year 2004  
7 appropriations, the several departments shall not make  
8 contributions for the remainder of fiscal year 2004 but shall  
9 instead make payments as required under subsection (a-1) of  
10 Section 14.1 of the State Finance Act. The several departments  
11 shall resume those contributions at the commencement of fiscal  
12 year 2005.

13 (c-1) Notwithstanding subsection (c) of this Section, for  
14 fiscal years 2010, 2012, 2013, and 2014 only, contributions by  
15 the several departments are not required to be made for General  
16 Revenue Funds payrolls processed by the Comptroller. Payrolls  
17 paid by the several departments from all other State funds must  
18 continue to be processed pursuant to subsection (c) of this  
19 Section.

20 (c-2) For State fiscal years 2010, 2012, 2013, and 2014  
21 only, on or as soon as possible after the 15th day of each  
22 month, the Board shall submit vouchers for payment of State  
23 contributions to the System, in a total monthly amount of  
24 one-twelfth of the fiscal year General Revenue Fund  
25 contribution as certified by the System pursuant to Section  
26 14-135.08 of the Illinois Pension Code.

1 (d) If an employee is paid from trust funds or federal  
2 funds, the department or other employer shall pay employer  
3 contributions from those funds to the System at the certified  
4 rate, unless the terms of the trust or the federal-State  
5 agreement preclude the use of the funds for that purpose, in  
6 which case the required employer contributions shall be paid by  
7 the State. From the effective date of this amendatory Act of  
8 the 93rd General Assembly through the payment of the final  
9 payroll from fiscal year 2004 appropriations, the department or  
10 other employer shall not pay contributions for the remainder of  
11 fiscal year 2004 but shall instead make payments as required  
12 under subsection (a-1) of Section 14.1 of the State Finance  
13 Act. The department or other employer shall resume payment of  
14 contributions at the commencement of fiscal year 2005.

15 (e) For State fiscal years 2015 through 2044, the minimum  
16 contribution to the System to be made by the State for each  
17 fiscal year shall be an amount determined by the System to be  
18 equal to the sum of (1) the State's portion of the projected  
19 normal cost for that fiscal year, plus (2) an amount sufficient  
20 to bring the total assets of the System up to 100% of the total  
21 actuarial liabilities of the System by the end of State fiscal  
22 year 2044. In making these determinations, the required State  
23 contribution shall be calculated each year as a level  
24 percentage of payroll over the years remaining to and including  
25 fiscal year 2044 and shall be determined under the projected  
26 unit cost method for fiscal year 2015 and under the entry age

1 normal actuarial cost method for fiscal years 2016 through  
2 2044.

3 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
4 contribution to the System to be made by the State for each  
5 fiscal year shall be an amount determined by the System to be  
6 sufficient to bring the total assets of the System up to 90% of  
7 the total actuarial liabilities of the System by the end of  
8 State fiscal year 2045. In making these determinations, the  
9 required State contribution shall be calculated each year as a  
10 level percentage of payroll over the years remaining to and  
11 including fiscal year 2045 and shall be determined under the  
12 projected unit credit actuarial cost method.

13 For State fiscal years 1996 through 2005, the State  
14 contribution to the System, as a percentage of the applicable  
15 employee payroll, shall be increased in equal annual increments  
16 so that by State fiscal year 2011, the State is contributing at  
17 the rate required under this Section; except that (i) for State  
18 fiscal year 1998, for all purposes of this Code and any other  
19 law of this State, the certified percentage of the applicable  
20 employee payroll shall be 5.052% for employees earning eligible  
21 creditable service under Section 14-110 and 6.500% for all  
22 other employees, notwithstanding any contrary certification  
23 made under Section 14-135.08 before the effective date of this  
24 amendatory Act of 1997, and (ii) in the following specified  
25 State fiscal years, the State contribution to the System shall  
26 not be less than the following indicated percentages of the

1 applicable employee payroll, even if the indicated percentage  
2 will produce a State contribution in excess of the amount  
3 otherwise required under this subsection and subsection (a):  
4 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
5 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

6 Notwithstanding any other provision of this Article, the  
7 total required State contribution to the System for State  
8 fiscal year 2006 is \$203,783,900.

9 Notwithstanding any other provision of this Article, the  
10 total required State contribution to the System for State  
11 fiscal year 2007 is \$344,164,400.

12 For each of State fiscal years 2008 through 2009, the State  
13 contribution to the System, as a percentage of the applicable  
14 employee payroll, shall be increased in equal annual increments  
15 from the required State contribution for State fiscal year  
16 2007, so that by State fiscal year 2011, the State is  
17 contributing at the rate otherwise required under this Section.

18 Notwithstanding any other provision of this Article, the  
19 total required State General Revenue Fund contribution for  
20 State fiscal year 2010 is \$723,703,100 and shall be made from  
21 the proceeds of bonds sold in fiscal year 2010 pursuant to  
22 Section 7.2 of the General Obligation Bond Act, less (i) the  
23 pro rata share of bond sale expenses determined by the System's  
24 share of total bond proceeds, (ii) any amounts received from  
25 the General Revenue Fund in fiscal year 2010, and (iii) any  
26 reduction in bond proceeds due to the issuance of discounted

1 bonds, if applicable.

2 Notwithstanding any other provision of this Article, the  
3 total required State General Revenue Fund contribution for  
4 State fiscal year 2011 is the amount recertified by the System  
5 on or before April 1, 2011 pursuant to Section 14-135.08 and  
6 shall be made from the proceeds of bonds sold in fiscal year  
7 2011 pursuant to Section 7.2 of the General Obligation Bond  
8 Act, less (i) the pro rata share of bond sale expenses  
9 determined by the System's share of total bond proceeds, (ii)  
10 any amounts received from the General Revenue Fund in fiscal  
11 year 2011, and (iii) any reduction in bond proceeds due to the  
12 issuance of discounted bonds, if applicable.

13 Beginning in State fiscal year 2045, the minimum State  
14 contribution for each fiscal year shall be the amount needed to  
15 maintain the total assets of the System at 100% of the total  
16 actuarial liabilities of the System.

17 ~~Beginning in State fiscal year 2046, the minimum State~~  
18 ~~contribution for each fiscal year shall be the amount needed to~~  
19 ~~maintain the total assets of the System at 90% of the total~~  
20 ~~actuarial liabilities of the System.~~

21 Amounts received by the System pursuant to Section 25 of  
22 the Budget Stabilization Act or Section 8.12 of the State  
23 Finance Act in any fiscal year do not reduce and do not  
24 constitute payment of any portion of the minimum State  
25 contribution required under this Article in that fiscal year.  
26 Such amounts shall not reduce, and shall not be included in the

1 calculation of, the required State contributions under this  
2 Article in any future year until the System has reached a  
3 funding ratio of at least 100% ~~90%~~. A reference in this Article  
4 to the "required State contribution" or any substantially  
5 similar term does not include or apply to any amounts payable  
6 to the System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the  
8 required State contribution for State fiscal year 2005 and for  
9 fiscal year 2008 and each fiscal year thereafter through State  
10 fiscal year 2014, as calculated under this Section and  
11 certified under Section 14-135.08, shall not exceed an amount  
12 equal to (i) the amount of the required State contribution that  
13 would have been calculated under this Section for that fiscal  
14 year if the System had not received any payments under  
15 subsection (d) of Section 7.2 of the General Obligation Bond  
16 Act, minus (ii) the portion of the State's total debt service  
17 payments for that fiscal year on the bonds issued in fiscal  
18 year 2003 for the purposes of that Section 7.2, as determined  
19 and certified by the Comptroller, that is the same as the  
20 System's portion of the total moneys distributed under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act. In determining this maximum for State fiscal years 2008  
23 through 2010, however, the amount referred to in item (i) shall  
24 be increased, as a percentage of the applicable employee  
25 payroll, in equal increments calculated from the sum of the  
26 required State contribution for State fiscal year 2007 plus the



1 applicable portion of the State's total debt service payments  
2 for fiscal year 2007 on the bonds issued in fiscal year 2003  
3 for the purposes of Section 7.2 of the General Obligation Bond  
4 Act, so that, by State fiscal year 2011, the State is  
5 contributing at the rate otherwise required under this Section.

6 (f) After the submission of all payments for eligible  
7 employees from personal services line items in fiscal year 2004  
8 have been made, the Comptroller shall provide to the System a  
9 certification of the sum of all fiscal year 2004 expenditures  
10 for personal services that would have been covered by payments  
11 to the System under this Section if the provisions of this  
12 amendatory Act of the 93rd General Assembly had not been  
13 enacted. Upon receipt of the certification, the System shall  
14 determine the amount due to the System based on the full rate  
15 certified by the Board under Section 14-135.08 for fiscal year  
16 2004 in order to meet the State's obligation under this  
17 Section. The System shall compare this amount due to the amount  
18 received by the System in fiscal year 2004 through payments  
19 under this Section and under Section 6z-61 of the State Finance  
20 Act. If the amount due is more than the amount received, the  
21 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
22 purposes of this Section, and the Fiscal Year 2004 Shortfall  
23 shall be satisfied under Section 1.2 of the State Pension Funds  
24 Continuing Appropriation Act. If the amount due is less than  
25 the amount received, the difference shall be termed the "Fiscal  
26 Year 2004 Overpayment" for purposes of this Section, and the

1 Fiscal Year 2004 Overpayment shall be repaid by the System to  
2 the Pension Contribution Fund as soon as practicable after the  
3 certification.

4 (g) For purposes of determining the required State  
5 contribution to the System, the value of the System's assets  
6 shall be equal to the actuarial value of the System's assets,  
7 which shall be calculated as follows:

8 As of June 30, 2008, the actuarial value of the System's  
9 assets shall be equal to the market value of the assets as of  
10 that date. In determining the actuarial value of the System's  
11 assets for fiscal years after June 30, 2008, any actuarial  
12 gains or losses from investment return incurred in a fiscal  
13 year shall be recognized in equal annual amounts over the  
14 5-year period following that fiscal year.

15 (h) For purposes of determining the required State  
16 contribution to the System for a particular year, the actuarial  
17 value of assets shall be assumed to earn a rate of return equal  
18 to the System's actuarially assumed rate of return.

19 (i) After the submission of all payments for eligible  
20 employees from personal services line items paid from the  
21 General Revenue Fund in fiscal year 2010 have been made, the  
22 Comptroller shall provide to the System a certification of the  
23 sum of all fiscal year 2010 expenditures for personal services  
24 that would have been covered by payments to the System under  
25 this Section if the provisions of this amendatory Act of the  
26 96th General Assembly had not been enacted. Upon receipt of the

1 certification, the System shall determine the amount due to the  
2 System based on the full rate certified by the Board under  
3 Section 14-135.08 for fiscal year 2010 in order to meet the  
4 State's obligation under this Section. The System shall compare  
5 this amount due to the amount received by the System in fiscal  
6 year 2010 through payments under this Section. If the amount  
7 due is more than the amount received, the difference shall be  
8 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
9 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
10 under Section 1.2 of the State Pension Funds Continuing  
11 Appropriation Act. If the amount due is less than the amount  
12 received, the difference shall be termed the "Fiscal Year 2010  
13 Overpayment" for purposes of this Section, and the Fiscal Year  
14 2010 Overpayment shall be repaid by the System to the General  
15 Revenue Fund as soon as practicable after the certification.

16 (j) After the submission of all payments for eligible  
17 employees from personal services line items paid from the  
18 General Revenue Fund in fiscal year 2011 have been made, the  
19 Comptroller shall provide to the System a certification of the  
20 sum of all fiscal year 2011 expenditures for personal services  
21 that would have been covered by payments to the System under  
22 this Section if the provisions of this amendatory Act of the  
23 96th General Assembly had not been enacted. Upon receipt of the  
24 certification, the System shall determine the amount due to the  
25 System based on the full rate certified by the Board under  
26 Section 14-135.08 for fiscal year 2011 in order to meet the

1 State's obligation under this Section. The System shall compare  
2 this amount due to the amount received by the System in fiscal  
3 year 2011 through payments under this Section. If the amount  
4 due is more than the amount received, the difference shall be  
5 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
6 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
7 under Section 1.2 of the State Pension Funds Continuing  
8 Appropriation Act. If the amount due is less than the amount  
9 received, the difference shall be termed the "Fiscal Year 2011  
10 Overpayment" for purposes of this Section, and the Fiscal Year  
11 2011 Overpayment shall be repaid by the System to the General  
12 Revenue Fund as soon as practicable after the certification.

13 (k) For fiscal years 2012 through 2014 only, after the  
14 submission of all payments for eligible employees from personal  
15 services line items paid from the General Revenue Fund in the  
16 fiscal year have been made, the Comptroller shall provide to  
17 the System a certification of the sum of all expenditures in  
18 the fiscal year for personal services. Upon receipt of the  
19 certification, the System shall determine the amount due to the  
20 System based on the full rate certified by the Board under  
21 Section 14-135.08 for the fiscal year in order to meet the  
22 State's obligation under this Section. The System shall compare  
23 this amount due to the amount received by the System for the  
24 fiscal year. If the amount due is more than the amount  
25 received, the difference shall be termed the "Prior Fiscal Year  
26 Shortfall" for purposes of this Section, and the Prior Fiscal

1 Year Shortfall shall be satisfied under Section 1.2 of the  
2 State Pension Funds Continuing Appropriation Act. If the amount  
3 due is less than the amount received, the difference shall be  
4 termed the "Prior Fiscal Year Overpayment" for purposes of this  
5 Section, and the Prior Fiscal Year Overpayment shall be repaid  
6 by the System to the General Revenue Fund as soon as  
7 practicable after the certification.

8 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,  
9 eff. 6-19-13.)

10 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

11 Sec. 14-132. Obligations of State; funding guarantee.

12 (a) The payment of the required department contributions,  
13 all allowances, annuities, benefits granted under this  
14 Article, and all expenses of administration of the system are  
15 obligations of the State of Illinois to the extent specified in  
16 this Article.

17 (b) All income of the system shall be credited to a  
18 separate account for this system in the State treasury and  
19 shall be used to pay allowances, annuities, benefits and  
20 administration expense.

21 (c) Beginning July 1, 2014, the State shall be obligated to  
22 contribute to the System in each State fiscal year an amount  
23 not less than the sum of (i) the State's normal cost for the  
24 year and (ii) the portion of the unfunded accrued liability  
25 assigned to that year by law. Notwithstanding any other

1 provision of law, if the State fails to pay an amount required  
2 under this subsection, it shall be the obligation of the Board  
3 to seek payment of the required amount in compliance with the  
4 provisions of this Section and, if the amount remains unpaid,  
5 to bring a mandamus action in the Supreme Court of Illinois to  
6 compel the State to make the required payment.

7 If the System submits a voucher for contributions required  
8 under Section 14-131 and the State fails to pay that voucher  
9 within 90 days of its receipt, the Board shall submit a written  
10 request to the Comptroller seeking payment. A copy of the  
11 request shall be filed with the Secretary of State, and the  
12 Secretary of State shall provide a copy to the Governor and  
13 General Assembly. No earlier than the 16th day after the System  
14 files the request with the Comptroller and Secretary of State,  
15 if the amount remains unpaid the Board shall commence a  
16 mandamus action in the Supreme Court of Illinois to compel the  
17 Comptroller to satisfy the voucher.

18 This subsection (c) constitutes an express waiver of the  
19 State's sovereign immunity solely to the extent that it permits  
20 the Board to commence a mandamus action in the Supreme Court of  
21 Illinois to compel the Comptroller to pay a voucher for the  
22 contributions required under Section 14-131.

23 (d) Beginning in State fiscal year 2016, the State shall be  
24 obligated to make the transfers set forth in subsections (c-5)  
25 and (c-10) of Section 20 of the Budget Stabilization Act and to  
26 pay to the System its proportionate share of the transferred

1 amounts in accordance with Section 25 of the Budget  
2 Stabilization Act. Notwithstanding any other provision of law,  
3 if the State fails to transfer an amount required under this  
4 subsection or to pay to the System its proportionate share of  
5 the transferred amount in accordance with Section 25 of the  
6 Budget Stabilization Act, it shall be the obligation of the  
7 Board to seek transfer or payment of the required amount in  
8 compliance with the provisions of this Section and, if the  
9 required amount remains untransferred or the required payment  
10 remains unpaid, to bring a mandamus action in the Supreme Court  
11 of Illinois to compel the State to make the required transfer  
12 or payment or both, as the case may be.

13 If the State fails to make a transfer required under  
14 subsection (c-5) or (c-10) of Section 20 of the Budget  
15 Stabilization Act or a payment to the System required under  
16 Section 25 of that Act, the Board shall submit a written  
17 request to the Comptroller seeking payment. A copy of the  
18 request shall be filed with the Secretary of State, and the  
19 Secretary of State shall provide a copy to the Governor and  
20 General Assembly. No earlier than the 16th day after the System  
21 files the request with the Comptroller and Secretary of State,  
22 if the required amount remains untransferred or the required  
23 payment remains unpaid, the Board shall commence a mandamus  
24 action in the Supreme Court of Illinois to compel the  
25 Comptroller to make the required transfer or payment or both,  
26 as the case may be.

1       This subsection (d) constitutes an express waiver of the  
2 State's sovereign immunity solely to the extent that it permits  
3 the Board to commence a mandamus action in the Supreme Court of  
4 Illinois to compel the Comptroller to make a transfer required  
5 under subsection (c-5) or (c-10) of Section 20 of the Budget  
6 Stabilization Act and to pay to the System its proportionate  
7 share of the transferred amount in accordance with Section 25  
8 of the Budget Stabilization Act.

9       The obligations created by this subsection (d) expire when  
10 all of the requirements of subsections (c-5) and (c-10) of  
11 Section 20 of the Budget Stabilization Act and Section 25 of  
12 the Budget Stabilization Act have been met.

13       (e) Any payments and transfers required to be made by the  
14 State pursuant to subsection (c) or (d) are expressly  
15 subordinate to the payment of the principal, interest, and  
16 premium, if any, on any bonded debt obligation of the State or  
17 any other State-created entity, either currently outstanding  
18 or to be issued, for which the source of repayment or security  
19 thereon is derived directly or indirectly from tax revenues  
20 collected by the State or any other State-created entity.  
21 Payments on such bonded obligations include any statutory fund  
22 transfers or other prefunding mechanisms or formulas set forth,  
23 now or hereafter, in State law or bond indentures, into debt  
24 service funds or accounts of the State related to such bond  
25 obligations, consistent with the payment schedules associated  
26 with such obligations.



1 (Source: P.A. 80-841.)

2 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

3 Sec. 14-133. Contributions on behalf of members.

4 (a) Except as provided in subsection (a-5), each ~~Each~~  
5 participating employee shall make contributions to the System,  
6 based on the employee's compensation, as follows:

7 (1) Covered employees, except as indicated below, 3.5%  
8 for retirement annuity, and 0.5% for a widow or survivors  
9 annuity;

10 (2) Noncovered employees, except as indicated below,  
11 7% for retirement annuity and 1% for a widow or survivors  
12 annuity;

13 (3) Noncovered employees serving in a position in which  
14 "eligible creditable service" as defined in Section 14-110  
15 may be earned, 1% for a widow or survivors annuity plus the  
16 following amount for retirement annuity: 8.5% through  
17 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%  
18 in 2004 and thereafter;

19 (4) Covered employees serving in a position in which  
20 "eligible creditable service" as defined in Section 14-110  
21 may be earned, 0.5% for a widow or survivors annuity plus  
22 the following amount for retirement annuity: 5% through  
23 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004  
24 and thereafter;

25 (5) Each security employee of the Department of

1 Corrections or of the Department of Human Services who is a  
2 covered employee, 0.5% for a widow or survivors annuity  
3 plus the following amount for retirement annuity: 5%  
4 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
5 in 2004 and thereafter;

6 (6) Each security employee of the Department of  
7 Corrections or of the Department of Human Services who is  
8 not a covered employee, 1% for a widow or survivors annuity  
9 plus the following amount for retirement annuity: 8.5%  
10 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
11 11.5% in 2004 and thereafter.

12 (a-5) Beginning July 1, 2014, in lieu of the contributions  
13 otherwise required under subsection (a), each Tier 1 member who  
14 is a participating employee shall make contributions to the  
15 System, based on his or her compensation, as follows:

16 (1) Covered employees, except as indicated below, 2.5%  
17 for retirement annuity, and 0.5% for a widow or survivors  
18 annuity;

19 (2) Noncovered employees, except as indicated below,  
20 6% for retirement annuity and 1% for a widow or survivors  
21 annuity;

22 (3) Noncovered employees serving in a position in which  
23 "eligible creditable service" as defined in Section 14-110  
24 may be earned, 10.5% for retirement annuity and 1% for a  
25 widow or survivors annuity;

26 (4) Covered employees serving in a position in which

1 "eligible creditable service" as defined in Section 14-110  
2 may be earned, 7% for retirement annuity and 0.5% for a  
3 widow or survivors annuity;

4 (5) Each security employee of the Department of  
5 Corrections or of the Department of Human Services who is a  
6 covered employee, 7% for retirement annuity and 0.5% for a  
7 widow or survivors annuity;

8 (6) Each security employee of the Department of  
9 Corrections or of the Department of Human Services who is  
10 not a covered employee, 10.5% for retirement annuity and 1%  
11 for a widow or survivors annuity.

12 (b) Contributions shall be in the form of a deduction from  
13 compensation and shall be made notwithstanding that the  
14 compensation paid in cash to the employee shall be reduced  
15 thereby below the minimum prescribed by law or regulation. Each  
16 member is deemed to consent and agree to the deductions from  
17 compensation provided for in this Article, and shall receipt in  
18 full for salary or compensation.

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

20 (40 ILCS 5/14-133.5 new)

21 Sec. 14-133.5. Use of contributions for health care  
22 subsidies. The System shall not use any contribution received  
23 by the System under this Article to provide a subsidy for the  
24 cost of participation in a retiree health care program.

1 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)  
2 Sec. 14-135.08. To certify required State contributions.

3 (a) To certify to the Governor and to each department, on  
4 or before November 15 of each year until November 15, 2011, the  
5 required rate for State contributions to the System for the  
6 next State fiscal year, as determined under subsection (b) of  
7 Section 14-131. The certification to the Governor under this  
8 subsection (a) shall include a copy of the actuarial  
9 recommendations upon which the rate is based and shall  
10 specifically identify the System's projected State normal cost  
11 for that fiscal year.

12 (a-5) On or before November 1 of each year, beginning  
13 November 1, 2012, the Board shall submit to the State Actuary,  
14 the Governor, and the General Assembly a proposed certification  
15 of the amount of the required State contribution to the System  
16 for the next fiscal year, along with all of the actuarial  
17 assumptions, calculations, and data upon which that proposed  
18 certification is based. On or before January 1 of each year  
19 beginning January 1, 2013, the State Actuary shall issue a  
20 preliminary report concerning the proposed certification and  
21 identifying, if necessary, recommended changes in actuarial  
22 assumptions that the Board must consider before finalizing its  
23 certification of the required State contributions. On or before  
24 January 15, 2013 and each January 15 thereafter, the Board  
25 shall certify to the Governor and the General Assembly the  
26 amount of the required State contribution for the next fiscal

1 year. The Board's certification must note any deviations from  
2 the State Actuary's recommended changes, the reason or reasons  
3 for not following the State Actuary's recommended changes, and  
4 the fiscal impact of not following the State Actuary's  
5 recommended changes on the required State contribution.

6 (a-10) For purposes of Section (c-5) of Section 20 of the  
7 Budget Stabilization Act, on or before November 1 of each year  
8 beginning November 1, 2014, the Board shall determine the  
9 amount of the State contribution to the System that would have  
10 been required for the next fiscal year if this amendatory Act  
11 of the 98th General Assembly had not taken effect, using the  
12 best and most recent available data but based on the law in  
13 effect on May 31, 2014. The Board shall submit to the State  
14 Actuary, the Governor, and the General Assembly a proposed  
15 certification, along with the relevant law, actuarial  
16 assumptions, calculations, and data upon which that  
17 certification is based. On or before January 1, 2015 and every  
18 January 1 thereafter, the State Actuary shall issue a  
19 preliminary report concerning the proposed certification and  
20 identifying, if necessary, recommended changes in actuarial  
21 assumptions that the Board must consider before finalizing its  
22 certification. On or before January 15, 2015 and every January  
23 1 thereafter, the Board shall certify to the Governor and the  
24 General Assembly the amount of the State contribution to the  
25 System that would have been required for the next fiscal year  
26 if this amendatory Act of the 98th General Assembly had not

1 taken effect, using the best and most recent available data but  
2 based on the law in effect on May 31, 2014. The Board's  
3 certification must note any deviations from the State Actuary's  
4 recommended changes, the reason or reasons for not following  
5 the State Actuary's recommended changes, and the impact of not  
6 following the State Actuary's recommended changes.

7 (b) The certifications under subsections (a) and (a-5)  
8 shall include an additional amount necessary to pay all  
9 principal of and interest on those general obligation bonds due  
10 the next fiscal year authorized by Section 7.2(a) of the  
11 General Obligation Bond Act and issued to provide the proceeds  
12 deposited by the State with the System in July 2003,  
13 representing deposits other than amounts reserved under  
14 Section 7.2(c) of the General Obligation Bond Act. For State  
15 fiscal year 2005, the Board shall make a supplemental  
16 certification of the additional amount necessary to pay all  
17 principal of and interest on those general obligation bonds due  
18 in State fiscal years 2004 and 2005 authorized by Section  
19 7.2(a) of the General Obligation Bond Act and issued to provide  
20 the proceeds deposited by the State with the System in July  
21 2003, representing deposits other than amounts reserved under  
22 Section 7.2(c) of the General Obligation Bond Act, as soon as  
23 practical after the effective date of this amendatory Act of  
24 the 93rd General Assembly.

25 On or before May 1, 2004, the Board shall recalculate and  
26 recertify to the Governor and to each department the amount of

1 the required State contribution to the System and the required  
2 rates for State contributions to the System for State fiscal  
3 year 2005, taking into account the amounts appropriated to and  
4 received by the System under subsection (d) of Section 7.2 of  
5 the General Obligation Bond Act.

6 On or before July 1, 2005, the Board shall recalculate and  
7 recertify to the Governor and to each department the amount of  
8 the required State contribution to the System and the required  
9 rates for State contributions to the System for State fiscal  
10 year 2006, taking into account the changes in required State  
11 contributions made by this amendatory Act of the 94th General  
12 Assembly.

13 On or before April 1, 2011, the Board shall recalculate and  
14 recertify to the Governor and to each department the amount of  
15 the required State contribution to the System for State fiscal  
16 year 2011, applying the changes made by Public Act 96-889 to  
17 the System's assets and liabilities as of June 30, 2009 as  
18 though Public Act 96-889 was approved on that date.

19 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/14-152.1)

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

24 (a) As used in this Section, "new benefit increase" means  
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for  
2 any benefit under this Article, that results from an amendment  
3 to this Code that takes effect after June 1, 2005 (the  
4 effective date of Public Act 94-4). "New benefit increase",  
5 however, does not include any benefit increase resulting from  
6 the changes made to this Article by Public Act 96-37 or by this  
7 amendatory Act of the 98th ~~96th~~ General Assembly.

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

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

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



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

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

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

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

24 (40 ILCS 5/14-155 new)

25 Sec. 14-155. Defined contribution plan.

1       (a) By July 1, 2015, the System shall prepare and implement  
2 a voluntary defined contribution plan for up to 5% of eligible  
3 active Tier 1 members. The System shall determine the 5% cap by  
4 the number of active Tier 1 members on the effective date of  
5 this Section. The defined contribution plan developed under  
6 this Section shall be a plan that aggregates employer and  
7 employee contributions in individual participant accounts  
8 which, after meeting any other requirements, are used for  
9 payouts after retirement in accordance with this Section and  
10 any other applicable laws.

11       As used in this Section, "defined benefit plan" means the  
12 retirement plan available under this Article to Tier 1 members  
13 who have not made the election authorized under this Section.

14       (1) Under the defined contribution plan, an active Tier  
15 1 member of this System could elect to cease accruing  
16 benefits in the defined benefit plan under this Article and  
17 begin accruing benefits for future service in the defined  
18 contribution plan. Service credit under the defined  
19 contribution plan may be used for determining retirement  
20 eligibility under the defined benefit plan.

21       (2) Participants in the defined contribution plan  
22 shall pay employee contributions at the same rate as Tier 1  
23 members in this System who do not participate in the  
24 defined contribution plan.

25       (3) State contributions shall be paid into the accounts  
26 of all participants in the defined contribution plan at a

1 uniform rate, expressed as a percentage of compensation and  
2 determined for each year. This rate shall be no higher than  
3 the employer's normal cost for Tier 1 members in the  
4 defined benefit plan for that year, as determined by the  
5 System and expressed as a percentage of compensation, and  
6 shall be no lower than 3% of compensation. The State shall  
7 adjust this rate annually.

8 (4) The defined contribution plan shall require 5 years  
9 of participation in the defined contribution plan before  
10 vesting in State contributions. If the participant fails to  
11 vest in them, the State contributions, and the earnings  
12 thereon, shall be forfeited.

13 (5) The defined contribution plan may provide for  
14 participants in the plan to be eligible for the defined  
15 disability benefits available to other participants under  
16 this Article. If it does, the System shall reduce the  
17 employee contributions credited to the member's defined  
18 contribution plan account by an amount determined by the  
19 System to cover the cost of offering such benefits.

20 (6) The defined contribution plan shall provide a  
21 variety of options for investments. These options shall  
22 include investments handled by the Illinois State Board of  
23 Investment as well as private sector investment options.

24 (7) The defined contribution plan shall provide a  
25 variety of options for payouts to retirees and their  
26 survivors.

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

6           (9) The System shall reduce the employee contributions  
7           credited to the member's defined contribution plan account  
8           by an amount determined by the System to cover the cost of  
9           offering these benefits and any applicable administrative  
10           fees.

11           (b) Only persons who are active Tier 1 members of the  
12           System on the effective date of this Section are eligible to  
13           participate in the defined contribution plan. Participation in  
14           the defined contribution plan shall be limited to the first 5%  
15           of eligible persons who elect to participate. The election to  
16           participate in the defined contribution plan is voluntary and  
17           irrevocable.

18           (c) An eligible Tier 1 employee may irrevocably elect to  
19           participate in the defined contribution plan by filing with the  
20           System a written application to participate that is received by  
21           the System prior to its determination that 5% of eligible  
22           persons have elected to participate in the defined contribution  
23           plan.

24           When the System first determines that 5% of eligible  
25           persons have elected to participate in the defined contribution  
26           plan, the System shall provide notice to previously eligible

1 employees that the plan is no longer available and shall cease  
2 accepting applications to participate.

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

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

26 (e) In no event shall the System, its staff, its authorized

1 representatives, or the Board be liable for any information  
2 given to an employee under this Section. The System may  
3 coordinate with the Illinois Department of Central Management  
4 Services and other retirement systems administering a defined  
5 contribution plan in accordance with this amendatory Act of the  
6 98th General Assembly to provide information concerning the  
7 impact of the option set forth in this Section.

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

12 (g) The System shall report on its progress under this  
13 Section, including the available details of the defined  
14 contribution plan and the System's plans for informing eligible  
15 Tier 1 members about the plan, to the Governor and the General  
16 Assembly on or before January 15, 2015.

17 (h) The Illinois State Board of Investments shall be the  
18 plan sponsor for the defined contribution plan established  
19 under this Section.

20 (i) The intent of this amendatory Act of the 98th General  
21 Assembly is to ensure that the State's normal cost of  
22 participation in the defined contribution plan is similar, and  
23 if possible equal, to the State's normal cost of participation  
24 in the defined benefit plan, unless a lower State's normal cost  
25 is necessary to ensure cost neutrality.

1 (40 ILCS 5/14-156 new)

2 Sec. 14-156. Defined contribution plan; termination. If  
3 the defined contribution plan is terminated or becomes  
4 inoperative pursuant to law, then each participant in the plan  
5 shall automatically be deemed to have been a contributing Tier  
6 1 member in the System's defined benefit plan during the time  
7 in which he or she participated in the defined contribution  
8 plan, and for that purpose the System shall be entitled to  
9 recover the amounts in the participant's defined contribution  
10 accounts.

11 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

12 Sec. 15-106. Employer. "Employer": The University of  
13 Illinois, Southern Illinois University, Chicago State  
14 University, Eastern Illinois University, Governors State  
15 University, Illinois State University, Northeastern Illinois  
16 University, Northern Illinois University, Western Illinois  
17 University, the State Board of Higher Education, the Illinois  
18 Mathematics and Science Academy, the University Civil Service  
19 Merit Board, the Board of Trustees of the State Universities  
20 Retirement System, the Illinois Community College Board,  
21 community college boards, any association of community college  
22 boards organized under Section 3-55 of the Public Community  
23 College Act, the Board of Examiners established under the  
24 Illinois Public Accounting Act, and, only during the period for  
25 which employer contributions required under Section 15-155 are

1 paid, the following organizations: the alumni associations,  
2 the foundations and the athletic associations which are  
3 affiliated with the universities and colleges included in this  
4 Section as employers. An individual that begins employment  
5 after the effective date of this amendatory Act of the 98th  
6 General Assembly with an entity not defined as an employer in  
7 this Section shall not be deemed an employee for the purposes  
8 of this Article with respect to that employment and shall not  
9 be eligible to participate in the System with respect to that  
10 employment; provided, however, that those individuals who are  
11 both employed and already participants in the System on the  
12 effective date of this amendatory Act of the 98th General  
13 Assembly shall be allowed to continue as participants in the  
14 System for the duration of that employment and continue to earn  
15 service credit.

16 Notwithstanding any provision of law to the contrary, an  
17 individual who begins employment with any of the following  
18 employers on or after the effective date of this amendatory Act  
19 of the 98th General Assembly shall not be deemed an employee  
20 and shall not be eligible to participate in the System with  
21 respect to that employment: any association of community  
22 college boards organized under Section 3-55 of the Public  
23 Community College Act, the Association of Illinois  
24 Middle-Grade Schools, the Illinois Association of School  
25 Administrators, the Illinois Association for Supervision and  
26 Curriculum Development, the Illinois Principals Association,



1 the Illinois Association of School Business Officials, or the  
2 Illinois Special Olympics; provided, however, that those  
3 individuals who are both employed and already participants in  
4 the System on the effective date of this amendatory Act of the  
5 98th General Assembly shall be allowed to continue as  
6 participants in the System for the duration of that employment  
7 and continue to earn service credit.

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

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

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

1 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

2 Sec. 15-107. Employee.

3 (a) "Employee" means any member of the educational,  
4 administrative, secretarial, clerical, mechanical, labor or  
5 other staff of an employer whose employment is permanent and  
6 continuous or who is employed in a position in which services  
7 are expected to be rendered on a continuous basis for at least  
8 4 months or one academic term, whichever is less, who (A)  
9 receives payment for personal services on a warrant issued  
10 pursuant to a payroll voucher certified by an employer and  
11 drawn by the State Comptroller upon the State Treasurer or by  
12 an employer upon trust, federal or other funds, or (B) is on a  
13 leave of absence without pay. Employment which is irregular,  
14 intermittent or temporary shall not be considered continuous  
15 for purposes of this paragraph.

16 However, a person is not an "employee" if he or she:

17 (1) is a student enrolled in and regularly attending  
18 classes in a college or university which is an employer,  
19 and is employed on a temporary basis at less than full  
20 time;

21 (2) is currently receiving a retirement annuity or a  
22 disability retirement annuity under Section 15-153.2 from  
23 this System;

24 (3) is on a military leave of absence;

25 (4) is eligible to participate in the Federal Civil  
26 Service Retirement System and is currently making

1 contributions to that system based upon earnings paid by an  
2 employer;

3 (5) is on leave of absence without pay for more than 60  
4 days immediately following termination of disability  
5 benefits under this Article;

6 (6) is hired after June 30, 1979 as a public service  
7 employment program participant under the Federal  
8 Comprehensive Employment and Training Act and receives  
9 earnings in whole or in part from funds provided under that  
10 Act; or

11 (7) is employed on or after July 1, 1991 to perform  
12 services that are excluded by subdivision (a)(7)(f) or  
13 (a)(19) of Section 210 of the federal Social Security Act  
14 from the definition of employment given in that Section (42  
15 U.S.C. 410).

16 (b) Any employer may, by filing a written notice with the  
17 board, exclude from the definition of "employee" all persons  
18 employed pursuant to a federally funded contract entered into  
19 after July 1, 1982 with a federal military department in a  
20 program providing training in military courses to federal  
21 military personnel on a military site owned by the United  
22 States Government, if this exclusion is not prohibited by the  
23 federally funded contract or federal laws or rules governing  
24 the administration of the contract.

25 (c) Any person appointed by the Governor under the Civil  
26 Administrative Code of the State is an employee, if he or she

1 is a participant in this system on the effective date of the  
2 appointment.

3 (d) A participant on lay-off status under civil service  
4 rules is considered an employee for not more than 120 days from  
5 the date of the lay-off.

6 (e) A participant is considered an employee during (1) the  
7 first 60 days of disability leave, (2) the period, not to  
8 exceed one year, in which his or her eligibility for disability  
9 benefits is being considered by the board or reviewed by the  
10 courts, and (3) the period he or she receives disability  
11 benefits under the provisions of Section 15-152, workers'  
12 compensation or occupational disease benefits, or disability  
13 income under an insurance contract financed wholly or partially  
14 by the employer.

15 (f) Absences without pay, other than formal leaves of  
16 absence, of less than 30 calendar days, are not considered as  
17 an interruption of a person's status as an employee. If such  
18 absences during any period of 12 months exceed 30 work days,  
19 the employee status of the person is considered as interrupted  
20 as of the 31st work day.

21 (g) A staff member whose employment contract requires  
22 services during an academic term is to be considered an  
23 employee during the summer and other vacation periods, unless  
24 he or she declines an employment contract for the succeeding  
25 academic term or his or her employment status is otherwise  
26 terminated, and he or she receives no earnings during these

1 periods.

2 (h) An individual who was a participating employee employed  
3 in the fire department of the University of Illinois's  
4 Champaign-Urbana campus immediately prior to the elimination  
5 of that fire department and who immediately after the  
6 elimination of that fire department became employed by the fire  
7 department of the City of Urbana or the City of Champaign shall  
8 continue to be considered as an employee for purposes of this  
9 Article for so long as the individual remains employed as a  
10 firefighter by the City of Urbana or the City of Champaign. The  
11 individual shall cease to be considered an employee under this  
12 subsection (h) upon the first termination of the individual's  
13 employment as a firefighter by the City of Urbana or the City  
14 of Champaign.

15 (i) An individual who is employed on a full-time basis as  
16 an officer or employee of a statewide teacher organization that  
17 serves System participants or an officer of a national teacher  
18 organization that serves System participants may participate  
19 in the System and shall be deemed an employee, provided that  
20 (1) the individual has previously earned creditable service  
21 under this Article, (2) the individual files with the System an  
22 irrevocable election to become a participant before the  
23 effective date of this amendatory Act of the 97th General  
24 Assembly, (3) the individual does not receive credit for that  
25 employment under any other Article of this Code, and (4) the  
26 individual first became a full-time employee of the teacher

1 organization and becomes a participant before the effective  
2 date of this amendatory Act of the 97th General Assembly. An  
3 employee under this subsection (i) is responsible for paying to  
4 the System both (A) employee contributions based on the actual  
5 compensation received for service with the teacher  
6 organization and (B) employer contributions equal to the normal  
7 costs (as defined in Section 15-155) resulting from that  
8 service; all or any part of these contributions may be paid on  
9 the employee's behalf or picked up for tax purposes (if  
10 authorized under federal law) by the teacher organization.

11 A person who is an employee as defined in this subsection  
12 (i) may establish service credit for similar employment prior  
13 to becoming an employee under this subsection by paying to the  
14 System for that employment the contributions specified in this  
15 subsection, plus interest at the effective rate from the date  
16 of service to the date of payment. However, credit shall not be  
17 granted under this subsection for any such prior employment for  
18 which the applicant received credit under any other provision  
19 of this Code, or during which the applicant was on a leave of  
20 absence under Section 15-113.2.

21 (j) A person employed by the State Board of Higher  
22 Education in a position with the Illinois Century Network as of  
23 June 30, 2004 shall be considered to be an employee for so long  
24 as he or she remains continuously employed after that date by  
25 the Department of Central Management Services in a position  
26 with the Illinois Century Network, the Bureau of Communication

1 and Computer Services, or, if applicable, any successor bureau  
2 and meets the requirements of subsection (a).

3 (k) In the case of doubt as to whether any person is an  
4 employee within the meaning of this Section, the decision of  
5 the Board shall be final.

6 (Source: P.A. 97-651, eff. 1-5-12.)

7 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)  
8 Sec. 15-111. Earnings.

9 (a) "Earnings": An amount paid for personal services equal  
10 to the sum of the basic compensation plus extra compensation  
11 for summer teaching, overtime or other extra service. For  
12 periods for which an employee receives service credit under  
13 subsection (c) of Section 15-113.1 or Section 15-113.2,  
14 earnings are equal to the basic compensation on which  
15 contributions are paid by the employee during such periods.  
16 Compensation for employment which is irregular, intermittent  
17 and temporary shall not be considered earnings, unless the  
18 participant is also receiving earnings from the employer as an  
19 employee under Section 15-107.

20 With respect to transition pay paid by the University of  
21 Illinois to a person who was a participating employee employed  
22 in the fire department of the University of Illinois's  
23 Champaign-Urbana campus immediately prior to the elimination  
24 of that fire department:

25 (1) "Earnings" includes transition pay paid to the

1 employee on or after the effective date of this amendatory  
2 Act of the 91st General Assembly.

3 (2) "Earnings" includes transition pay paid to the  
4 employee before the effective date of this amendatory Act  
5 of the 91st General Assembly only if (i) employee  
6 contributions under Section 15-157 have been withheld from  
7 that transition pay or (ii) the employee pays to the System  
8 before January 1, 2001 an amount representing employee  
9 contributions under Section 15-157 on that transition pay.  
10 Employee contributions under item (ii) may be paid in a  
11 lump sum, by withholding from additional transition pay  
12 accruing before January 1, 2001, or in any other manner  
13 approved by the System. Upon payment of the employee  
14 contributions on transition pay, the corresponding  
15 employer contributions become an obligation of the State.

16 (b) For a Tier 2 member, the annual earnings shall not  
17 exceed \$106,800; however, that amount shall annually  
18 thereafter be increased by the lesser of (i) 3% of that amount,  
19 including all previous adjustments, or (ii) one half the annual  
20 unadjusted percentage increase (but not less than zero) in the  
21 consumer price index-u for the 12 months ending with the  
22 September preceding each November 1, including all previous  
23 adjustments.

24 For the purposes of this Section, "consumer price index u"  
25 means the index published by the Bureau of Labor Statistics of  
26 the United States Department of Labor that measures the average



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

7 (c) Notwithstanding any other provision of this Code, the  
8 annual earnings of a Tier 1 member for the purposes of this  
9 Code shall not exceed, for periods of service on or after the  
10 effective date of this amendatory Act of the 98th General  
11 Assembly, the greater of (i) the annual limitation determined  
12 from time to time under subsection (b-5) of Section 1-160 of  
13 this Code, (ii) the annualized rate of earnings of the Tier 1  
14 member as of that effective date, or (iii) the annualized rate  
15 of earnings of the Tier 1 member immediately preceding the  
16 expiration, renewal, or amendment of an employment contract or  
17 collective bargaining agreement in effect on that effective  
18 date.

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

20 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

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

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

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

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

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

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

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

1 service.

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

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

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

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

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

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

1 date of this amendatory Act of the 98th General Assembly,  
2 payments for unused sick or vacation time shall not be  
3 considered as earnings. Any unused sick leave considered as  
4 earnings under this Section shall not be taken into account in  
5 calculating service credit under Section 15-113.4.

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

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

9 (40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

10 Sec. 15-113.4. Service for unused sick leave. "Service for  
11 unused sick leave": A person who first becomes a participant  
12 before the effective date of this amendatory Act of the 98th  
13 General Assembly and who is an employee under this System or  
14 one of the other systems subject to Article 20 of this Code  
15 within 60 days immediately preceding the date on which his or  
16 her retirement annuity begins, is entitled to credit for  
17 service for that portion of unused sick leave earned in the  
18 course of employment with an employer and credited on the date  
19 of termination of employment by an employer for which payment  
20 is not received, in accordance with the following schedule: 30  
21 through 90 full calendar days and 20 through 59 full work days  
22 of unused sick leave, 1/4 of a year of service; 91 through 180  
23 full calendar days and 60 through 119 full work days, 1/2 of a  
24 year of service; 181 through 270 full calendar days and 120  
25 through 179 full work days, 3/4 of a year of service; 271

1 through 360 full calendar days and 180 through 240 full work  
2 days, one year of service. Only uncompensated, unused sick  
3 leave earned in accordance with an employer's sick leave  
4 accrual policy generally applicable to employees or a class of  
5 employees shall be taken into account in calculating service  
6 credit under this Section. Any uncompensated, unused sick leave  
7 granted by an employer to facilitate the hiring, retirement,  
8 termination, or other special circumstances of an employee  
9 shall not be taken into account in calculating service credit  
10 under this Section. If a participant transfers from one  
11 employer to another, the unused sick leave credited by the  
12 previous employer shall be considered in determining service to  
13 be credited under this Section, even if the participant  
14 terminated service prior to the effective date of P.A. 86-272  
15 (August 23, 1989); if necessary, the retirement annuity shall  
16 be recalculated to reflect such sick leave credit. Each  
17 employer shall certify to the board the number of days of  
18 unused sick leave accrued to the participant's credit on the  
19 date that the participant's status as an employee terminated.  
20 This period of unused sick leave shall not be considered in  
21 determining the date the retirement annuity begins. A person  
22 who first becomes a participant on or after the effective date  
23 of this amendatory Act of the 98th General Assembly shall not  
24 receive service credit for unused sick leave.

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

1 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

2 Sec. 15-125. "Prescribed Rate of Interest; Effective Rate  
3 of Interest".

4 (1) "Prescribed rate of interest": The rate of interest to  
5 be used in actuarial valuations and in development of actuarial  
6 tables as determined by the board on the basis of the probable  
7 average ~~effective~~ rate of interest on a long term basis, based  
8 on factors including the expected investment experience;  
9 historical and expected fluctuations in the market value of  
10 investments; the desirability of minimizing volatility in the  
11 rate of investment earnings from year to year; and the  
12 provision of reserves for anticipated losses upon sales,  
13 redemptions, or other disposition of investments and for  
14 variations in interest experience.

15 (2) "Effective rate of interest": For a fiscal year  
16 concluding no later than June 30, 2014, the ~~The~~ interest rate  
17 for all or any part of a fiscal year that is determined by the  
18 board based on factors including the system's past and expected  
19 investment experience; historical and expected fluctuations in  
20 the market value of investments; the desirability of minimizing  
21 volatility in the effective rate of interest from year to year;  
22 and the provision of reserves for anticipated losses upon  
23 sales, redemptions, or other disposition of investments and for  
24 variations in interest experience; except that for the purpose  
25 of determining the accumulated normal contributions used in  
26 calculating retirement annuities under Rule 2 of Section

1 15-136, the effective rate of interest shall be determined by  
2 the State Comptroller rather than the board. For a fiscal year  
3 concluding no later than June 30, 2014, the ~~The~~ State  
4 Comptroller shall determine the effective rate of interest to  
5 be used for this purpose using the factors listed above, and  
6 shall certify to the board and the Commission on Government  
7 Forecasting and Accountability the rate to be used for this  
8 purpose for fiscal year 2006 as soon as possible after the  
9 effective date of this amendatory Act of the 94th General  
10 Assembly, and for each fiscal year thereafter no later than the  
11 January 31 immediately preceding the start of that fiscal year.

12 For a fiscal year that begins on or after July 1, 2014, the  
13 effective rate of interest for a given fiscal year shall be  
14 equal to the interest rate of 30-year United States Treasury  
15 bonds as of the beginning of that given fiscal year, plus 75  
16 basis points. This effective rate of interest shall not be used  
17 in determining the prescribed rate of interest as defined in  
18 paragraph (1) of this Section.

19 (3) The change made to this Section by Public Acts 90-65  
20 and 90-511 is a clarification of existing law.

21 (Source: P.A. 94-4, eff. 6-1-05; 94-982, eff. 6-30-06.)

22 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)  
23 Sec. 15-135. Retirement annuities - Conditions.

24 (a) This subsection (a) applies only to a Tier 1 member. A  
25 participant who retires in one of the following specified years



1 with the specified amount of service is entitled to a  
2 retirement annuity at any age under the retirement program  
3 applicable to the participant:

4 35 years if retirement is in 1997 or before;

5 34 years if retirement is in 1998;

6 33 years if retirement is in 1999;

7 32 years if retirement is in 2000;

8 31 years if retirement is in 2001;

9 30 years if retirement is in 2002 or later.

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

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

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

20 (a-3) Notwithstanding subsection (a) of this Section, for a  
21 Tier 1 member who begins receiving a retirement annuity under  
22 this Section on or after July 1, 2014, the required retirement  
23 age under subsection (a) is increased as follows, based on the  
24 Tier 1 member's age on June 1, 2014:

25 (1) If he or she is at least age 46 on June 1, 2014,  
26 then the required retirement ages under subsection (a)

1 remain unchanged.

2 (2) If he or she is at least age 45 but less than age 46  
3 on June 1, 2014, then the required retirement ages under  
4 subsection (a) are increased by 4 months.

5 (3) If he or she is at least age 44 but less than age 45  
6 on June 1, 2014, then the required retirement ages under  
7 subsection (a) are increased by 8 months.

8 (4) If he or she is at least age 43 but less than age 44  
9 on June 1, 2014, then the required retirement ages under  
10 subsection (a) are increased by 12 months.

11 (5) If he or she is at least age 42 but less than age 43  
12 on June 1, 2014, then the required retirement ages under  
13 subsection (a) are increased by 16 months.

14 (6) If he or she is at least age 41 but less than age 42  
15 on June 1, 2014, then the required retirement ages under  
16 subsection (a) are increased by 20 months.

17 (7) If he or she is at least age 40 but less than age 41  
18 on June 1, 2014, then the required retirement ages under  
19 subsection (a) are increased by 24 months.

20 (8) If he or she is at least age 39 but less than age 40  
21 on June 1, 2014, then the required retirement ages under  
22 subsection (a) are increased by 28 months.

23 (9) If he or she is at least age 38 but less than age 39  
24 on June 1, 2014, then the required retirement ages under  
25 subsection (a) are increased by 32 months.

26 (10) If he or she is at least age 37 but less than age

1 38 on June 1, 2014, then the required retirement ages under  
2 subsection (a) are increased by 36 months.

3 (11) If he or she is at least age 36 but less than age  
4 37 on June 1, 2014, then the required retirement ages under  
5 subsection (a) are increased by 40 months.

6 (12) If he or she is at least age 35 but less than age  
7 36 on June 1, 2014, then the required retirement ages under  
8 subsection (a) are increased by 44 months.

9 (13) If he or she is at least age 34 but less than age  
10 35 on June 1, 2014, then the required retirement ages under  
11 subsection (a) are increased by 48 months.

12 (14) If he or she is at least age 33 but less than age  
13 34 on June 1, 2014, then the required retirement ages under  
14 subsection (a) are increased by 52 months.

15 (15) If he or she is at least age 32 but less than age  
16 33 on June 1, 2014, then the required retirement ages under  
17 subsection (a) are increased by 56 months.

18 (16) If he or she is less than age 32 on June 1, 2014,  
19 then the required retirement ages under subsection (a) are  
20 increased by 60 months.

21 Notwithstanding Section 1-103.1, this subsection (a-3)  
22 applies without regard to whether or not the Tier 1 member is  
23 in active service under this Article on or after the effective  
24 date of this amendatory Act of the 98th General Assembly.

25 (a-5) A Tier 2 member is entitled to a retirement annuity  
26 upon written application if he or she has attained age 67 and

1 has at least 10 years of service credit and is otherwise  
2 eligible under the requirements of this Article. A Tier 2  
3 member who has attained age 62 and has at least 10 years of  
4 service credit and is otherwise eligible under the requirements  
5 of this Article may elect to receive the lower retirement  
6 annuity provided in subsection (b-5) of Section 15-136 of this  
7 Article.

8 (b) The annuity payment period shall begin on the date  
9 specified by the participant or the recipient of a disability  
10 retirement annuity submitting a written application, which  
11 date shall not be prior to termination of employment or more  
12 than one year before the application is received by the board;  
13 however, if the participant is not an employee of an employer  
14 participating in this System or in a participating system as  
15 defined in Article 20 of this Code on April 1 of the calendar  
16 year next following the calendar year in which the participant  
17 attains age 70 1/2, the annuity payment period shall begin on  
18 that date regardless of whether an application has been filed.

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

21 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
22 98-92, eff. 7-16-13.)

23 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

24 Sec. 15-136. Retirement annuities - Amount. The provisions  
25 of this Section 15-136 apply only to those participants who are

1 participating in the traditional benefit package or the  
2 portable benefit package and do not apply to participants who  
3 are participating in the self-managed plan.

4 (a) The amount of a participant's retirement annuity,  
5 expressed in the form of a single-life annuity, shall be  
6 determined by whichever of the following rules is applicable  
7 and provides the largest annuity:

8 Rule 1: The retirement annuity shall be 1.67% of final rate  
9 of earnings for each of the first 10 years of service, 1.90%  
10 for each of the next 10 years of service, 2.10% for each year  
11 of service in excess of 20 but not exceeding 30, and 2.30% for  
12 each year in excess of 30; or for persons who retire on or  
13 after January 1, 1998, 2.2% of the final rate of earnings for  
14 each year of service.

15 Rule 2: The retirement annuity shall be the sum of the  
16 following, determined from amounts credited to the participant  
17 in accordance with the actuarial tables and the effective rate  
18 of interest in effect at the time the retirement annuity  
19 begins:

20 (i) the normal annuity which can be provided on an  
21 actuarially equivalent basis (using the effective rate of  
22 interest in effect at the time of retirement for  
23 retirements occurring on or after July 1, 2014), by the  
24 accumulated normal contributions as of the date the annuity  
25 begins;

26 (ii) an annuity from employer contributions of an

1 amount equal to that which can be provided on an  
2 actuarially equivalent basis (using the effective rate of  
3 interest in effect at the time of retirement for  
4 retirements occurring on or after July 1, 2014) from the  
5 accumulated normal contributions made by the participant  
6 under Section 15-113.6 and Section 15-113.7 plus 1.4 times  
7 all other accumulated normal contributions made by the  
8 participant; and

9 (iii) the annuity that can be provided on an  
10 actuarially equivalent basis (using the effective rate of  
11 interest in effect at the time of retirement for  
12 retirements occurring on or after July 1, 2014) from the  
13 entire contribution made by the participant under Section  
14 15-113.3.

15 Notwithstanding any other provision of this Rule 2, a  
16 participant's retirement annuity calculated under this Rule 2  
17 shall not be less than the retirement annuity that participant  
18 would have received under this Rule 2 had he or she retired  
19 during the fiscal year preceding the effective date of this  
20 amendatory Act of the 98th General Assembly.

21 With respect to a police officer or firefighter who retires  
22 on or after August 14, 1998, the accumulated normal  
23 contributions taken into account under clauses (i) and (ii) of  
24 this Rule 2 shall include the additional normal contributions  
25 made by the police officer or firefighter under Section  
26 15-157(a).

1           The amount of a retirement annuity calculated under this  
2 Rule 2 shall be computed solely on the basis of the  
3 participant's accumulated normal contributions, as specified  
4 in this Rule and defined in Section 15-116. Neither an employee  
5 or employer contribution for early retirement under Section  
6 15-136.2 nor any other employer contribution shall be used in  
7 the calculation of the amount of a retirement annuity under  
8 this Rule 2.

9           This amendatory Act of the 91st General Assembly is a  
10 clarification of existing law and applies to every participant  
11 and annuitant without regard to whether status as an employee  
12 terminates before the effective date of this amendatory Act.

13           This Rule 2 does not apply to a person who first becomes an  
14 employee under this Article on or after July 1, 2005.

15           Rule 3: The retirement annuity of a participant who is  
16 employed at least one-half time during the period on which his  
17 or her final rate of earnings is based, shall be equal to the  
18 participant's years of service not to exceed 30, multiplied by  
19 (1) \$96 if the participant's final rate of earnings is less  
20 than \$3,500, (2) \$108 if the final rate of earnings is at least  
21 \$3,500 but less than \$4,500, (3) \$120 if the final rate of  
22 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if  
23 the final rate of earnings is at least \$5,500 but less than  
24 \$6,500, (5) \$144 if the final rate of earnings is at least  
25 \$6,500 but less than \$7,500, (6) \$156 if the final rate of  
26 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if

1 the final rate of earnings is at least \$8,500 but less than  
2 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or  
3 more, except that the annuity for those persons having made an  
4 election under Section 15-154(a-1) shall be calculated and  
5 payable under the portable retirement benefit program pursuant  
6 to the provisions of Section 15-136.4.

7 Rule 4: A participant who is at least age 50 and has 25 or  
8 more years of service as a police officer or firefighter, and a  
9 participant who is age 55 or over and has at least 20 but less  
10 than 25 years of service as a police officer or firefighter,  
11 shall be entitled to a retirement annuity of 2 1/4% of the  
12 final rate of earnings for each of the first 10 years of  
13 service as a police officer or firefighter, 2 1/2% for each of  
14 the next 10 years of service as a police officer or  
15 firefighter, and 2 3/4% for each year of service as a police  
16 officer or firefighter in excess of 20. The retirement annuity  
17 for all other service shall be computed under Rule 1. A Tier 2  
18 member is eligible for a retirement annuity calculated under  
19 Rule 4 only if that Tier 2 member meets the service  
20 requirements for that benefit calculation as prescribed under  
21 this Rule 4 in addition to the applicable age requirement under  
22 subsection (a-5) of Section 15-135.

23 For purposes of this Rule 4, a participant's service as a  
24 firefighter shall also include the following:

- 25 (i) service that is performed while the person is an  
26 employee under subsection (h) of Section 15-107; and



1           (ii) in the case of an individual who was a  
2 participating employee employed in the fire department of  
3 the University of Illinois's Champaign-Urbana campus  
4 immediately prior to the elimination of that fire  
5 department and who immediately after the elimination of  
6 that fire department transferred to another job with the  
7 University of Illinois, service performed as an employee of  
8 the University of Illinois in a position other than police  
9 officer or firefighter, from the date of that transfer  
10 until the employee's next termination of service with the  
11 University of Illinois.

12           (b) For a Tier 1 member, the retirement annuity provided  
13 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each  
14 month the participant is under age 60 at the time of  
15 retirement. However, this reduction shall not apply in the  
16 following cases:

17           (1) For a disabled participant whose disability  
18 benefits have been discontinued because he or she has  
19 exhausted eligibility for disability benefits under clause  
20 (6) of Section 15-152;

21           (2) For a participant who has at least the number of  
22 years of service required to retire at any age under  
23 subsection (a) of Section 15-135; or

24           (3) For that portion of a retirement annuity which has  
25 been provided on account of service of the participant  
26 during periods when he or she performed the duties of a

1 police officer or firefighter, if these duties were  
2 performed for at least 5 years immediately preceding the  
3 date the retirement annuity is to begin.

4 (b-5) The retirement annuity of a Tier 2 member who is  
5 retiring after attaining age 62 with at least 10 years of  
6 service credit shall be reduced by 1/2 of 1% for each full  
7 month that the member's age is under age 67.

8 (c) The maximum retirement annuity provided under Rules 1,  
9 2, 4, and 5 shall be the lesser of (1) the annual limit of  
10 benefits as specified in Section 415 of the Internal Revenue  
11 Code of 1986, as such Section may be amended from time to time  
12 and as such benefit limits shall be adjusted by the  
13 Commissioner of Internal Revenue, and (2) 80% of final rate of  
14 earnings.

15 (d) This subsection (d) is subject to subsections (d-1) and  
16 (d-2). A Tier 1 member whose status as an employee terminates  
17 after August 14, 1969 shall receive automatic increases in his  
18 or her retirement annuity as follows:

19 Effective January 1 immediately following the date the  
20 retirement annuity begins, the annuitant shall receive an  
21 increase in his or her monthly retirement annuity of 0.125% of  
22 the monthly retirement annuity provided under Rule 1, Rule 2,  
23 Rule 3, or Rule 4 contained in this Section, multiplied by the  
24 number of full months which elapsed from the date the  
25 retirement annuity payments began to January 1, 1972, plus  
26 0.1667% of such annuity, multiplied by the number of full

1 months which elapsed from January 1, 1972, or the date the  
2 retirement annuity payments began, whichever is later, to  
3 January 1, 1978, plus 0.25% of such annuity multiplied by the  
4 number of full months which elapsed from January 1, 1978, or  
5 the date the retirement annuity payments began, whichever is  
6 later, to the effective date of the increase.

7 The annuitant shall receive an increase in his or her  
8 monthly retirement annuity on each January 1 thereafter during  
9 the annuitant's life of 3% of the monthly annuity provided  
10 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this  
11 Section. The change made under this subsection by P.A. 81-970  
12 is effective January 1, 1980 and applies to each annuitant  
13 whose status as an employee terminates before or after that  
14 date.

15 Beginning January 1, 1990, all automatic annual increases  
16 payable under this Section shall be calculated as a percentage  
17 of the total annuity payable at the time of the increase,  
18 including all increases previously granted under this Article.

19 The change made in this subsection by P.A. 85-1008 is  
20 effective January 26, 1988, and is applicable without regard to  
21 whether status as an employee terminated before that date.

22 (d-1) Notwithstanding subsection (d), but subject to the  
23 provisions of subsection (d-2), all automatic increases  
24 payable under subsection (d) on or after the effective date of  
25 this amendatory Act of the 98th General Assembly shall be  
26 calculated as 3% of the lesser of (1) the total annuity payable

1 at the time of the increase, including previous increases  
2 granted, or (2) \$1,000 multiplied by the number of years of  
3 creditable service upon which the annuity is based; however, in  
4 the case of an initial increase subject to this subsection, the  
5 amount of that increase shall be prorated if less than one year  
6 has elapsed since retirement.

7 Beginning January 1, 2016, the \$1,000 referred to in item  
8 (2) of this subsection (d-1) shall be increased on each January  
9 1 by the annual unadjusted percentage increase (but not less  
10 than zero) in the consumer price index-u for the 12 months  
11 ending with the preceding September; these adjustments shall be  
12 cumulative and compounded. For the purposes of this subsection  
13 (d-1), "consumer price index-u" means the index published by  
14 the Bureau of Labor Statistics of the United States Department  
15 of Labor that measures the average change in prices of goods  
16 and services purchased by all urban consumers, United States  
17 city average, all items, 1982-84 = 100. The new dollar amount  
18 resulting from each annual adjustment shall be determined by  
19 the Public Pension Division of the Department of Insurance and  
20 made available to the System by November 1 of each year.

21 This subsection (d-1) is applicable without regard to  
22 whether the person is in service on or after the effective date  
23 of this amendatory Act of the 98th General Assembly.

24 (d-2) Notwithstanding subsections (d) and (d-1), for an  
25 active or inactive Tier 1 member who has not begun to receive a  
26 retirement annuity under this Article before July 1, 2014:

1           (1) the automatic annual increase payable under  
2 subsection (d) the second January following the date the  
3 retirement annuity begins shall be equal to 0% of the total  
4 annuity payable at the time of the increase, if he or she  
5 is at least age 50 on the effective date of this amendatory  
6 Act;

7           (2) the automatic annual increase payable under  
8 subsection (d) the second, fourth, and sixth January  
9 following the date the retirement annuity begins shall be  
10 equal to 0% of the total annuity payable at the time of the  
11 increase, if he or she is at least age 47 but less than age  
12 50 on the effective date of this amendatory Act;

13           (3) the automatic annual increase payable under  
14 subsection (d) the second, fourth, sixth, and eighth  
15 January following the date the retirement annuity begins  
16 shall be equal to 0% of the total annuity payable at the  
17 time of the increase, if he or she is at least age 44 but  
18 less than age 47 on the effective date of this amendatory  
19 Act;

20           (4) the automatic annual increase payable under  
21 subsection (d) the second, fourth, sixth, eighth, and tenth  
22 January following the date the retirement annuity begins  
23 shall be equal to 0% of the total annuity payable at the  
24 time of the increase, if he or she is less than age 44 on  
25 the effective date of this amendatory Act.

26           (d-5) A retirement annuity of a Tier 2 member shall receive

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

13 (e) If, on January 1, 1987, or the date the retirement  
14 annuity payment period begins, whichever is later, the sum of  
15 the retirement annuity provided under Rule 1 or Rule 2 of this  
16 Section and the automatic annual increases provided under the  
17 preceding subsection or Section 15-136.1, amounts to less than  
18 the retirement annuity which would be provided by Rule 3, the  
19 retirement annuity shall be increased as of January 1, 1987, or  
20 the date the retirement annuity payment period begins,  
21 whichever is later, to the amount which would be provided by  
22 Rule 3 of this Section. Such increased amount shall be  
23 considered as the retirement annuity in determining benefits  
24 provided under other Sections of this Article. This paragraph  
25 applies without regard to whether status as an employee  
26 terminated before the effective date of this amendatory Act of

1 1987, provided that the annuitant was employed at least  
2 one-half time during the period on which the final rate of  
3 earnings was based.

4 (f) A participant is entitled to such additional annuity as  
5 may be provided on an actuarially equivalent basis, by any  
6 accumulated additional contributions to his or her credit.  
7 However, the additional contributions made by the participant  
8 toward the automatic increases in annuity provided under this  
9 Section shall not be taken into account in determining the  
10 amount of such additional annuity.

11 (g) If, (1) by law, a function of a governmental unit, as  
12 defined by Section 20-107 of this Code, is transferred in whole  
13 or in part to an employer, and (2) a participant transfers  
14 employment from such governmental unit to such employer within  
15 6 months after the transfer of the function, and (3) the sum of  
16 (A) the annuity payable to the participant under Rule 1, 2, or  
17 3 of this Section (B) all proportional annuities payable to the  
18 participant by all other retirement systems covered by Article  
19 20, and (C) the initial primary insurance amount to which the  
20 participant is entitled under the Social Security Act, is less  
21 than the retirement annuity which would have been payable if  
22 all of the participant's pension credits validated under  
23 Section 20-109 had been validated under this system, a  
24 supplemental annuity equal to the difference in such amounts  
25 shall be payable to the participant.

26 (h) On January 1, 1981, an annuitant who was receiving a

1 retirement annuity on or before January 1, 1971 shall have his  
2 or her retirement annuity then being paid increased \$1 per  
3 month for each year of creditable service. On January 1, 1982,  
4 an annuitant whose retirement annuity began on or before  
5 January 1, 1977, shall have his or her retirement annuity then  
6 being paid increased \$1 per month for each year of creditable  
7 service.

8 (i) On January 1, 1987, any annuitant whose retirement  
9 annuity began on or before January 1, 1977, shall have the  
10 monthly retirement annuity increased by an amount equal to 8¢  
11 per year of creditable service times the number of years that  
12 have elapsed since the annuity began.

13 (j) For participants to whom subsection (a-3) of Section  
14 15-135 applies, the references to age 50, 55, and 62 in this  
15 Section are increased as provided in subsection (a-3) of  
16 Section 15-135.

17 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
18 98-92, eff. 7-16-13.)

19 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)  
20 Sec. 15-155. Employer contributions.

21 (a) The State of Illinois shall make contributions by  
22 appropriations of amounts which, together with the other  
23 employer contributions from trust, federal, and other funds,  
24 employee contributions, income from investments, and other  
25 income of this System, will be sufficient to meet the cost of



1 maintaining and administering the System on a 100% ~~90%~~ funded  
2 basis in accordance with actuarial recommendations by the end  
3 of State fiscal year 2044.

4 The Board shall determine the amount of State contributions  
5 required for each fiscal year on the basis of the actuarial  
6 tables and other assumptions adopted by the Board and the  
7 recommendations of the actuary, using the formula in subsection  
8 (a-1).

9 (a-1) For State fiscal years 2015 through 2044, the minimum  
10 contribution to the System to be made by the State for each  
11 fiscal year shall be an amount determined by the System to be  
12 equal to the sum of (1) the State's portion of the projected  
13 normal cost for that fiscal year, plus (2) an amount sufficient  
14 to bring the total assets of the System up to 100% of the total  
15 actuarial liabilities of the System by the end of the State  
16 fiscal year 2044. In making these determinations, the required  
17 State contribution shall be calculated each year as a level  
18 percentage of payroll over the years remaining to and including  
19 fiscal year 2044 and shall be determined under the projected  
20 unit cost method for fiscal year 2015 and under the entry age  
21 normal actuarial cost method for fiscal years 2016 through  
22 2044.

23 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
24 contribution to the System to be made by the State for each  
25 fiscal year shall be an amount determined by the System to be  
26 sufficient to bring the total assets of the System up to 90% of

1 the total actuarial liabilities of the System by the end of  
2 State fiscal year 2045. In making these determinations, the  
3 required State contribution shall be calculated each year as a  
4 level percentage of payroll over the years remaining to and  
5 including fiscal year 2045 and shall be determined under the  
6 projected unit credit actuarial cost method.

7 For State fiscal years 1996 through 2005, the State  
8 contribution to the System, as a percentage of the applicable  
9 employee payroll, shall be increased in equal annual increments  
10 so that by State fiscal year 2011, the State is contributing at  
11 the rate required under this Section.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2006 is  
14 \$166,641,900.

15 Notwithstanding any other provision of this Article, the  
16 total required State contribution for State fiscal year 2007 is  
17 \$252,064,100.

18 For each of State fiscal years 2008 through 2009, the State  
19 contribution to the System, as a percentage of the applicable  
20 employee payroll, shall be increased in equal annual increments  
21 from the required State contribution for State fiscal year  
22 2007, so that by State fiscal year 2011, the State is  
23 contributing at the rate otherwise required under this Section.

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2010 is  
26 \$702,514,000 and shall be made from the State Pensions Fund and

1 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
2 7.2 of the General Obligation Bond Act, less (i) the pro rata  
3 share of bond sale expenses determined by the System's share of  
4 total bond proceeds, (ii) any amounts received from the General  
5 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
6 proceeds due to the issuance of discounted bonds, if  
7 applicable.

8 Notwithstanding any other provision of this Article, the  
9 total required State contribution for State fiscal year 2011 is  
10 the amount recertified by the System on or before April 1, 2011  
11 pursuant to Section 15-165 and shall be made from the State  
12 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
13 pursuant to Section 7.2 of the General Obligation Bond Act,  
14 less (i) the pro rata share of bond sale expenses determined by  
15 the System's share of total bond proceeds, (ii) any amounts  
16 received from the General Revenue Fund in fiscal year 2011, and  
17 (iii) any reduction in bond proceeds due to the issuance of  
18 discounted bonds, if applicable.

19 Beginning in State fiscal year 2045, the minimum  
20 contribution for each fiscal year shall be the amount needed to  
21 maintain the total assets of the System at 100% of the total  
22 liabilities of the System.

23 ~~Beginning in State fiscal year 2046, the minimum State~~  
24 ~~contribution for each fiscal year shall be the amount needed to~~  
25 ~~maintain the total assets of the System at 90% of the total~~  
26 ~~actuarial liabilities of the System.~~

1           Amounts received by the System pursuant to Section 25 of  
2 the Budget Stabilization Act or Section 8.12 of the State  
3 Finance Act in any fiscal year do not reduce and do not  
4 constitute payment of any portion of the minimum State  
5 contribution required under this Article in that fiscal year.  
6 Such amounts shall not reduce, and shall not be included in the  
7 calculation of, the required State contributions under this  
8 Article in any future year until the System has reached a  
9 funding ratio of at least 100% ~~90%~~. A reference in this Article  
10 to the "required State contribution" or any substantially  
11 similar term does not include or apply to any amounts payable  
12 to the System under Section 25 of the Budget Stabilization Act.

13           Notwithstanding any other provision of this Section, the  
14 required State contribution for State fiscal year 2005 and for  
15 fiscal year 2008 and each fiscal year thereafter through State  
16 fiscal year 2014, as calculated under this Section and  
17 certified under Section 15-165, shall not exceed an amount  
18 equal to (i) the amount of the required State contribution that  
19 would have been calculated under this Section for that fiscal  
20 year if the System had not received any payments under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act, minus (ii) the portion of the State's total debt service  
23 payments for that fiscal year on the bonds issued in fiscal  
24 year 2003 for the purposes of that Section 7.2, as determined  
25 and certified by the Comptroller, that is the same as the  
26 System's portion of the total moneys distributed under

1 subsection (d) of Section 7.2 of the General Obligation Bond  
2 Act. In determining this maximum for State fiscal years 2008  
3 through 2010, however, the amount referred to in item (i) shall  
4 be increased, as a percentage of the applicable employee  
5 payroll, in equal increments calculated from the sum of the  
6 required State contribution for State fiscal year 2007 plus the  
7 applicable portion of the State's total debt service payments  
8 for fiscal year 2007 on the bonds issued in fiscal year 2003  
9 for the purposes of Section 7.2 of the General Obligation Bond  
10 Act, so that, by State fiscal year 2011, the State is  
11 contributing at the rate otherwise required under this Section.

12 (b) If an employee is paid from trust or federal funds, the  
13 employer shall pay to the Board contributions from those funds  
14 which are sufficient to cover the accruing normal costs on  
15 behalf of the employee. However, universities having employees  
16 who are compensated out of local auxiliary funds, income funds,  
17 or service enterprise funds are not required to pay such  
18 contributions on behalf of those employees. The local auxiliary  
19 funds, income funds, and service enterprise funds of  
20 universities shall not be considered trust funds for the  
21 purpose of this Article, but funds of alumni associations,  
22 foundations, and athletic associations which are affiliated  
23 with the universities included as employers under this Article  
24 and other employers which do not receive State appropriations  
25 are considered to be trust funds for the purpose of this  
26 Article.

1           (b-1) The City of Urbana and the City of Champaign shall  
2 each make employer contributions to this System for their  
3 respective firefighter employees who participate in this  
4 System pursuant to subsection (h) of Section 15-107. The rate  
5 of contributions to be made by those municipalities shall be  
6 determined annually by the Board on the basis of the actuarial  
7 assumptions adopted by the Board and the recommendations of the  
8 actuary, and shall be expressed as a percentage of salary for  
9 each such employee. The Board shall certify the rate to the  
10 affected municipalities as soon as may be practical. The  
11 employer contributions required under this subsection shall be  
12 remitted by the municipality to the System at the same time and  
13 in the same manner as employee contributions.

14           (c) Through State fiscal year 1995: The total employer  
15 contribution shall be apportioned among the various funds of  
16 the State and other employers, whether trust, federal, or other  
17 funds, in accordance with actuarial procedures approved by the  
18 Board. State of Illinois contributions for employers receiving  
19 State appropriations for personal services shall be payable  
20 from appropriations made to the employers or to the System. The  
21 contributions for Class I community colleges covering earnings  
22 other than those paid from trust and federal funds, shall be  
23 payable solely from appropriations to the Illinois Community  
24 College Board or the System for employer contributions.

25           (d) Beginning in State fiscal year 1996, the required State  
26 contributions to the System shall be appropriated directly to

1 the System and shall be payable through vouchers issued in  
2 accordance with subsection (c) of Section 15-165, except as  
3 provided in subsection (g).

4 (e) The State Comptroller shall draw warrants payable to  
5 the System upon proper certification by the System or by the  
6 employer in accordance with the appropriation laws and this  
7 Code.

8 (f) Normal costs under this Section means liability for  
9 pensions and other benefits which accrues to the System because  
10 of the credits earned for service rendered by the participants  
11 during the fiscal year and expenses of administering the  
12 System, but shall not include the principal of or any  
13 redemption premium or interest on any bonds issued by the Board  
14 or any expenses incurred or deposits required in connection  
15 therewith.

16 (g) If the amount of a participant's earnings for any  
17 academic year used to determine the final rate of earnings,  
18 determined on a full-time equivalent basis, exceeds the amount  
19 of his or her earnings with the same employer for the previous  
20 academic year, determined on a full-time equivalent basis, by  
21 more than 6%, the participant's employer shall pay to the  
22 System, in addition to all other payments required under this  
23 Section and in accordance with guidelines established by the  
24 System, the present value of the increase in benefits resulting  
25 from the portion of the increase in earnings that is in excess  
26 of 6%. This present value shall be computed by the System on

1 the basis of the actuarial assumptions and tables used in the  
2 most recent actuarial valuation of the System that is available  
3 at the time of the computation. The System may require the  
4 employer to provide any pertinent information or  
5 documentation.

6 Whenever it determines that a payment is or may be required  
7 under this subsection (g), the System shall calculate the  
8 amount of the payment and bill the employer for that amount.  
9 The bill shall specify the calculations used to determine the  
10 amount due. If the employer disputes the amount of the bill, it  
11 may, within 30 days after receipt of the bill, apply to the  
12 System in writing for a recalculation. The application must  
13 specify in detail the grounds of the dispute and, if the  
14 employer asserts that the calculation is subject to subsection  
15 (h) or (i) of this Section, must include an affidavit setting  
16 forth and attesting to all facts within the employer's  
17 knowledge that are pertinent to the applicability of subsection  
18 (h) or (i). Upon receiving a timely application for  
19 recalculation, the System shall review the application and, if  
20 appropriate, recalculate the amount due.

21 The employer contributions required under this subsection  
22 (g) may be paid in the form of a lump sum within 90 days after  
23 receipt of the bill. If the employer contributions are not paid  
24 within 90 days after receipt of the bill, then interest will be  
25 charged at a rate equal to the System's annual actuarially  
26 assumed rate of return on investment compounded annually from



1 the 91st day after receipt of the bill. Payments must be  
2 concluded within 3 years after the employer's receipt of the  
3 bill.

4 (h) This subsection (h) applies only to payments made or  
5 salary increases given on or after June 1, 2005 but before July  
6 1, 2011. The changes made by Public Act 94-1057 shall not  
7 require the System to refund any payments received before July  
8 31, 2006 (the effective date of Public Act 94-1057).

9 When assessing payment for any amount due under subsection  
10 (g), the System shall exclude earnings increases paid to  
11 participants under contracts or collective bargaining  
12 agreements entered into, amended, or renewed before June 1,  
13 2005.

14 When assessing payment for any amount due under subsection  
15 (g), the System shall exclude earnings increases paid to a  
16 participant at a time when the participant is 10 or more years  
17 from retirement eligibility under Section 15-135.

18 When assessing payment for any amount due under subsection  
19 (g), the System shall exclude earnings increases resulting from  
20 overload work, including a contract for summer teaching, or  
21 overtime when the employer has certified to the System, and the  
22 System has approved the certification, that: (i) in the case of  
23 overloads (A) the overload work is for the sole purpose of  
24 academic instruction in excess of the standard number of  
25 instruction hours for a full-time employee occurring during the  
26 academic year that the overload is paid and (B) the earnings

1 increases are equal to or less than the rate of pay for  
2 academic instruction computed using the participant's current  
3 salary rate and work schedule; and (ii) in the case of  
4 overtime, the overtime was necessary for the educational  
5 mission.

6 When assessing payment for any amount due under subsection  
7 (g), the System shall exclude any earnings increase resulting  
8 from (i) a promotion for which the employee moves from one  
9 classification to a higher classification under the State  
10 Universities Civil Service System, (ii) a promotion in academic  
11 rank for a tenured or tenure-track faculty position, or (iii) a  
12 promotion that the Illinois Community College Board has  
13 recommended in accordance with subsection (k) of this Section.  
14 These earnings increases shall be excluded only if the  
15 promotion is to a position that has existed and been filled by  
16 a member for no less than one complete academic year and the  
17 earnings increase as a result of the promotion is an increase  
18 that results in an amount no greater than the average salary  
19 paid for other similar positions.

20 (i) When assessing payment for any amount due under  
21 subsection (g), the System shall exclude any salary increase  
22 described in subsection (h) of this Section given on or after  
23 July 1, 2011 but before July 1, 2014 under a contract or  
24 collective bargaining agreement entered into, amended, or  
25 renewed on or after June 1, 2005 but before July 1, 2011.  
26 Notwithstanding any other provision of this Section, any

1 payments made or salary increases given after June 30, 2014  
2 shall be used in assessing payment for any amount due under  
3 subsection (g) of this Section.

4 (j) The System shall prepare a report and file copies of  
5 the report with the Governor and the General Assembly by  
6 January 1, 2007 that contains all of the following information:

7 (1) The number of recalculations required by the  
8 changes made to this Section by Public Act 94-1057 for each  
9 employer.

10 (2) The dollar amount by which each employer's  
11 contribution to the System was changed due to  
12 recalculations required by Public Act 94-1057.

13 (3) The total amount the System received from each  
14 employer as a result of the changes made to this Section by  
15 Public Act 94-4.

16 (4) The increase in the required State contribution  
17 resulting from the changes made to this Section by Public  
18 Act 94-1057.

19 (k) The Illinois Community College Board shall adopt rules  
20 for recommending lists of promotional positions submitted to  
21 the Board by community colleges and for reviewing the  
22 promotional lists on an annual basis. When recommending  
23 promotional lists, the Board shall consider the similarity of  
24 the positions submitted to those positions recognized for State  
25 universities by the State Universities Civil Service System.  
26 The Illinois Community College Board shall file a copy of its

1 findings with the System. The System shall consider the  
2 findings of the Illinois Community College Board when making  
3 determinations under this Section. The System shall not exclude  
4 any earnings increases resulting from a promotion when the  
5 promotion was not submitted by a community college. Nothing in  
6 this subsection (k) shall require any community college to  
7 submit any information to the Community College Board.

8 (l) For purposes of determining the required State  
9 contribution to the System, the value of the System's assets  
10 shall be equal to the actuarial value of the System's assets,  
11 which shall be calculated as follows:

12 As of June 30, 2008, the actuarial value of the System's  
13 assets shall be equal to the market value of the assets as of  
14 that date. In determining the actuarial value of the System's  
15 assets for fiscal years after June 30, 2008, any actuarial  
16 gains or losses from investment return incurred in a fiscal  
17 year shall be recognized in equal annual amounts over the  
18 5-year period following that fiscal year.

19 (m) For purposes of determining the required State  
20 contribution to the system for a particular year, the actuarial  
21 value of assets shall be assumed to earn a rate of return equal  
22 to the system's actuarially assumed rate of return.

23 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;  
24 98-463, eff. 8-16-13.)

1           Sec. 15-156. Obligations of State; funding guarantees.

2           (a) The payment of (1) the required State contributions,  
3           (2) all benefits granted under this system and (3) all expenses  
4           in connection with the administration and operation thereof are  
5           obligations of the State of Illinois to the extent specified in  
6           this Article. The accumulated employee normal, additional and  
7           survivors insurance contributions credited to the accounts of  
8           active and inactive participants shall not be used to pay the  
9           State's share of the obligations.

10           (b) Beginning July 1, 2014, the State shall be obligated to  
11           contribute to the System in each State fiscal year an amount  
12           not less than the sum of (i) the State's normal cost for the  
13           year and (ii) the portion of the unfunded accrued liability  
14           assigned to that year by law. Notwithstanding any other  
15           provision of law, if the State fails to pay an amount required  
16           under this subsection, it shall be the obligation of the Board  
17           to seek payment of the required amount in compliance with the  
18           provisions of this Section and, if the amount remains unpaid,  
19           to bring a mandamus action in the Supreme Court of Illinois to  
20           compel the State to make the required payment.

21           If the System submits a voucher for contributions required  
22           under Section 15-155 and the State fails to pay that voucher  
23           within 90 days of its receipt, the Board shall submit a written  
24           request to the Comptroller seeking payment. A copy of the  
25           request shall be filed with the Secretary of State, and the  
26           Secretary of State shall provide a copy to the Governor and

1 General Assembly. No earlier than the 16th day after the System  
2 files the request with the Comptroller and Secretary of State,  
3 if the amount remains unpaid the Board shall commence a  
4 mandamus action in the Supreme Court of Illinois to compel the  
5 Comptroller to satisfy the voucher.

6 This subsection (b) constitutes an express waiver of the  
7 State's sovereign immunity solely to the extent that it permits  
8 the Board to commence a mandamus action in the Supreme Court of  
9 Illinois to compel the Comptroller to pay a voucher for the  
10 contributions required under Section 15-155.

11 (c) Beginning in State fiscal year 2016, the State shall be  
12 obligated to make the transfers set forth in subsections (c-5)  
13 and (c-10) of Section 20 of the Budget Stabilization Act and to  
14 pay to the System its proportionate share of the transferred  
15 amounts in accordance with Section 25 of the Budget  
16 Stabilization Act. Notwithstanding any other provision of law,  
17 if the State fails to transfer an amount required under this  
18 subsection or to pay to the System its proportionate share of  
19 the transferred amount in accordance with Section 25 of the  
20 Budget Stabilization Act, it shall be the obligation of the  
21 Board to seek transfer or payment of the required amount in  
22 compliance with the provisions of this Section and, if the  
23 required amount remains untransferred or the required payment  
24 remains unpaid, to bring a mandamus action in the Supreme Court  
25 of Illinois to compel the State to make the required transfer  
26 or payment or both, as the case may be.

1       If the State fails to make a transfer required under  
2 subsection (c-5) or (c-10) of Section 20 of the Budget  
3 Stabilization Act or a payment to the System required under  
4 Section 25 of that Act, the Board shall submit a written  
5 request to the Comptroller seeking payment. A copy of the  
6 request shall be filed with the Secretary of State, and the  
7 Secretary of State shall provide a copy to the Governor and  
8 General Assembly. No earlier than the 16th day after the System  
9 files the request with the Comptroller and Secretary of State,  
10 if the required amount remains untransferred or the required  
11 payment remains unpaid, the Board shall commence a mandamus  
12 action in the Supreme Court of Illinois to compel the  
13 Comptroller to make the required transfer or payment or both,  
14 as the case may be.

15       This subsection (c) constitutes an express waiver of the  
16 State's sovereign immunity solely to the extent that it permits  
17 the Board to commence a mandamus action in the Supreme Court of  
18 Illinois to compel the Comptroller to make a transfer required  
19 under subsection (c-5) or (c-10) of Section 20 of the Budget  
20 Stabilization Act and to pay to the System its proportionate  
21 share of the transferred amount in accordance with Section 25  
22 of the Budget Stabilization Act.

23       The obligations created by this subsection (c) expire when  
24 all of the requirements of subsections (c-5) and (c-10) of  
25 Section 20 of the Budget Stabilization Act and Section 25 of  
26 the Budget Stabilization Act have been met.

1       (d) Any payments and transfers required to be made by the  
2 State pursuant to subsection (b) or (c) are expressly  
3 subordinate to the payment of the principal, interest, and  
4 premium, if any, on any bonded debt obligation of the State or  
5 any other State-created entity, either currently outstanding  
6 or to be issued, for which the source of repayment or security  
7 thereon is derived directly or indirectly from tax revenues  
8 collected by the State or any other State-created entity.  
9 Payments on such bonded obligations include any statutory fund  
10 transfers or other prefunding mechanisms or formulas set forth,  
11 now or hereafter, in State law or bond indentures, into debt  
12 service funds or accounts of the State related to such bond  
13 obligations, consistent with the payment schedules associated  
14 with such obligations.

15       (Source: P.A. 83-1440.)

16       (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

17       Sec. 15-157. Employee Contributions.

18       (a) Except as provided in subsection (a-5), each ~~Each~~  
19 participating employee shall make contributions towards the  
20 retirement benefits payable under the retirement program  
21 applicable to the employee from each payment of earnings  
22 applicable to employment under this system on and after the  
23 date of becoming a participant as follows: Prior to September  
24 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August  
25 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%;



1 from September 1, 1969, 6 1/2%. These contributions are to be  
2 considered as normal contributions for purposes of this  
3 Article.

4 Except as provided in subsection (a-5), each ~~Each~~  
5 participant who is a police officer or firefighter shall make  
6 normal contributions of 8% of each payment of earnings  
7 applicable to employment as a police officer or firefighter  
8 under this system on or after September 1, 1981, unless he or  
9 she files with the board within 60 days after the effective  
10 date of this amendatory Act of 1991 or 60 days after the board  
11 receives notice that he or she is employed as a police officer  
12 or firefighter, whichever is later, a written notice waiving  
13 the retirement formula provided by Rule 4 of Section 15-136.  
14 This waiver shall be irrevocable. If a participant had met the  
15 conditions set forth in Section 15-132.1 prior to the effective  
16 date of this amendatory Act of 1991 but failed to make the  
17 additional normal contributions required by this paragraph, he  
18 or she may elect to pay the additional contributions plus  
19 compound interest at the effective rate. If such payment is  
20 received by the board, the service shall be considered as  
21 police officer service in calculating the retirement annuity  
22 under Rule 4 of Section 15-136. While performing service  
23 described in clause (i) or (ii) of Rule 4 of Section 15-136, a  
24 participating employee shall be deemed to be employed as a  
25 firefighter for the purpose of determining the rate of employee  
26 contributions under this Section.

1       (a-5) Beginning July 1, 2014, in lieu of the contribution  
2 otherwise required under subsection (a), each Tier 1 member,  
3 other than a Tier 1 member who is a police officer or  
4 firefighter, shall contribute 6% of earnings toward the  
5 retirement benefits payable under the retirement programs  
6 applicable to the employee from each payment of earnings  
7 applicable to employment under this system.

8       Beginning July 1, 2014, in lieu of the contribution  
9 otherwise required under subsection (a), each Tier 1 member who  
10 is a police officer or firefighter shall contribute 7.5% of  
11 each payment of earnings applicable to employment as a police  
12 officer or firefighter under this system, unless he or she has  
13 filed a waiver with the board pursuant to subsection (a).

14       The contributions required under this subsection (a-5) are  
15 to be considered normal contributions for the purposes of this  
16 Article.

17       (b) Starting September 1, 1969 and, in the case of Tier 1  
18 members, ending on June 30, 2014, each participating employee  
19 shall make additional contributions of 1/2 of 1% of earnings to  
20 finance a portion of the cost of the annual increases in  
21 retirement annuity provided under Section 15-136, except that  
22 with respect to participants in the self-managed plan this  
23 additional contribution shall be used to finance the benefits  
24 obtained under that retirement program.

25       (c) In addition to the amounts described in subsections (a)  
26 and (b) of this Section, each participating employee shall make

1 contributions of 1% of earnings applicable under this system on  
2 and after August 1, 1959. The contributions made under this  
3 subsection (c) shall be considered as survivor's insurance  
4 contributions for purposes of this Article if the employee is  
5 covered under the traditional benefit package, and such  
6 contributions shall be considered as additional contributions  
7 for purposes of this Article if the employee is participating  
8 in the self-managed plan or has elected to participate in the  
9 portable benefit package and has completed the applicable  
10 one-year waiting period. Contributions in excess of \$80 during  
11 any fiscal year beginning before August 31, 1969 and in excess  
12 of \$120 during any fiscal year thereafter until September 1,  
13 1971 shall be considered as additional contributions for  
14 purposes of this Article.

15 (d) If the board by board rule so permits and subject to  
16 such conditions and limitations as may be specified in its  
17 rules, a participant may make other additional contributions of  
18 such percentage of earnings or amounts as the participant shall  
19 elect in a written notice thereof received by the board.

20 (e) That fraction of a participant's total accumulated  
21 normal contributions, the numerator of which is equal to the  
22 number of years of service in excess of that which is required  
23 to qualify for the maximum retirement annuity, and the  
24 denominator of which is equal to the total service of the  
25 participant, shall be considered as accumulated additional  
26 contributions. The determination of the applicable maximum

1 annuity and the adjustment in contributions required by this  
2 provision shall be made as of the date of the participant's  
3 retirement.

4 (f) Notwithstanding the foregoing, a participating  
5 employee shall not be required to make contributions under this  
6 Section after the date upon which continuance of such  
7 contributions would otherwise cause his or her retirement  
8 annuity to exceed the maximum retirement annuity as specified  
9 in clause (1) of subsection (c) of Section 15-136.

10 (g) A participating employee may make contributions for the  
11 purchase of service credit under this Article.

12 (h) A Tier 2 member shall not make contributions on  
13 earnings that exceed the limitation as prescribed under  
14 subsection (b) of Section 15-111 of this Article.

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

16 (40 ILCS 5/15-157.5 new)

17 Sec. 15-157.5. Use of contributions for health care  
18 subsidies. The System shall not use any contribution received  
19 by the System under this Article to provide a subsidy for the  
20 cost of participation in a retiree health care program.

21 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

22 Sec. 15-165. To certify amounts and submit vouchers.

23 (a) The Board shall certify to the Governor on or before  
24 November 15 of each year until November 15, 2011 the

1 appropriation required from State funds for the purposes of  
2 this System for the following fiscal year. The certification  
3 under this subsection (a) shall include a copy of the actuarial  
4 recommendations upon which it is based and shall specifically  
5 identify the System's projected State normal cost for that  
6 fiscal year and the projected State cost for the self-managed  
7 plan for that fiscal year.

8 On or before May 1, 2004, the Board shall recalculate and  
9 recertify to the Governor the amount of the required State  
10 contribution to the System for State fiscal year 2005, taking  
11 into account the amounts appropriated to and received by the  
12 System under subsection (d) of Section 7.2 of the General  
13 Obligation Bond Act.

14 On or before July 1, 2005, the Board shall recalculate and  
15 recertify to the Governor the amount of the required State  
16 contribution to the System for State fiscal year 2006, taking  
17 into account the changes in required State contributions made  
18 by this amendatory Act of the 94th General Assembly.

19 On or before April 1, 2011, the Board shall recalculate and  
20 recertify to the Governor the amount of the required State  
21 contribution to the System for State fiscal year 2011, applying  
22 the changes made by Public Act 96-889 to the System's assets  
23 and liabilities as of June 30, 2009 as though Public Act 96-889  
24 was approved on that date.

25 (a-5) On or before November 1 of each year, beginning  
26 November 1, 2012, the Board shall submit to the State Actuary,

1 the Governor, and the General Assembly a proposed certification  
2 of the amount of the required State contribution to the System  
3 for the next fiscal year, along with all of the actuarial  
4 assumptions, calculations, and data upon which that proposed  
5 certification is based. On or before January 1 of each year,  
6 beginning January 1, 2013, the State Actuary shall issue a  
7 preliminary report concerning the proposed certification and  
8 identifying, if necessary, recommended changes in actuarial  
9 assumptions that the Board must consider before finalizing its  
10 certification of the required State contributions. On or before  
11 January 15, 2013 and each January 15 thereafter, the Board  
12 shall certify to the Governor and the General Assembly the  
13 amount of the required State contribution for the next fiscal  
14 year. The Board's certification must note, in a written  
15 response to the State Actuary, any deviations from the State  
16 Actuary's recommended changes, the reason or reasons for not  
17 following the State Actuary's recommended changes, and the  
18 fiscal impact of not following the State Actuary's recommended  
19 changes on the required State contribution.

20 (a-10) For purposes of Section (c-5) of Section 20 of the  
21 Budget Stabilization Act, on or before November 1 of each year  
22 beginning November 1, 2014, the Board shall determine the  
23 amount of the State contribution to the System that would have  
24 been required for the next fiscal year if this amendatory Act  
25 of the 98th General Assembly had not taken effect, using the  
26 best and most recent available data but based on the law in

1 effect on May 31, 2014. The Board shall submit to the State  
2 Actuary, the Governor, and the General Assembly a proposed  
3 certification, along with the relevant law, actuarial  
4 assumptions, calculations, and data upon which that  
5 certification is based. On or before January 1, 2015 and every  
6 January 1 thereafter, the State Actuary shall issue a  
7 preliminary report concerning the proposed certification and  
8 identifying, if necessary, recommended changes in actuarial  
9 assumptions that the Board must consider before finalizing its  
10 certification. On or before January 15, 2015 and every January  
11 1 thereafter, the Board shall certify to the Governor and the  
12 General Assembly the amount of the State contribution to the  
13 System that would have been required for the next fiscal year  
14 if this amendatory Act of the 98th General Assembly had not  
15 taken effect, using the best and most recent available data but  
16 based on the law in effect on May 31, 2014. The Board's  
17 certification must note any deviations from the State Actuary's  
18 recommended changes, the reason or reasons for not following  
19 the State Actuary's recommended changes, and the impact of not  
20 following the State Actuary's recommended changes.

21 (b) The Board shall certify to the State Comptroller or  
22 employer, as the case may be, from time to time, by its  
23 chairperson and secretary, with its seal attached, the amounts  
24 payable to the System from the various funds.

25 (c) Beginning in State fiscal year 1996, on or as soon as  
26 possible after the 15th day of each month the Board shall

1 submit vouchers for payment of State contributions to the  
2 System, in a total monthly amount of one-twelfth of the  
3 required annual State contribution certified under subsection  
4 (a). From the effective date of this amendatory Act of the 93rd  
5 General Assembly through June 30, 2004, the Board shall not  
6 submit vouchers for the remainder of fiscal year 2004 in excess  
7 of the fiscal year 2004 certified contribution amount  
8 determined under this Section after taking into consideration  
9 the transfer to the System under subsection (b) of Section  
10 6z-61 of the State Finance Act. These vouchers shall be paid by  
11 the State Comptroller and Treasurer by warrants drawn on the  
12 funds appropriated to the System for that fiscal year.

13 If in any month the amount remaining unexpended from all  
14 other appropriations to the System for the applicable fiscal  
15 year (including the appropriations to the System under Section  
16 8.12 of the State Finance Act and Section 1 of the State  
17 Pension Funds Continuing Appropriation Act) is less than the  
18 amount lawfully vouchered under this Section, the difference  
19 shall be paid from the General Revenue Fund under the  
20 continuing appropriation authority provided in Section 1.1 of  
21 the State Pension Funds Continuing Appropriation Act.

22 (d) So long as the payments received are the full amount  
23 lawfully vouchered under this Section, payments received by the  
24 System under this Section shall be applied first toward the  
25 employer contribution to the self-managed plan established  
26 under Section 15-158.2. Payments shall be applied second toward



1 the employer's portion of the normal costs of the System, as  
2 defined in subsection (f) of Section 15-155. The balance shall  
3 be applied toward the unfunded actuarial liabilities of the  
4 System.

5 (e) In the event that the System does not receive, as a  
6 result of legislative enactment or otherwise, payments  
7 sufficient to fully fund the employer contribution to the  
8 self-managed plan established under Section 15-158.2 and to  
9 fully fund that portion of the employer's portion of the normal  
10 costs of the System, as calculated in accordance with Section  
11 15-155(a-1), then any payments received shall be applied  
12 proportionately to the optional retirement program established  
13 under Section 15-158.2 and to the employer's portion of the  
14 normal costs of the System, as calculated in accordance with  
15 Section 15-155(a-1).

16 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

17 (40 ILCS 5/15-198)

18 Sec. 15-198. Application and expiration of new benefit  
19 increases.

20 (a) As used in this Section, "new benefit increase" means  
21 an increase in the amount of any benefit provided under this  
22 Article, or an expansion of the conditions of eligibility for  
23 any benefit under this Article, that results from an amendment  
24 to this Code that takes effect after the effective date of this  
25 amendatory Act of the 94th General Assembly. "New benefit

1 increase", however, does not include any benefit increase  
2 resulting from the changes made by this amendatory Act of the  
3 98th General Assembly.

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

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

13 Every new benefit increase is contingent upon the General  
14 Assembly providing the additional funding required under this  
15 subsection. The Commission on Government Forecasting and  
16 Accountability shall analyze whether adequate additional  
17 funding has been provided for the new benefit increase and  
18 shall report its analysis to the Public Pension Division of the  
19 Department of Insurance ~~Financial and Professional Regulation~~.

20 A new benefit increase created by a Public Act that does not  
21 include the additional funding required under this subsection  
22 is null and void. If the Public Pension Division determines  
23 that the additional funding provided for a new benefit increase  
24 under this subsection is or has become inadequate, it may so  
25 certify to the Governor and the State Comptroller and, in the  
26 absence of corrective action by the General Assembly, the new

1 benefit increase shall expire at the end of the fiscal year in  
2 which the certification is made.

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

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

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

20 (40 ILCS 5/15-200 new)

21 Sec. 15-200. Defined contribution plan.

22 (a) By July 1, 2015, the System shall prepare and implement  
23 a voluntary defined contribution plan for up to 5% of eligible  
24 active Tier 1 members. The System shall determine the 5% cap by  
25 the number of active Tier 1 members on the effective date of

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

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

10 (1) Under the defined contribution plan, an active Tier  
11 1 member of this System could elect to cease accruing  
12 benefits in the defined benefit plan under this Article and  
13 begin accruing benefits for future service in the defined  
14 contribution plan. Service credit under the defined  
15 contribution plan may be used for determining retirement  
16 eligibility under the defined benefit plan. An active Tier  
17 1 member who elects to cease accruing benefits in his or  
18 her defined benefit plan shall be prohibited from  
19 purchasing service credit on or after the date of his or  
20 her election. A Tier 1 member making the irrevocable  
21 election provided under this Section shall not receive  
22 interest accruals to his or her Rule 2 benefit on or after  
23 the date of his or her election.

24 (2) Participants in the defined contribution plan  
25 shall pay employee contributions at the same rate as other  
26 participants under this Article as determined by the

1       System.

2           (3) State contributions shall be paid into the accounts  
3       of all participants in the defined contribution plan at a  
4       uniform rate, expressed as a percentage of earnings and  
5       determined for each year. This rate shall be no higher than  
6       the employer's normal cost for Tier 1 members in the  
7       defined benefit plan for that year, as determined by the  
8       System and expressed as a percentage of earnings, and shall  
9       be no lower than 3% of earnings. The State shall adjust  
10       this rate annually.

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

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

23           (6) The defined contribution plan shall provide a  
24       variety of options for investments. These options shall  
25       include investments handled by the System as well as  
26       private sector investment options.

1           (7) The defined contribution plan shall provide a  
2           variety of options for payouts to retirees and their  
3           survivors.

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

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

14           (b) Only persons who are active Tier 1 members of the  
15           System on the effective date of this Section are eligible to  
16           participate in the defined contribution plan. Participation in  
17           the defined contribution plan shall be limited to the first 5%  
18           of eligible persons who elect to participate. The election to  
19           participate in the defined contribution plan is voluntary and  
20           irrevocable.

21           (c) An eligible Tier 1 employee may irrevocably elect to  
22           participate in the defined contribution plan by filing with the  
23           System a written application to participate that is received by  
24           the System prior to its determination that 5% of eligible  
25           persons have elected to participate in the defined contribution  
26           plan.

1       When the System first determines that 5% of eligible  
2 persons have elected to participate in the defined contribution  
3 plan, the System shall provide notice to previously eligible  
4 employees that the plan is no longer available and shall cease  
5 accepting applications to participate.

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

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

1 any other available source, including but not limited to labor  
2 organizations, private counsel, and financial advisors.

3 (e) In no event shall the System, its staff, its authorized  
4 representatives, or the Board be liable for any information  
5 given to an employee under this Section. The System may  
6 coordinate with the Illinois Department of Central Management  
7 Services and other retirement systems administering a defined  
8 contribution plan in accordance with this amendatory Act of the  
9 98th General Assembly to provide information concerning the  
10 impact of the option set forth in this Section.

11 (f) Notwithstanding any other provision of this Section, no  
12 person shall begin participating in the defined contribution  
13 plan until it has attained qualified plan status and received  
14 all necessary approvals from the U.S. Internal Revenue Service.

15 (g) The System shall report on its progress under this  
16 Section, including the available details of the defined  
17 contribution plan and the System's plans for informing eligible  
18 Tier 1 members about the plan, to the Governor and the General  
19 Assembly on or before January 15, 2015.

20 (h) If an active Tier 1 member has not made an election  
21 under Section 15-134.5 of this Code, then the plan prescribed  
22 under this Section shall not apply to that Tier 1 member and  
23 that Tier 1 member shall remain eligible to make the election  
24 prescribed under Section 15-134.5.

25 (i) The intent of this amendatory Act of the 98th General  
26 Assembly is to ensure that the State's normal cost of



1 participation in the defined contribution plan is similar, and  
2 if possible equal, to the State's normal cost of participation  
3 in the defined benefit plan, unless a lower State's normal cost  
4 is necessary to ensure cost neutrality.

5 (40 ILCS 5/15-201 new)

6 Sec. 15-201. Defined contribution plan; termination. If  
7 the defined contribution plan is terminated or becomes  
8 inoperative pursuant to law, then each participant in the plan  
9 shall automatically be deemed to have been a contributing Tier  
10 1 member participating in the System's defined benefit plan  
11 during the time in which he or she participated in the defined  
12 contribution plan, and for that purpose the System shall be  
13 entitled to recover the amounts in the participant's defined  
14 contribution accounts.

15 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

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

22 (1) Any educational, administrative, professional or  
23 other staff employed in the public common schools included  
24 within this system in a position requiring certification

1 under the law governing the certification of teachers;

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

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

25 (4) Any employee of a school board association  
26 operating in compliance with Article 23 of the School Code

1 who is certificated under the law governing the  
2 certification of teachers, provided that he or she becomes  
3 such an employee before the effective date of this  
4 amendatory Act of the 98th General Assembly;

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

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

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

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

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

25 (8) Any officer or employee of a statewide teacher  
26 organization or officer of a national teacher organization

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

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

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

1 effective date of this amendatory Act of the 94th General  
2 Assembly for service as an employee of the Macon-Piatt  
3 Regional Office of Education in a birth-through-age-three  
4 pilot program receiving funds under Section 2-389 of the  
5 School Code shall be considered service as a teacher if  
6 employee and employer contributions have been received by  
7 the system and the system has not refunded those  
8 contributions.

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

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

17 (40 ILCS 5/16-106.4 new)

18 Sec. 16-106.4. Tier 1 member. "Tier 1 member": A member  
19 under this Article who first became a member or participant  
20 before January 1, 2011 under any reciprocal retirement system  
21 or pension fund established under this Code other than a  
22 retirement system or pension fund established under Article 2,  
23 3, 4, 5, 6, or 18 of this Code.

24 (40 ILCS 5/16-112) (from Ch. 108 1/2, par. 16-112)

1           Sec. 16-112. Regular interest.

2           "Regular interest":

3           (a) For computations based upon prior service credits,  
4 interest at the following rates compounded annually: For  
5 periods prior to July 1, 1947, 4% per year; for periods from  
6 July 1, 1947 through June 30, 1971, 3% per year; for periods  
7 from July 1, 1971 through June 30, 1977 at the rate of 4% per  
8 year; for periods from July 1, 1977 through June 30, 1981, 5%  
9 per year; for periods after June 30, 1981 through June 30,  
10 2014, 6% per year.

11           (b) For computations based upon membership service  
12 credits, interest at the following rates, compounded annually:  
13 For periods prior to July 1, 1971, 3% per year; for periods  
14 from July 1, 1971 through June 30, 1977, 4% per year; for  
15 periods from July 1, 1977 through June 30, 1981, 5% per year;  
16 for periods after June 30, 1981 through June 30, 2014, 6% per  
17 year.

18           (c) For a fiscal year that begins on or after July 1, 2014,  
19 for all computations, the interest rate of 30-year United  
20 States Treasury bonds on July 1 of that given fiscal year, plus  
21 75 basis points.

22           (Source: P.A. 83-1440.)

23           (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

24           Sec. 16-121. Salary. "Salary": The actual compensation  
25 received by a teacher during any school year and recognized by

1 the system in accordance with rules of the board. For purposes  
2 of this Section, "school year" includes the regular school term  
3 plus any additional period for which a teacher is compensated  
4 and such compensation is recognized by the rules of the board.

5 In the case of a person who first becomes a member on or  
6 after the effective date of this amendatory Act of the 98th  
7 General Assembly, "salary" shall not include any payment for  
8 unused sick or vacation time.

9 Notwithstanding any other provision of this Code, the  
10 annual salary of a Tier 1 member for the purposes of this Code  
11 shall not exceed, for periods of service on or after the  
12 effective date of this amendatory Act of the 98th General  
13 Assembly, the greater of (i) the annual limitation determined  
14 from time to time under subsection (b-5) of Section 1-160 of  
15 this Code, (ii) the annualized salary of the Tier 1 member on  
16 that effective date, or (iii) the annualized salary of the Tier  
17 1 member immediately preceding the expiration, renewal, or  
18 amendment of an employment contract or collective bargaining  
19 agreement in effect on that effective date.

20 (Source: P.A. 84-1028.)

21 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

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

23 (a) Each member shall receive regular credit for all  
24 service as a teacher from the date membership begins, for which  
25 satisfactory evidence is supplied and all contributions have

1       been paid.

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

6               (1) Prior service as a teacher.

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



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

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

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

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

1 be included in the calculation of automatic annual  
2 increases accruing after the effective date of the  
3 recalculation.

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

15 The total period of military service for which credit  
16 is granted shall not exceed 5 years for any member unless  
17 the service: (A) is validated before July 1, 1964, and (B)  
18 does not extend beyond July 1, 1963. Credit for military  
19 service shall be granted under this Section only if not  
20 more than 5 years of the military service for which credit  
21 is granted under this Section is used by the member to  
22 qualify for a military retirement allotment from any branch  
23 of the armed forces of the United States. The changes to  
24 this subdivision (b) (3) made by Public Act 86-272 shall  
25 apply not only to persons who on or after its effective  
26 date (August 23, 1989) are in service as a teacher under

1 the System, but also to persons whose status as such a  
2 teacher terminated prior to such effective date, whether or  
3 not such person is an annuitant on that date.

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

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

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

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

22 Optional credit may be purchased under this subsection  
23 (b) (5) for periods during which a teacher has been granted  
24 a leave of absence pursuant to Section 24-13 of the School  
25 Code. A teacher whose service under this Article terminated  
26 prior to the effective date of P.A. 86-1488 shall be

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

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

14 (6) For a person who first becomes a member before the  
15 effective date of this amendatory Act of the 98th General  
16 Assembly, any ~~any~~ days of unused and uncompensated  
17 accumulated sick leave earned by a teacher. The service  
18 credit granted under this paragraph shall be the ratio of  
19 the number of unused and uncompensated accumulated sick  
20 leave days to 170 days, subject to a maximum of 2 years of  
21 service credit. Prior to the member's retirement, each  
22 former employer shall certify to the System the number of  
23 unused and uncompensated accumulated sick leave days  
24 credited to the member at the time of termination of  
25 service. The period of unused sick leave shall not be  
26 considered in determining the effective date of

1 retirement. A member is not required to make contributions  
2 in order to obtain service credit for unused sick leave.

3 Credit for sick leave shall, at retirement, be granted  
4 by the System for any retiring regional or assistant  
5 regional superintendent of schools who first becomes a  
6 member before the effective date of this amendatory Act of  
7 the 98th General Assembly at the rate of 6 days per year of  
8 creditable service or portion thereof established while  
9 serving as such superintendent or assistant  
10 superintendent.

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

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

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

19 (10) Up to 2 years of employment with Southern Illinois  
20 University - Carbondale from September 1, 1959 to August  
21 31, 1961, or with Governors State University from September  
22 1, 1972 to August 31, 1974, for which the teacher has no  
23 credit under Article 15. To receive credit under this item  
24 (10), a teacher must apply in writing to the Board and pay  
25 the required contributions before May 1, 1993 and have at  
26 least 12 years of service credit under this Article.

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

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

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

26           Credit may not be granted under this Section covering any



1 period for which an age retirement or disability retirement  
2 allowance has been paid.

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

4 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

5 Sec. 16-132. Retirement annuity eligibility.

6 (a) A member who has at least 20 years of creditable  
7 service is entitled to a retirement annuity upon or after  
8 attainment of age 55. A member who has at least 10 but less  
9 than 20 years of creditable service is entitled to a retirement  
10 annuity upon or after attainment of age 60. A member who has at  
11 least 5 but less than 10 years of creditable service is  
12 entitled to a retirement annuity upon or after attainment of  
13 age 62. A member who (i) has earned during the period  
14 immediately preceding the last day of service at least one year  
15 of contributing creditable service as an employee of a  
16 department as defined in Section 14-103.04, (ii) has earned at  
17 least 5 years of contributing creditable service as an employee  
18 of a department as defined in Section 14-103.04, and (iii)  
19 retires on or after January 1, 2001 is entitled to a retirement  
20 annuity upon or after attainment of an age which, when added to  
21 the number of years of his or her total creditable service,  
22 equals at least 85. Portions of years shall be counted as  
23 decimal equivalentents.

24 A member who is eligible to receive a retirement annuity of  
25 at least 74.6% of final average salary and will attain age 55

1 on or before December 31 during the year which commences on  
2 July 1 shall be deemed to attain age 55 on the preceding June  
3 1.

4 (b) Notwithstanding subsection (a) of this Section, for a  
5 Tier 1 member who begins receiving a retirement annuity under  
6 this Section on or after July 1, 2014, the required retirement  
7 age under subsection (a) is increased as follows, based on the  
8 Tier 1 member's age on June 1, 2014:

9 (1) If he or she is at least age 46 on June 1, 2014,  
10 then the required retirement ages under subsection (a)  
11 remain unchanged.

12 (2) If he or she is at least age 45 but less than age 46  
13 on June 1, 2014, then the required retirement ages under  
14 subsection (a) are increased by 4 months.

15 (3) If he or she is at least age 44 but less than age 45  
16 on June 1, 2014, then the required retirement ages under  
17 subsection (a) are increased by 8 months.

18 (4) If he or she is at least age 43 but less than age 44  
19 on June 1, 2014, then the required retirement ages under  
20 subsection (a) are increased by 12 months.

21 (5) If he or she is at least age 42 but less than age 43  
22 on June 1, 2014, then the required retirement ages under  
23 subsection (a) are increased by 16 months.

24 (6) If he or she is at least age 41 but less than age 42  
25 on June 1, 2014, then the required retirement ages under  
26 subsection (a) are increased by 20 months.

1           (7) If he or she is at least age 40 but less than age 41  
2 on June 1, 2014, then the required retirement ages under  
3 subsection (a) are increased by 24 months.

4           (8) If he or she is at least age 39 but less than age 40  
5 on June 1, 2014, then the required retirement ages under  
6 subsection (a) are increased by 28 months.

7           (9) If he or she is at least age 38 but less than age 39  
8 on June 1, 2014, then the required retirement ages under  
9 subsection (a) are increased by 32 months.

10           (10) If he or she is at least age 37 but less than age  
11 38 on June 1, 2014, then the required retirement ages under  
12 subsection (a) are increased by 36 months.

13           (11) If he or she is at least age 36 but less than age  
14 37 on June 1, 2014, then the required retirement ages under  
15 subsection (a) are increased by 40 months.

16           (12) If he or she is at least age 35 but less than age  
17 36 on June 1, 2014, then the required retirement ages under  
18 subsection (a) are increased by 44 months.

19           (13) If he or she is at least age 34 but less than age  
20 35 on June 1, 2014, then the required retirement ages under  
21 subsection (a) are increased by 48 months.

22           (14) If he or she is at least age 33 but less than age  
23 34 on June 1, 2014, then the required retirement ages under  
24 subsection (a) are increased by 52 months.

25           (15) If he or she is at least age 32 but less than age  
26 33 on June 1, 2014, then the required retirement ages under

1 subsection (a) are increased by 56 months.

2 (16) If he or she is less than age 32 on June 1, 2014,  
3 then the required retirement ages under subsection (a) are  
4 increased by 60 months.

5 Notwithstanding Section 1-103.1, this subsection (b)  
6 applies without regard to whether or not the Tier 1 member is  
7 in active service under this Article on or after the effective  
8 date of this amendatory Act of the 98th General Assembly.

9 (c) A member meeting the above eligibility conditions is  
10 entitled to a retirement annuity upon written application to  
11 the board setting forth the date the member wishes the  
12 retirement annuity to commence. However, the effective date of  
13 the retirement annuity shall be no earlier than the day  
14 following the last day of creditable service, regardless of the  
15 date of official termination of employment.

16 (d) To be eligible for a retirement annuity, a member shall  
17 not be employed as a teacher in the schools included under this  
18 System or under Article 17, except (i) as provided in Section  
19 16-118 or 16-150.1, (ii) if the member is disabled (in which  
20 event, eligibility for salary must cease), or (iii) if the  
21 System is required by federal law to commence payment due to  
22 the member's age; the changes to this sentence made by Public  
23 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
24 apply without regard to whether the member terminated  
25 employment before or after its effective date.

26 (Source: P.A. 93-320, eff. 7-23-03.)

1 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

2 Sec. 16-133. Retirement annuity; amount.

3 (a) The amount of the retirement annuity shall be (i) in  
4 the case of a person who first became a teacher under this  
5 Article before July 1, 2005, the larger of the amounts  
6 determined under paragraphs (A) and (B) below, or (ii) in the  
7 case of a person who first becomes a teacher under this Article  
8 on or after July 1, 2005, the amount determined under the  
9 applicable provisions of paragraph (B):

10 (A) An amount consisting of the sum of the following:

11 (1) An amount that can be provided on an  
12 actuarially equivalent basis (using the rate of  
13 regular interest in effect at the time of retirement  
14 for retirements occurring on or after July 1, 2014) by  
15 the member's accumulated contributions at the time of  
16 retirement; and

17 (2) The sum of (i) the amount that can be provided  
18 on an actuarially equivalent basis (using the rate of  
19 regular interest in effect at the time of retirement  
20 for retirements occurring on or after July 1, 2014) by  
21 the member's accumulated contributions representing  
22 service prior to July 1, 1947, and (ii) the amount that  
23 can be provided on an actuarially equivalent basis  
24 (using the rate of regular interest in effect at the  
25 time of retirement for retirements occurring on or  
26 after July 1, 2014) by the amount obtained by

1 multiplying 1.4 times the member's accumulated  
2 contributions covering service subsequent to June 30,  
3 1947; and

4 (3) If there is prior service, 2 times the amount  
5 that would have been determined under subparagraph (2)  
6 of paragraph (A) above on account of contributions  
7 which would have been made during the period of prior  
8 service creditable to the member had the System been in  
9 operation and had the member made contributions at the  
10 contribution rate in effect prior to July 1, 1947.

11 Notwithstanding any other provision of this paragraph  
12 (A), a teacher's retirement annuity calculated under this  
13 paragraph (A) shall not be less than the retirement annuity  
14 that teacher would have received under this paragraph (A)  
15 had he or she retired during the fiscal year preceding the  
16 effective date of this amendatory Act of the 98th General  
17 Assembly.

18 This paragraph (A) does not apply to a person who first  
19 becomes a teacher under this Article on or after July 1,  
20 2005.

21 (B) An amount consisting of the greater of the  
22 following:

23 (1) For creditable service earned before July 1,  
24 1998 that has not been augmented under Section  
25 16-129.1: 1.67% of final average salary for each of the  
26 first 10 years of creditable service, 1.90% of final

1 average salary for each year in excess of 10 but not  
2 exceeding 20, 2.10% of final average salary for each  
3 year in excess of 20 but not exceeding 30, and 2.30% of  
4 final average salary for each year in excess of 30; and

5 For creditable service earned on or after July 1,  
6 1998 by a member who has at least 24 years of  
7 creditable service on July 1, 1998 and who does not  
8 elect to augment service under Section 16-129.1: 2.2%  
9 of final average salary for each year of creditable  
10 service earned on or after July 1, 1998 but before the  
11 member reaches a total of 30 years of creditable  
12 service and 2.3% of final average salary for each year  
13 of creditable service earned on or after July 1, 1998  
14 and after the member reaches a total of 30 years of  
15 creditable service; and

16 For all other creditable service: 2.2% of final  
17 average salary for each year of creditable service; or

18 (2) 1.5% of final average salary for each year of  
19 creditable service plus the sum \$7.50 for each of the  
20 first 20 years of creditable service.

21 The amount of the retirement annuity determined under this  
22 paragraph (B) shall be reduced by 1/2 of 1% for each month  
23 that the member is less than age 60 at the time the  
24 retirement annuity begins. However, this reduction shall  
25 not apply (i) if the member has at least 35 years of  
26 creditable service, or (ii) if the member retires on

1 account of disability under Section 16-149.2 of this  
2 Article with at least 20 years of creditable service, or  
3 (iii) if the member (1) has earned during the period  
4 immediately preceding the last day of service at least one  
5 year of contributing creditable service as an employee of a  
6 department as defined in Section 14-103.04, (2) has earned  
7 at least 5 years of contributing creditable service as an  
8 employee of a department as defined in Section 14-103.04,  
9 (3) retires on or after January 1, 2001, and (4) retires  
10 having attained an age which, when added to the number of  
11 years of his or her total creditable service, equals at  
12 least 85. Portions of years shall be counted as decimal  
13 equivalents.

14 (b) For purposes of this Section, final average salary  
15 shall be the average salary for the highest 4 consecutive years  
16 within the last 10 years of creditable service as determined  
17 under rules of the board. The minimum final average salary  
18 shall be considered to be \$2,400 per year.

19 In the determination of final average salary for members  
20 other than elected officials and their appointees when such  
21 appointees are allowed by statute, that part of a member's  
22 salary for any year beginning after June 30, 1979 which exceeds  
23 the member's annual full-time salary rate with the same  
24 employer for the preceding year by more than 20% shall be  
25 excluded. The exclusion shall not apply in any year in which  
26 the member's creditable earnings are less than 50% of the



1 preceding year's mean salary for downstate teachers as  
2 determined by the survey of school district salaries provided  
3 in Section 2-3.103 of the School Code.

4 (c) In determining the amount of the retirement annuity  
5 under paragraph (B) of this Section, a fractional year shall be  
6 granted proportional credit.

7 (d) The retirement annuity determined under paragraph (B)  
8 of this Section shall be available only to members who render  
9 teaching service after July 1, 1947 for which member  
10 contributions are required, and to annuitants who re-enter  
11 under the provisions of Section 16-150.

12 (e) The maximum retirement annuity provided under  
13 paragraph (B) of this Section shall be 75% of final average  
14 salary.

15 (f) A member retiring after the effective date of this  
16 amendatory Act of 1998 shall receive a pension equal to 75% of  
17 final average salary if the member is qualified to receive a  
18 retirement annuity equal to at least 74.6% of final average  
19 salary under this Article or as proportional annuities under  
20 Article 20 of this Code.

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

22 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)  
23 Sec. 16-133.1. Automatic annual increase in annuity.

24 (a) This subsection (a) is subject to subsections (a-1) and  
25 (a-2). Each member with creditable service and retiring on or

1 after August 26, 1969 is entitled to the automatic annual  
2 increases in annuity provided under this Section while  
3 receiving a retirement annuity or disability retirement  
4 annuity from the system.

5 An annuitant shall first be entitled to an initial increase  
6 under this Section on the January 1 next following the first  
7 anniversary of retirement, or January 1 of the year next  
8 following attainment of age 61, whichever is later. At such  
9 time, the system shall pay an initial increase determined as  
10 follows:

11 (1) 1.5% of the originally granted retirement annuity  
12 or disability retirement annuity multiplied by the number  
13 of years elapsed, if any, from the date of retirement until  
14 January 1, 1972, plus

15 (2) 2% of the originally granted annuity multiplied by  
16 the number of years elapsed, if any, from the date of  
17 retirement or January 1, 1972, whichever is later, until  
18 January 1, 1978, plus

19 (3) 3% of the originally granted annuity multiplied by  
20 the number of years elapsed from the date of retirement or  
21 January 1, 1978, whichever is later, until the effective  
22 date of the initial increase.

23 However, the initial annual increase calculated under this  
24 Section for the recipient of a disability retirement annuity  
25 granted under Section 16-149.2 shall be reduced by an amount  
26 equal to the total of all increases in that annuity received

1 under Section 16-149.5 (but not exceeding 100% of the amount of  
2 the initial increase otherwise provided under this Section).

3 Following the initial increase, automatic annual increases  
4 in annuity shall be payable on each January 1 thereafter during  
5 the lifetime of the annuitant, determined as a percentage of  
6 the originally granted retirement annuity or disability  
7 retirement annuity for increases granted prior to January 1,  
8 1990, and calculated as a percentage of the total amount of  
9 annuity, including previous increases under this Section, for  
10 increases granted on or after January 1, 1990, as follows: 1.5%  
11 for periods prior to January 1, 1972, 2% for periods after  
12 December 31, 1971 and prior to January 1, 1978, and 3% for  
13 periods after December 31, 1977.

14 (a-1) Notwithstanding subsection (a), but subject to the  
15 provisions of subsection (a-2), all automatic increases  
16 payable under subsection (a) on or after the effective date of  
17 this amendatory Act of the 98th General Assembly shall be  
18 calculated as 3% of the lesser of (1) the total annuity payable  
19 at the time of the increase, including previous increases  
20 granted, or (2) \$1,000 multiplied by the number of years of  
21 creditable service upon which the annuity is based; however, in  
22 the case of an initial increase under subsection (a) that is  
23 subject to this subsection:

24 (i) if more than one year has elapsed from the date of  
25 retirement to the effective date of the initial increase  
26 under this Section, the applicable percentage shall be the

1 sum of the percentages for each such elapsed year; and

2 (ii) in the case of a disability retirement annuity  
3 granted under Section 16-149.2, the initial increase shall  
4 be subject to the reduction provided in subsection (a) for  
5 increases previously received under Section 16-149.5.

6 Beginning January 1, 2016, the \$1,000 referred to in item  
7 (2) of this subsection (a-1) shall be increased on each January  
8 1 by the annual unadjusted percentage increase (but not less  
9 than zero) in the consumer price index-u for the 12 months  
10 ending with the preceding September; these adjustments shall be  
11 cumulative and compounded. For the purposes of this subsection  
12 (a-1), "consumer price index-u" means the index published by  
13 the Bureau of Labor Statistics of the United States Department  
14 of Labor that measures the average change in prices of goods  
15 and services purchased by all urban consumers, United States  
16 city average, all items, 1982-84 = 100. The new dollar amount  
17 resulting from each annual adjustment shall be determined by  
18 the Public Pension Division of the Department of Insurance and  
19 made available to the System by November 1 of each year.

20 This subsection (a-1) is applicable without regard to  
21 whether the person is in service on or after the effective date  
22 of this amendatory Act of the 98th General Assembly.

23 (a-2) Notwithstanding subsections (a) and (a-1), for an  
24 active or inactive Tier 1 member who has not begun to receive a  
25 retirement annuity under this Article before July 1, 2014:

26 (1) the second automatic annual increase payable under

1 subsection (a) shall be at the rate of 0% of the total  
2 annuity payable at the time of the increase if he or she is  
3 at least age 50 on the effective date of this amendatory  
4 Act;

5 (2) the second, fourth, and sixth automatic annual  
6 increases payable under subsection (a) shall be at the rate  
7 of 0% of the total annuity payable at the time of the  
8 increase if he or she is at least age 47 but less than age  
9 50 on the effective date of this amendatory Act;

10 (3) the second, fourth, sixth, and eighth automatic  
11 annual increases payable under subsection (a) shall be at  
12 the rate of 0% of the total annuity payable at the time of  
13 the increase if he or she is at least age 44 but less than  
14 age 47 on the effective date of this amendatory Act; and

15 (4) the second, fourth, sixth, eighth, and tenth  
16 automatic annual increases payable under subsection (a)  
17 shall be at the rate of 0% of the total annuity payable at  
18 the time of the increase if he or she is less than age 44 on  
19 the effective date of this amendatory Act.

20 For the purposes of Section 1-103.1, this subsection (a-2)  
21 is applicable without regard to whether the person is in  
22 service on or after the effective date of this amendatory Act  
23 of the 98th General Assembly.

24 (b) The automatic annual increases in annuity provided  
25 under this Section shall not be applicable unless a member has  
26 made contributions toward such increases for a period

1 equivalent to one full year of creditable service. If a member  
2 contributes for service performed after August 26, 1969 but the  
3 member becomes an annuitant before such contributions amount to  
4 one full year's contributions based on the salary at the date  
5 of retirement, he or she may pay the necessary balance of the  
6 contributions to the system and be eligible for the automatic  
7 annual increases in annuity provided under this Section.

8 (c) Each member shall make contributions toward the cost of  
9 the automatic annual increases in annuity as provided under  
10 Section 16-152.

11 (d) An annuitant receiving a retirement annuity or  
12 disability retirement annuity on July 1, 1969, who subsequently  
13 re-enters service as a teacher is eligible for the automatic  
14 annual increases in annuity provided under this Section if he  
15 or she renders at least one year of creditable service  
16 following the latest re-entry.

17 (e) In addition to the automatic annual increases in  
18 annuity provided under this Section, an annuitant who meets the  
19 service requirements of this Section and whose retirement  
20 annuity or disability retirement annuity began on or before  
21 January 1, 1971 shall receive, on January 1, 1981, an increase  
22 in the annuity then being paid of one dollar per month for each  
23 year of creditable service. On January 1, 1982, an annuitant  
24 whose retirement annuity or disability retirement annuity  
25 began on or before January 1, 1977 shall receive an increase in  
26 the annuity then being paid of one dollar per month for each

1 year of creditable service.

2 On January 1, 1987, any annuitant whose retirement annuity  
3 began on or before January 1, 1977, shall receive an increase  
4 in the monthly retirement annuity equal to 8¢ per year of  
5 creditable service times the number of years that have elapsed  
6 since the annuity began.

7 (Source: P.A. 91-927, eff. 12-14-00.)

8 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

9 Sec. 16-133.2. Early retirement without discount.

10 (a) A member retiring after June 1, 1980 and on or before  
11 June 30, 2005 (or as provided in subsection (b) of this  
12 Section), and applying for a retirement annuity within 6 months  
13 of the last day of teaching for which retirement contributions  
14 were required, may elect at the time of application for a  
15 retirement annuity, to make a one time member contribution to  
16 the System and thereby avoid the reduction in the retirement  
17 annuity for retirement before age 60 specified in paragraph (B)  
18 of Section 16-133. The exercise of the election shall also  
19 obligate the last employer to make a one time non-refundable  
20 contribution to the System. Substitute teachers wishing to  
21 exercise this election must teach 85 or more days in one school  
22 term with one employer, who shall be deemed the last employer  
23 for purposes of this Section. The last day of teaching with  
24 that employer must be within 6 months of the date of  
25 application for retirement. All substitute teaching credit

1 applied toward the required 85 days must be earned after June  
2 30, 1990.

3 The one time member and employer contributions shall be a  
4 percentage of the retiring member's highest annual salary rate  
5 used in the determination of the average salary for retirement  
6 annuity purposes. However, when determining the one-time  
7 member and employer contributions, that part of a member's  
8 salary with the same employer which exceeds the annual salary  
9 rate for the preceding year by more than 20% shall be excluded.

10 The member contribution shall be at the rate of 7% for the  
11 lesser of the following 2 periods: (1) for each year that the  
12 member is less than age 60; or (2) for each year that the  
13 member's creditable service is less than 35 years. If a member  
14 is at least age 55 and has at least 34 years of creditable  
15 service, no member or employer contribution for the early  
16 retirement option shall be required. The employer contribution  
17 shall be at the rate of 20% for each year the member is under  
18 age 60.

19 Upon receipt of the application and election, the System  
20 shall determine the one time employee and employer  
21 contributions required. The member contribution shall be  
22 credited to the individual account of the member and the  
23 employer contribution shall be credited to the Benefit Trust  
24 Reserve. The provisions of this subsection (a) providing for  
25 the avoidance of the reduction in retirement annuity shall not  
26 be applicable until the member's contribution, if any, has been



1 received by the System; however, the date such contributions  
2 are received shall not be considered in determining the  
3 effective date of retirement.

4 The number of members working for a single employer who may  
5 retire under this subsection or subsection (b) in any year may  
6 be limited at the option of the employer to a specified  
7 percentage of those eligible, not less than 30%, with the right  
8 to participate to be allocated among those applying on the  
9 basis of seniority in the service of the employer.

10 (b) The provisions of subsection (a) of this Section shall  
11 remain in effect for a member retiring after June 30, 2005 and  
12 on or before July 1, 2007, provided that the member satisfies  
13 both of the following requirements:

14 (1) the member notified his or her employer of intent  
15 to retire under this Article on or before the effective  
16 date of this amendatory Act of the 94th General Assembly  
17 under the terms of a contract or collective bargaining  
18 agreement entered into, amended, or renewed with the  
19 employer on or before the effective date of this amendatory  
20 Act of the 94th General Assembly; and

21 (2) the effective date of the member's retirement is on  
22 or before July 1, 2007.

23 The member's employer must give evidence of the member's  
24 notification by providing to the System:

25 (i) a copy of the member's notification to the employer  
26 or the record of that notification;

1           (ii) an affidavit signed by the member and the  
2           employer, verifying the notification; and

3           (iii) any additional documentation that the System may  
4           require.

5           (c) Except as otherwise provided in subsection (b), and  
6           subject to the provisions of Section 16-176, a member retiring  
7           on or after July 1, 2005 and on or before June 30, 2013 (or  
8           January 1, 2014 in the case of a member who has filed a notice  
9           of intent to retire with his or her employer on or before June  
10          30, 2013 and attains age 55 during the period July 1, 2013  
11          through December 31, 2013), and applying for a retirement  
12          annuity within 6 months of the last day of teaching for which  
13          retirement contributions were required, and whose last day of  
14          teaching is on or before June 30, 2013, may elect at the time  
15          of application for a retirement annuity, to make a one-time  
16          member contribution to the System and thereby avoid the  
17          reduction in the retirement annuity for retirement before age  
18          60 specified in paragraph (B) of Section 16-133. The exercise  
19          of the election shall also obligate the last employer to make a  
20          one-time nonrefundable contribution to the System. Substitute  
21          teachers wishing to exercise this election must teach 85 or  
22          more days in one school term with one employer, who shall be  
23          deemed the last employer for purposes of this Section. The last  
24          day of teaching with that employer must be within 6 months of  
25          the date of application for retirement. All substitute teaching  
26          credit applied toward the required 85 days must be earned after

1 June 30, 1990.

2 The one-time member and employer contributions shall be a  
3 percentage of the retiring member's highest annual salary rate  
4 used in the determination of the average salary for retirement  
5 annuity purposes. However, when determining the one-time  
6 member and employer contributions, that part of a member's  
7 salary with the same employer which exceeds the annual salary  
8 rate for the preceding year by more than 20% shall be excluded.  
9 The member contribution shall be at the rate of 11.5% for the  
10 lesser of the following 2 periods: (1) for each year that the  
11 member is less than age 60; or (2) for each year that the  
12 member's creditable service is less than 35 years. The employer  
13 contribution shall be at the rate of 23.5% for each year the  
14 member is under age 60.

15 Upon receipt of the application and election, the System  
16 shall determine the one-time employee and employer  
17 contributions required. The member contribution shall be  
18 credited to the individual account of the member and the  
19 employer contribution shall be credited to the Benefit Trust  
20 Reserve. The avoidance of the reduction in retirement annuity  
21 provided under this subsection (c) is not applicable until the  
22 member's contribution, if any, has been received by the System;  
23 however, the date that contribution is received shall not be  
24 considered in determining the effective date of retirement.

25 The number of members working for a single employer who may  
26 retire under this subsection (c) in any year may be limited at

1 the option of the employer to a specified percentage of those  
2 eligible, not less than 10%, with the right to participate to  
3 be allocated among those applying on the basis of seniority in  
4 the service of the employer.

5 For persons not qualifying for the early retirement without  
6 discount option under this subsection (c), the option is  
7 extended for 3 years under subsection (d), but subject to the  
8 changes in eligibility, conditions, and required contributions  
9 provided in that subsection.

10 (d) A member who is not eligible for the early retirement  
11 without discount option under subsection (c) may qualify for  
12 the early retirement without discount option under this  
13 subsection (d) if the member (1) retires on or after July 1,  
14 2013 and before July 1, 2016, (2) applies for a retirement  
15 annuity within 6 months of the last day of teaching for which  
16 retirement contributions were required, and (3) receives a  
17 certification of eligibility under this subsection from the  
18 member's last employer. Substitute teachers wishing to  
19 exercise this election must teach 85 or more days in one school  
20 term with one employer, who shall be deemed the last employer  
21 for purposes of this Section. The last day of teaching with  
22 that employer must be within 6 months of the date of  
23 application for retirement. All substitute teaching credit  
24 applied toward the required 85 days must be earned after June  
25 30, 1990.

26 A qualifying member may elect at the time of application

1 for a retirement annuity to make a one-time member contribution  
2 to the System and thereby avoid the reduction in the retirement  
3 annuity for retirement before age 60 specified in paragraph (B)  
4 of Section 16-133. The exercise of this election shall also  
5 obligate the last employer to make a one-time nonrefundable  
6 contribution to the System.

7 The one-time member and employer contributions shall be a  
8 percentage of the retiring member's highest annual salary rate  
9 used in the determination of the average salary for retirement  
10 annuity purposes. However, when determining the one-time  
11 member and employer contributions, that part of a member's  
12 salary with the same employer which exceeds the annual salary  
13 rate for the preceding year by more than 20% shall be excluded.  
14 The member contribution shall be at the rate of 14.4% for the  
15 lesser of the following 2 periods: (1) for each year that the  
16 member is less than age 60; or (2) for each year that the  
17 member's creditable service is less than 35 years. The employer  
18 contribution shall be at the rate of 29.3% for each year the  
19 member is under age 60.

20 Upon receipt of the application, election, and  
21 certification of eligibility, the System shall determine the  
22 one-time employee and employer contributions required. The  
23 member contribution shall be credited to the individual account  
24 of the member and the employer contribution shall be credited  
25 to the Benefit Trust Reserve. The avoidance of the reduction in  
26 retirement annuity provided under this subsection (d) is not

1 applicable until the member's contribution has been received by  
2 the System; however, the date that contribution is received  
3 shall not be considered in determining the effective date of  
4 retirement.

5 Eligibility to retire under this subsection (d) shall  
6 require the approval of the member's last employer under this  
7 Article, granted in accordance with criteria adopted by that  
8 employer with the mutual consent of the bargaining agent of a  
9 majority of the members employed by that employer. If the  
10 employer grants its approval for a member to retire under this  
11 subsection (d), the employer shall submit a certification of  
12 eligibility for the member in a manner prescribed by the  
13 System.

14 The early retirement without discount option under this  
15 subsection (d) terminates on July 1, 2016.

16 For participants to whom subsection (b) of Section 16-132  
17 applies, the references to age 60 in this subsection are  
18 increased as provided in subsection (b) of Section 16-132.

19 (Source: P.A. 98-42, eff. 6-28-13.)

20 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

21 Sec. 16-136.1. Annual increase for certain annuitants. (a)  
22 Any annuitant receiving a retirement annuity on June 30, 1969  
23 and any member retiring after June 30, 1969 shall be eligible  
24 for the annual increases provided under this Section provided  
25 the annuitant is ineligible for the automatic annual increase

1 in annuity provided under Section 16-133.1, and provided  
2 further that (1) retirement occurred at age 55 or over and was  
3 based on 5 or more years of creditable service or (2) if  
4 retirement occurred prior to age 55, the retirement annuity was  
5 based on 20 or more years of creditable service.

6 (b) This subsection (b) is subject to subsections (b-1) and  
7 (b-2). An annuitant entitled to increases under this Section  
8 shall be entitled to the initial increase as of the later of:  
9 (1) January 1 following attainment of age 65, (2) January 1  
10 following the first anniversary of retirement, or (3) the first  
11 day of the month following receipt of the required qualifying  
12 contribution from the annuitant. The initial monthly increase  
13 shall be computed on the basis of the period elapsed between  
14 the later of the date of last retirement or attainment of age  
15 50 and the date of qualification for the initial increase, at  
16 the rate of 1 1/2% of the original monthly retirement annuity  
17 per year for periods prior to September 1, 1971, and at the  
18 rate of 2% per year for periods between September 1, 1971 and  
19 September 1, 1978, and at the rate of 3% per year for periods  
20 thereafter.

21 An annuitant who has received an initial increase under  
22 this Section, shall be entitled, on each January 1 following  
23 the granting of the initial increase, to an increase of 3% of  
24 the original monthly retirement annuity for increases granted  
25 prior to January 1, 1990, and equal to 3% of the total annuity,  
26 including previous increases under this Section, for increases

1 granted on or after January 1, 1990. The original monthly  
2 retirement annuity for computations under this subsection (b)  
3 shall be considered to be \$83.34 for any annuitant entitled to  
4 benefits under Section 16-134. The minimum original disability  
5 retirement annuity for computations under this subsection (b)  
6 shall be considered to be \$33.34 per month for any annuitant  
7 retired on account of disability.

8 (b-1) Notwithstanding subsection (b), but subject to the  
9 provisions of subsection (b-2), all automatic increases  
10 payable under subsection (b) on or after the effective date of  
11 this amendatory Act of the 98th General Assembly shall be  
12 calculated as 3% of the lesser of (1) the total annuity payable  
13 at the time of the increase, including previous increases  
14 granted, or (2) \$1,000 multiplied by the number of years of  
15 creditable service upon which the annuity is based; however, in  
16 the case of an initial increase under subsection (b) that is  
17 subject to this subsection, if more than one year has elapsed  
18 from the date of retirement to the effective date of the  
19 initial increase under this Section, the applicable percentage  
20 shall be the sum of the percentages for each such elapsed year.

21 Beginning January 1, 2016, the \$1,000 referred to in item  
22 (2) of this subsection (b-1) shall be increased on each January  
23 1 by the annual unadjusted percentage increase (but not less  
24 than zero) in the consumer price index-u for the 12 months  
25 ending with the preceding September; these adjustments shall be  
26 cumulative and compounded. For the purposes of this subsection



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

9 This subsection (b-1) is applicable without regard to  
10 whether the person is in service on or after the effective date  
11 of this amendatory Act of the 98th General Assembly.

12 (b-2) Notwithstanding subsections (b) and (b-1), for an  
13 active or inactive Tier 1 member who is subject to this Section  
14 and has not begun to receive a retirement annuity under this  
15 Article before July 1, 2014:

16 (1) the second automatic annual increase payable under  
17 subsection (b) shall be at the rate of 0% of the total  
18 annuity payable at the time of the increase if he or she is  
19 at least age 50 on the effective date of this amendatory  
20 Act;

21 (2) the second, fourth, and sixth automatic annual  
22 increases payable under subsection (b) shall be at the rate  
23 of 0% of the total annuity payable at the time of the  
24 increase if he or she is at least age 47 but less than age  
25 50 on the effective date of this amendatory Act;

26 (3) the second, fourth, sixth, and eighth automatic

1 annual increases payable under subsection (b) shall be at  
2 the rate of 0% of the total annuity payable at the time of  
3 the increase if he or she is at least age 44 but less than  
4 age 47 on the effective date of this amendatory Act; and

5 (4) the second, fourth, sixth, eighth, and tenth  
6 automatic annual increases payable under subsection (b)  
7 shall be at the rate of 0% of the total annuity payable at  
8 the time of the increase if he or she is less than age 44 on  
9 the effective date of this amendatory Act.

10 For the purposes of Section 1-103.1, this subsection (b-2)  
11 is applicable without regard to whether the person is in  
12 service on or after the effective date of this amendatory Act  
13 of the 98th General Assembly.

14 (c) An annuitant who otherwise qualifies for annual  
15 increases under this Section must make a one-time payment of 1%  
16 of the monthly final average salary for each full year of the  
17 creditable service forming the basis of the retirement annuity  
18 or, if the retirement annuity was not computed using final  
19 average salary, 1% of the original monthly retirement annuity  
20 for each full year of service forming the basis of the  
21 retirement annuity.

22 (d) In addition to other increases which may be provided by  
23 this Section, regardless of creditable service, annuitants not  
24 meeting the service requirements of Section 16-133.1 and whose  
25 retirement annuity began on or before January 1, 1971 shall  
26 receive, on January 1, 1981, an increase in the retirement

1 annuity then being paid of one dollar per month for each year  
2 of creditable service forming the basis of the retirement  
3 allowance. On January 1, 1982, annuitants whose retirement  
4 annuity began on or before January 1, 1977, shall receive an  
5 increase in the retirement annuity then being paid of one  
6 dollar per month for each year of creditable service.

7 On January 1, 1987, any annuitant whose retirement annuity  
8 began on or before January 1, 1977, shall receive an increase  
9 in the monthly retirement annuity equal to 8¢ per year of  
10 creditable service times the number of years that have elapsed  
11 since the annuity began.

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

13 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

14 Sec. 16-152. Contributions by members.

15 (a) Except as provided in subsection (a-5), each ~~Each~~  
16 member shall make contributions for membership service to this  
17 System as follows:

18 (1) Effective July 1, 1998, contributions of 7.50% of  
19 salary towards the cost of the retirement annuity. Such  
20 contributions shall be deemed "normal contributions".

21 (2) Effective July 1, 1969 and, in the case of Tier 1  
22 members, ending on June 30, 2014, contributions of 1/2 of  
23 1% of salary toward the cost of the automatic annual  
24 increase in retirement annuity provided under Section  
25 16-133.1.

1           (3) Effective July 24, 1959, contributions of 1% of  
2 salary towards the cost of survivor benefits. Such  
3 contributions shall not be credited to the individual  
4 account of the member and shall not be subject to refund  
5 except as provided under Section 16-143.2.

6           (4) Effective July 1, 2005, contributions of 0.40% of  
7 salary toward the cost of the early retirement without  
8 discount option provided under Section 16-133.2. This  
9 contribution shall cease upon termination of the early  
10 retirement without discount option as provided in Section  
11 16-133.2.

12           (a-5) Beginning July 1, 2014, in lieu of the contribution  
13 otherwise required under paragraph (1) of subsection (a), each  
14 Tier 1 member shall contribute 7% of salary towards the cost of  
15 the retirement annuity. Contributions made pursuant to this  
16 subsection (a-5) shall be deemed "normal contributions".

17           (b) The minimum required contribution for any year of  
18 full-time teaching service shall be \$192.

19           (c) Contributions shall not be required of any annuitant  
20 receiving a retirement annuity who is given employment as  
21 permitted under Section 16-118 or 16-150.1.

22           (d) A person who (i) was a member before July 1, 1998, (ii)  
23 retires with more than 34 years of creditable service, and  
24 (iii) does not elect to qualify for the augmented rate under  
25 Section 16-129.1 shall be entitled, at the time of retirement,  
26 to receive a partial refund of contributions made under this

1 Section for service occurring after the later of June 30, 1998  
2 or attainment of 34 years of creditable service, in an amount  
3 equal to 1.00% of the salary upon which those contributions  
4 were based.

5 (e) A member's contributions toward the cost of early  
6 retirement without discount made under item (a)(4) of this  
7 Section shall not be refunded if the member has elected early  
8 retirement without discount under Section 16-133.2 and has  
9 begun to receive a retirement annuity under this Article  
10 calculated in accordance with that election. Otherwise, a  
11 member's contributions toward the cost of early retirement  
12 without discount made under item (a)(4) of this Section shall  
13 be refunded according to whichever one of the following  
14 circumstances occurs first:

15 (1) The contributions shall be refunded to the member,  
16 without interest, within 120 days after the member's  
17 retirement annuity commences, if the member does not elect  
18 early retirement without discount under Section 16-133.2.

19 (2) The contributions shall be included, without  
20 interest, in any refund claimed by the member under Section  
21 16-151.

22 (3) The contributions shall be refunded to the member's  
23 designated beneficiary (or if there is no beneficiary, to  
24 the member's estate), without interest, if the member dies  
25 without having begun to receive a retirement annuity under  
26 this Article.

1           (4) The contributions shall be refunded to the member,  
2           without interest, if the early retirement without discount  
3           option provided under subsection (d) of Section 16-133.2 is  
4           terminated. In that event, the System shall provide to the  
5           member, within 120 days after the option is terminated, an  
6           application for a refund of those contributions.

7           (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; revised  
8           7-23-13.)

9           (40 ILCS 5/16-152.5 new)

10          Sec. 16-152.5. Use of contributions for health care  
11          subsidies. The System shall not use any contribution received  
12          by the System under this Article to provide a subsidy for the  
13          cost of participation in a retiree health care program.

14          (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

15          Sec. 16-158. Contributions by State and other employing  
16          units.

17          (a) The State shall make contributions to the System by  
18          means of appropriations from the Common School Fund and other  
19          State funds of amounts which, together with other employer  
20          contributions, employee contributions, investment income, and  
21          other income, will be sufficient to meet the cost of  
22          maintaining and administering the System on a 100% ~~90%~~ funded  
23          basis in accordance with actuarial recommendations by the end  
24          of State fiscal year 2044.

1           The Board shall determine the amount of State contributions  
2 required for each fiscal year on the basis of the actuarial  
3 tables and other assumptions adopted by the Board and the  
4 recommendations of the actuary, using the formula in subsection  
5 (b-3).

6           (a-1) Annually, on or before November 15 through ~~until~~  
7 November 15, 2011, the Board shall certify to the Governor the  
8 amount of the required State contribution for the coming fiscal  
9 year. The certification under this subsection (a-1) shall  
10 include a copy of the actuarial recommendations upon which it  
11 is based ~~and shall specifically identify the System's projected~~  
12 ~~State normal cost for that fiscal year.~~

13           On or before May 1, 2004, the Board shall recalculate and  
14 recertify to the Governor the amount of the required State  
15 contribution to the System for State fiscal year 2005, taking  
16 into account the amounts appropriated to and received by the  
17 System under subsection (d) of Section 7.2 of the General  
18 Obligation Bond Act.

19           On or before July 1, 2005, the Board shall recalculate and  
20 recertify to the Governor the amount of the required State  
21 contribution to the System for State fiscal year 2006, taking  
22 into account the changes in required State contributions made  
23 by this amendatory Act of the 94th General Assembly.

24           On or before April 1, 2011, the Board shall recalculate and  
25 recertify to the Governor the amount of the required State  
26 contribution to the System for State fiscal year 2011, applying

1 the changes made by Public Act 96-889 to the System's assets  
2 and liabilities as of June 30, 2009 as though Public Act 96-889  
3 was approved on that date.

4 (a-5) On or before November 1 of each year, beginning  
5 November 1, 2012, the Board shall submit to the State Actuary,  
6 the Governor, and the General Assembly a proposed certification  
7 of the amount of the required State contribution to the System  
8 for the next fiscal year, along with all of the actuarial  
9 assumptions, calculations, and data upon which that proposed  
10 certification is based. On or before January 1 of each year,  
11 beginning January 1, 2013, the State Actuary shall issue a  
12 preliminary report concerning the proposed certification and  
13 identifying, if necessary, recommended changes in actuarial  
14 assumptions that the Board must consider before finalizing its  
15 certification of the required State contributions.

16 On or before January 15, 2013 and each January 15  
17 thereafter, the Board shall certify to the Governor and the  
18 General Assembly the amount of the required State contribution  
19 for the next fiscal year. The certification shall include a  
20 copy of the actuarial recommendations upon which it is based  
21 and shall specifically identify the System's projected State  
22 normal cost for that fiscal year. The Board's certification  
23 must note any deviations from the State Actuary's recommended  
24 changes, the reason or reasons for not following the State  
25 Actuary's recommended changes, and the fiscal impact of not  
26 following the State Actuary's recommended changes on the



1 required State contribution.

2 (a-10) For purposes of Section (c-5) of Section 20 of the  
3 Budget Stabilization Act, on or before November 1 of each year  
4 beginning November 1, 2014, the Board shall determine the  
5 amount of the State contribution to the System that would have  
6 been required for the next fiscal year if this amendatory Act  
7 of the 98th General Assembly had not taken effect, using the  
8 best and most recent available data but based on the law in  
9 effect on May 31, 2014. The Board shall submit to the State  
10 Actuary, the Governor, and the General Assembly a proposed  
11 certification, along with the relevant law, actuarial  
12 assumptions, calculations, and data upon which that  
13 certification is based. On or before January 1, 2015 and every  
14 January 1 thereafter, the State Actuary shall issue a  
15 preliminary report concerning the proposed certification and  
16 identifying, if necessary, recommended changes in actuarial  
17 assumptions that the Board must consider before finalizing its  
18 certification. On or before January 15, 2015 and every January  
19 1 thereafter, the Board shall certify to the Governor and the  
20 General Assembly the amount of the State contribution to the  
21 System that would have been required for the next fiscal year  
22 if this amendatory Act of the 98th General Assembly had not  
23 taken effect, using the best and most recent available data but  
24 based on the law in effect on May 31, 2014. The Board's  
25 certification must note any deviations from the State Actuary's  
26 recommended changes, the reason or reasons for not following

1 the State Actuary's recommended changes, and the impact of not  
2 following the State Actuary's recommended changes.

3 (b) Through State fiscal year 1995, the State contributions  
4 shall be paid to the System in accordance with Section 18-7 of  
5 the School Code.

6 (b-1) Beginning in State fiscal year 1996, on the 15th day  
7 of each month, or as soon thereafter as may be practicable, the  
8 Board shall submit vouchers for payment of State contributions  
9 to the System, in a total monthly amount of one-twelfth of the  
10 required annual State contribution certified under subsection  
11 (a-1). From the effective date of this amendatory Act of the  
12 93rd General Assembly through June 30, 2004, the Board shall  
13 not submit vouchers for the remainder of fiscal year 2004 in  
14 excess of the fiscal year 2004 certified contribution amount  
15 determined under this Section after taking into consideration  
16 the transfer to the System under subsection (a) of Section  
17 6z-61 of the State Finance Act. These vouchers shall be paid by  
18 the State Comptroller and Treasurer by warrants drawn on the  
19 funds appropriated to the System for that fiscal year.

20 If in any month the amount remaining unexpended from all  
21 other appropriations to the System for the applicable fiscal  
22 year (including the appropriations to the System under Section  
23 8.12 of the State Finance Act and Section 1 of the State  
24 Pension Funds Continuing Appropriation Act) is less than the  
25 amount lawfully vouchered under this subsection, the  
26 difference shall be paid from the Common School Fund under the

1 continuing appropriation authority provided in Section 1.1 of  
2 the State Pension Funds Continuing Appropriation Act.

3 (b-2) Allocations from the Common School Fund apportioned  
4 to school districts not coming under this System shall not be  
5 diminished or affected by the provisions of this Article.

6 (b-3) For State fiscal years 2015 through 2044, the minimum  
7 contribution to the System to be made by the State for each  
8 fiscal year shall be an amount determined by the System to be  
9 equal to the sum of (1) the State's portion of the projected  
10 normal cost for that fiscal year, plus (2) an amount sufficient  
11 to bring the total assets of the System up to 100% of the total  
12 actuarial liabilities of the System by the end of State fiscal  
13 year 2044. In making these determinations, the required State  
14 contribution shall be calculated each year as a level  
15 percentage of payroll over the years remaining to and including  
16 fiscal year 2044 and shall be determined under the projected  
17 unit cost method for fiscal year 2015 and under the entry age  
18 normal actuarial cost method for fiscal years 2016 through  
19 2044.

20 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
21 contribution to the System to be made by the State for each  
22 fiscal year shall be an amount determined by the System to be  
23 sufficient to bring the total assets of the System up to 90% of  
24 the total actuarial liabilities of the System by the end of  
25 State fiscal year 2045. In making these determinations, the  
26 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and  
2 including fiscal year 2045 and shall be determined under the  
3 projected unit credit actuarial cost method.

4 For State fiscal years 1996 through 2005, the State  
5 contribution to the System, as a percentage of the applicable  
6 employee payroll, shall be increased in equal annual increments  
7 so that by State fiscal year 2011, the State is contributing at  
8 the rate required under this Section; except that in the  
9 following specified State fiscal years, the State contribution  
10 to the System shall not be less than the following indicated  
11 percentages of the applicable employee payroll, even if the  
12 indicated percentage will produce a State contribution in  
13 excess of the amount otherwise required under this subsection  
14 and subsection (a), and notwithstanding any contrary  
15 certification made under subsection (a-1) before the effective  
16 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
17 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
18 2003; and 13.56% in FY 2004.

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2006 is  
21 \$534,627,700.

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2007 is  
24 \$738,014,500.

25 For each of State fiscal years 2008 through 2009, the State  
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments  
2 from the required State contribution for State fiscal year  
3 2007, so that by State fiscal year 2011, the State is  
4 contributing at the rate otherwise required under this Section.

5 Notwithstanding any other provision of this Article, the  
6 total required State contribution for State fiscal year 2010 is  
7 \$2,089,268,000 and shall be made from the proceeds of bonds  
8 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
9 Obligation Bond Act, less (i) the pro rata share of bond sale  
10 expenses determined by the System's share of total bond  
11 proceeds, (ii) any amounts received from the Common School Fund  
12 in fiscal year 2010, and (iii) any reduction in bond proceeds  
13 due to the issuance of discounted bonds, if applicable.

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2011 is  
16 the amount recertified by the System on or before April 1, 2011  
17 pursuant to subsection (a-1) of this Section and shall be made  
18 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
19 Section 7.2 of the General Obligation Bond Act, less (i) the  
20 pro rata share of bond sale expenses determined by the System's  
21 share of total bond proceeds, (ii) any amounts received from  
22 the Common School Fund in fiscal year 2011, and (iii) any  
23 reduction in bond proceeds due to the issuance of discounted  
24 bonds, if applicable. This amount shall include, in addition to  
25 the amount certified by the System, an amount necessary to meet  
26 employer contributions required by the State as an employer

1 under paragraph (e) of this Section, which may also be used by  
2 the System for contributions required by paragraph (a) of  
3 Section 16-127.

4 Beginning in State fiscal year 2045, the minimum State  
5 contribution for each fiscal year shall be the amount needed to  
6 maintain the total assets of the System at 100% of the total  
7 actuarial liabilities of the System.

8 ~~Beginning in State fiscal year 2046, the minimum State~~  
9 ~~contribution for each fiscal year shall be the amount needed to~~  
10 ~~maintain the total assets of the System at 90% of the total~~  
11 ~~actuarial liabilities of the System.~~

12 Amounts received by the System pursuant to Section 25 of  
13 the Budget Stabilization Act or Section 8.12 of the State  
14 Finance Act in any fiscal year do not reduce and do not  
15 constitute payment of any portion of the minimum State  
16 contribution required under this Article in that fiscal year.  
17 Such amounts shall not reduce, and shall not be included in the  
18 calculation of, the required State contributions under this  
19 Article in any future year until the System has reached a  
20 funding ratio of at least 100% ~~90%~~. A reference in this Article  
21 to the "required State contribution" or any substantially  
22 similar term does not include or apply to any amounts payable  
23 to the System under Section 25 of the Budget Stabilization Act.

24 Notwithstanding any other provision of this Section, the  
25 required State contribution for State fiscal year 2005 and for  
26 fiscal year 2008 and each fiscal year thereafter through State

1 fiscal year 2014, as calculated under this Section and  
2 certified under subsection (a-1), shall not exceed an amount  
3 equal to (i) the amount of the required State contribution that  
4 would have been calculated under this Section for that fiscal  
5 year if the System had not received any payments under  
6 subsection (d) of Section 7.2 of the General Obligation Bond  
7 Act, minus (ii) the portion of the State's total debt service  
8 payments for that fiscal year on the bonds issued in fiscal  
9 year 2003 for the purposes of that Section 7.2, as determined  
10 and certified by the Comptroller, that is the same as the  
11 System's portion of the total moneys distributed under  
12 subsection (d) of Section 7.2 of the General Obligation Bond  
13 Act. In determining this maximum for State fiscal years 2008  
14 through 2010, however, the amount referred to in item (i) shall  
15 be increased, as a percentage of the applicable employee  
16 payroll, in equal increments calculated from the sum of the  
17 required State contribution for State fiscal year 2007 plus the  
18 applicable portion of the State's total debt service payments  
19 for fiscal year 2007 on the bonds issued in fiscal year 2003  
20 for the purposes of Section 7.2 of the General Obligation Bond  
21 Act, so that, by State fiscal year 2011, the State is  
22 contributing at the rate otherwise required under this Section.

23 (c) Payment of the required State contributions and of all  
24 pensions, retirement annuities, death benefits, refunds, and  
25 other benefits granted under or assumed by this System, and all  
26 expenses in connection with the administration and operation

1       thereof, are obligations of the State.

2           If members are paid from special trust or federal funds  
3       which are administered by the employing unit, whether school  
4       district or other unit, the employing unit shall pay to the  
5       System from such funds the full accruing retirement costs based  
6       upon that service, as determined by the System. Employer  
7       contributions, based on salary paid to members from federal  
8       funds, may be forwarded by the distributing agency of the State  
9       of Illinois to the System prior to allocation, in an amount  
10      determined in accordance with guidelines established by such  
11      agency and the System.

12           (d) Effective July 1, 1986, any employer of a teacher as  
13      defined in paragraph (8) of Section 16-106 shall pay the  
14      employer's normal cost of benefits based upon the teacher's  
15      service, in addition to employee contributions, as determined  
16      by the System. Such employer contributions shall be forwarded  
17      monthly in accordance with guidelines established by the  
18      System.

19           However, with respect to benefits granted under Section  
20      16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
21      of Section 16-106, the employer's contribution shall be 12%  
22      (rather than 20%) of the member's highest annual salary rate  
23      for each year of creditable service granted, and the employer  
24      shall also pay the required employee contribution on behalf of  
25      the teacher. For the purposes of Sections 16-133.4 and  
26      16-133.5, a teacher as defined in paragraph (8) of Section



1 16-106 who is serving in that capacity while on leave of  
2 absence from another employer under this Article shall not be  
3 considered an employee of the employer from which the teacher  
4 is on leave.

5 (e) Beginning July 1, 1998, every employer of a teacher  
6 shall pay to the System an employer contribution computed as  
7 follows:

8 (1) Beginning July 1, 1998 through June 30, 1999, the  
9 employer contribution shall be equal to 0.3% of each  
10 teacher's salary.

11 (2) Beginning July 1, 1999 and thereafter, the employer  
12 contribution shall be equal to 0.58% of each teacher's  
13 salary.

14 The school district or other employing unit may pay these  
15 employer contributions out of any source of funding available  
16 for that purpose and shall forward the contributions to the  
17 System on the schedule established for the payment of member  
18 contributions.

19 These employer contributions are intended to offset a  
20 portion of the cost to the System of the increases in  
21 retirement benefits resulting from this amendatory Act of 1998.

22 Each employer of teachers is entitled to a credit against  
23 the contributions required under this subsection (e) with  
24 respect to salaries paid to teachers for the period January 1,  
25 2002 through June 30, 2003, equal to the amount paid by that  
26 employer under subsection (a-5) of Section 6.6 of the State

1 Employees Group Insurance Act of 1971 with respect to salaries  
2 paid to teachers for that period.

3 The additional 1% employee contribution required under  
4 Section 16-152 by this amendatory Act of 1998 is the  
5 responsibility of the teacher and not the teacher's employer,  
6 unless the employer agrees, through collective bargaining or  
7 otherwise, to make the contribution on behalf of the teacher.

8 If an employer is required by a contract in effect on May  
9 1, 1998 between the employer and an employee organization to  
10 pay, on behalf of all its full-time employees covered by this  
11 Article, all mandatory employee contributions required under  
12 this Article, then the employer shall be excused from paying  
13 the employer contribution required under this subsection (e)  
14 for the balance of the term of that contract. The employer and  
15 the employee organization shall jointly certify to the System  
16 the existence of the contractual requirement, in such form as  
17 the System may prescribe. This exclusion shall cease upon the  
18 termination, extension, or renewal of the contract at any time  
19 after May 1, 1998.

20 (f) If the amount of a teacher's salary for any school year  
21 used to determine final average salary exceeds the member's  
22 annual full-time salary rate with the same employer for the  
23 previous school year by more than 6%, the teacher's employer  
24 shall pay to the System, in addition to all other payments  
25 required under this Section and in accordance with guidelines  
26 established by the System, the present value of the increase in

1 benefits resulting from the portion of the increase in salary  
2 that is in excess of 6%. This present value shall be computed  
3 by the System on the basis of the actuarial assumptions and  
4 tables used in the most recent actuarial valuation of the  
5 System that is available at the time of the computation. If a  
6 teacher's salary for the 2005-2006 school year is used to  
7 determine final average salary under this subsection (f), then  
8 the changes made to this subsection (f) by Public Act 94-1057  
9 shall apply in calculating whether the increase in his or her  
10 salary is in excess of 6%. For the purposes of this Section,  
11 change in employment under Section 10-21.12 of the School Code  
12 on or after June 1, 2005 shall constitute a change in employer.  
13 The System may require the employer to provide any pertinent  
14 information or documentation. The changes made to this  
15 subsection (f) by this amendatory Act of the 94th General  
16 Assembly apply without regard to whether the teacher was in  
17 service on or after its effective date.

18 Whenever it determines that a payment is or may be required  
19 under this subsection, the System shall calculate the amount of  
20 the payment and bill the employer for that amount. The bill  
21 shall specify the calculations used to determine the amount  
22 due. If the employer disputes the amount of the bill, it may,  
23 within 30 days after receipt of the bill, apply to the System  
24 in writing for a recalculation. The application must specify in  
25 detail the grounds of the dispute and, if the employer asserts  
26 that the calculation is subject to subsection (g) or (h) of

1 this Section, must include an affidavit setting forth and  
2 attesting to all facts within the employer's knowledge that are  
3 pertinent to the applicability of that subsection. Upon  
4 receiving a timely application for recalculation, the System  
5 shall review the application and, if appropriate, recalculate  
6 the amount due.

7 The employer contributions required under this subsection  
8 (f) may be paid in the form of a lump sum within 90 days after  
9 receipt of the bill. If the employer contributions are not paid  
10 within 90 days after receipt of the bill, then interest will be  
11 charged at a rate equal to the System's annual actuarially  
12 assumed rate of return on investment compounded annually from  
13 the 91st day after receipt of the bill. Payments must be  
14 concluded within 3 years after the employer's receipt of the  
15 bill.

16 (g) This subsection (g) applies only to payments made or  
17 salary increases given on or after June 1, 2005 but before July  
18 1, 2011. The changes made by Public Act 94-1057 shall not  
19 require the System to refund any payments received before July  
20 31, 2006 (the effective date of Public Act 94-1057).

21 When assessing payment for any amount due under subsection  
22 (f), the System shall exclude salary increases paid to teachers  
23 under contracts or collective bargaining agreements entered  
24 into, amended, or renewed before June 1, 2005.

25 When assessing payment for any amount due under subsection  
26 (f), the System shall exclude salary increases paid to a

1 teacher at a time when the teacher is 10 or more years from  
2 retirement eligibility under Section 16-132 or 16-133.2.

3 When assessing payment for any amount due under subsection  
4 (f), the System shall exclude salary increases resulting from  
5 overload work, including summer school, when the school  
6 district has certified to the System, and the System has  
7 approved the certification, that (i) the overload work is for  
8 the sole purpose of classroom instruction in excess of the  
9 standard number of classes for a full-time teacher in a school  
10 district during a school year and (ii) the salary increases are  
11 equal to or less than the rate of pay for classroom instruction  
12 computed on the teacher's current salary and work schedule.

13 When assessing payment for any amount due under subsection  
14 (f), the System shall exclude a salary increase resulting from  
15 a promotion (i) for which the employee is required to hold a  
16 certificate or supervisory endorsement issued by the State  
17 Teacher Certification Board that is a different certification  
18 or supervisory endorsement than is required for the teacher's  
19 previous position and (ii) to a position that has existed and  
20 been filled by a member for no less than one complete academic  
21 year and the salary increase from the promotion is an increase  
22 that results in an amount no greater than the lesser of the  
23 average salary paid for other similar positions in the district  
24 requiring the same certification or the amount stipulated in  
25 the collective bargaining agreement for a similar position  
26 requiring the same certification.

1           When assessing payment for any amount due under subsection  
2 (f), the System shall exclude any payment to the teacher from  
3 the State of Illinois or the State Board of Education over  
4 which the employer does not have discretion, notwithstanding  
5 that the payment is included in the computation of final  
6 average salary.

7           (h) When assessing payment for any amount due under  
8 subsection (f), the System shall exclude any salary increase  
9 described in subsection (g) of this Section given on or after  
10 July 1, 2011 but before July 1, 2014 under a contract or  
11 collective bargaining agreement entered into, amended, or  
12 renewed on or after June 1, 2005 but before July 1, 2011.  
13 Notwithstanding any other provision of this Section, any  
14 payments made or salary increases given after June 30, 2014  
15 shall be used in assessing payment for any amount due under  
16 subsection (f) of this Section.

17           (i) The System shall prepare a report and file copies of  
18 the report with the Governor and the General Assembly by  
19 January 1, 2007 that contains all of the following information:

20               (1) The number of recalculations required by the  
21 changes made to this Section by Public Act 94-1057 for each  
22 employer.

23               (2) The dollar amount by which each employer's  
24 contribution to the System was changed due to  
25 recalculations required by Public Act 94-1057.

26               (3) The total amount the System received from each

1 employer as a result of the changes made to this Section by  
2 Public Act 94-4.

3 (4) The increase in the required State contribution  
4 resulting from the changes made to this Section by Public  
5 Act 94-1057.

6 (j) For purposes of determining the required State  
7 contribution to the System, the value of the System's assets  
8 shall be equal to the actuarial value of the System's assets,  
9 which shall be calculated as follows:

10 As of June 30, 2008, the actuarial value of the System's  
11 assets shall be equal to the market value of the assets as of  
12 that date. In determining the actuarial value of the System's  
13 assets for fiscal years after June 30, 2008, any actuarial  
14 gains or losses from investment return incurred in a fiscal  
15 year shall be recognized in equal annual amounts over the  
16 5-year period following that fiscal year.

17 (k) For purposes of determining the required State  
18 contribution to the system for a particular year, the actuarial  
19 value of assets shall be assumed to earn a rate of return equal  
20 to the system's actuarially assumed rate of return.

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
23 6-18-12; 97-813, eff. 7-13-12.)

24 (40 ILCS 5/16-158.2 new)

25 Sec. 16-158.2. Obligations of State; funding guarantee.

1       (a) Beginning July 1, 2014, the State shall be obligated to  
2 contribute to the System in each State fiscal year an amount  
3 not less than the sum of (i) the State's normal cost for the  
4 year and (ii) the portion of the unfunded accrued liability  
5 assigned to that year by law. Notwithstanding any other  
6 provision of law, if the State fails to pay an amount required  
7 under this subsection, it shall be the obligation of the Board  
8 to seek payment of the required amount in compliance with the  
9 provisions of this Section and, if the amount remains unpaid,  
10 to bring a mandamus action in the Supreme Court of Illinois to  
11 compel the State to make the required payment.

12       If the System submits a voucher for contributions required  
13 under Section 16-158 and the State fails to pay that voucher  
14 within 90 days of its receipt, the Board shall submit a written  
15 request to the Comptroller seeking payment. A copy of the  
16 request shall be filed with the Secretary of State, and the  
17 Secretary of State shall provide a copy to the Governor and  
18 General Assembly. No earlier than the 16th day after the System  
19 files the request with the Comptroller and Secretary of State,  
20 if the amount remains unpaid the Board shall commence a  
21 mandamus action in the Supreme Court of Illinois to compel the  
22 Comptroller to satisfy the voucher.

23       This subsection (a) constitutes an express waiver of the  
24 State's sovereign immunity solely to the extent that it permits  
25 the Board to commence a mandamus action in the Supreme Court of  
26 Illinois to compel the Comptroller to pay a voucher for the



1 contributions required under Section 16-158.

2 (b) Beginning in State fiscal year 2016, the State shall be  
3 obligated to make the transfers set forth in subsections (c-5)  
4 and (c-10) of Section 20 of the Budget Stabilization Act and to  
5 pay to the System its proportionate share of the transferred  
6 amounts in accordance with Section 25 of the Budget  
7 Stabilization Act. Notwithstanding any other provision of law,  
8 if the State fails to transfer an amount required under this  
9 subsection or to pay to the System its proportionate share of  
10 the transferred amount in accordance with Section 25 of the  
11 Budget Stabilization Act, it shall be the obligation of the  
12 Board to seek transfer or payment of the required amount in  
13 compliance with the provisions of this Section and, if the  
14 required amount remains untransferred or the required payment  
15 remains unpaid, to bring a mandamus action in the Supreme Court  
16 of Illinois to compel the State to make the required transfer  
17 or payment or both, as the case may be.

18 If the State fails to make a transfer required under  
19 subsection (c-5) or (c-10) of Section 20 of the Budget  
20 Stabilization Act or a payment to the System required under  
21 Section 25 of that Act, the Board shall submit a written  
22 request to the Comptroller seeking payment. A copy of the  
23 request shall be filed with the Secretary of State, and the  
24 Secretary of State shall provide a copy to the Governor and  
25 General Assembly. No earlier than the 16th day after the System  
26 files the request with the Comptroller and Secretary of State,

1 if the required amount remains untransferred or the required  
2 payment remains unpaid, the Board shall commence a mandamus  
3 action in the Supreme Court of Illinois to compel the  
4 Comptroller to make the required transfer or payment or both,  
5 as the case may be.

6 This subsection (b) constitutes an express waiver of the  
7 State's sovereign immunity solely to the extent that it permits  
8 the Board to commence a mandamus action in the Supreme Court of  
9 Illinois to compel the Comptroller to make a transfer required  
10 under subsection (c-5) or (c-10) of Section 20 of the Budget  
11 Stabilization Act and to pay to the System its proportionate  
12 share of the transferred amount in accordance with Section 25  
13 of the Budget Stabilization Act.

14 The obligations created by this subsection (b) expire when  
15 all of the requirements of subsections (c-5) and (c-10) of  
16 Section 20 of the Budget Stabilization Act and Section 25 of  
17 the Budget Stabilization Act have been met.

18 (c) Any payments and transfers required to be made by the  
19 State pursuant to subsection (a) or (b) are expressly  
20 subordinate to the payment of the principal, interest, and  
21 premium, if any, on any bonded debt obligation of the State or  
22 any other State-created entity, either currently outstanding  
23 or to be issued, for which the source of repayment or security  
24 thereon is derived directly or indirectly from tax revenues  
25 collected by the State or any other State-created entity.  
26 Payments on such bonded obligations include any statutory fund

1 transfers or other prefunding mechanisms or formulas set forth,  
2 now or hereafter, in State law or bond indentures, into debt  
3 service funds or accounts of the State related to such bond  
4 obligations, consistent with the payment schedules associated  
5 with such obligations.

6 (40 ILCS 5/16-203)

7 Sec. 16-203. Application and expiration of new benefit  
8 increases.

9 (a) As used in this Section, "new benefit increase" means  
10 an increase in the amount of any benefit provided under this  
11 Article, or an expansion of the conditions of eligibility for  
12 any benefit under this Article, that results from an amendment  
13 to this Code that takes effect after June 1, 2005 (the  
14 effective date of Public Act 94-4). "New benefit increase",  
15 however, does not include any benefit increase resulting from  
16 the changes made to this Article by Public Act 95-910 or by  
17 this amendatory Act of the 98th ~~95th~~ General Assembly.

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

23 (c) The Public Act enacting a new benefit increase must  
24 identify and provide for payment to the System of additional  
25 funding at least sufficient to fund the resulting annual

1 increase in cost to the System as it accrues.

2 Every new benefit increase is contingent upon the General  
3 Assembly providing the additional funding required under this  
4 subsection. The Commission on Government Forecasting and  
5 Accountability shall analyze whether adequate additional  
6 funding has been provided for the new benefit increase and  
7 shall report its analysis to the Public Pension Division of the  
8 Department of Insurance ~~Financial and Professional Regulation~~.

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

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

24 (e) Except as otherwise provided in the language creating  
25 the new benefit increase, a new benefit increase that expires  
26 under this Section continues to apply to persons who applied

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

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

9 (40 ILCS 5/16-205 new)

10 Sec. 16-205. Defined contribution plan.

11 (a) By July 1, 2015, the System shall prepare and implement  
12 a voluntary defined contribution plan for up to 5% of eligible  
13 active Tier 1 members. The System shall determine the 5% cap by  
14 the number of active Tier 1 members on the effective date of  
15 this Section. The defined contribution plan developed under  
16 this Section shall be a plan that aggregates employer and  
17 employee contributions in individual participant accounts  
18 which, after meeting any other requirements, are used for  
19 payouts after retirement in accordance with this Section and  
20 any other applicable laws.

21 As used in this Section, "defined benefit plan" means the  
22 retirement plan available under this Article to Tier 1 members  
23 who have not made the election authorized under this Section.

24 (1) Under the defined contribution plan, an active Tier  
25 1 member of this System could elect to cease accruing

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

14 (2) Participants in the defined contribution plan  
15 shall pay employee contributions at the same rate as Tier 1  
16 members in this System who do not participate in the  
17 defined contribution plan.

18 (3) State contributions shall be paid into the accounts  
19 of all participants in the defined contribution plan at a  
20 uniform rate, expressed as a percentage of salary and  
21 determined for each year. This rate shall be no higher than  
22 the employer's normal cost for Tier 1 members in the  
23 defined benefit plan for that year, as determined by the  
24 System and expressed as a percentage of salary, and shall  
25 be no lower than 0% of salary. The State shall adjust this  
26 rate annually.

1           (4) The defined contribution plan shall require 5 years  
2 of participation in the defined contribution plan before  
3 vesting in State contributions. If the participant fails to  
4 vest in them, the State contributions, and the earnings  
5 thereon, shall be forfeited.

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

13           (6) The defined contribution plan shall provide a  
14 variety of options for investments. These options shall  
15 include investments in a fund created by the System and  
16 managed in accordance with legal and fiduciary standards,  
17 as well as investment options otherwise available.

18           (7) The defined contribution plan shall provide a  
19 variety of options for payouts to retirees and their  
20 survivors.

21           (8) To the extent authorized under federal law and as  
22 authorized by the System, the plan shall allow former  
23 participants in the plan to transfer or roll over employee  
24 and vested State contributions, and the earnings thereon,  
25 into other qualified retirement plans.

26           (9) The System shall reduce the employee contributions

1 credited to the member's defined contribution plan account  
2 by an amount determined by the System to cover the cost of  
3 offering these benefits and any applicable administrative  
4 fees.

5 (b) Only persons who are active Tier 1 members of the  
6 System on the effective date of this Section are eligible to  
7 participate in the defined contribution plan. Participation in  
8 the defined contribution plan shall be limited to the first 5%  
9 of eligible persons who elect to participate. The election to  
10 participate in the defined contribution plan is voluntary and  
11 irrevocable.

12 (c) An eligible Tier 1 employee may irrevocably elect to  
13 participate in the defined contribution plan by filing with the  
14 System a written application to participate that is received by  
15 the System prior to its determination that 5% of eligible  
16 persons have elected to participate in the defined contribution  
17 plan.

18 When the System first determines that 5% of eligible  
19 persons have elected to participate in the defined contribution  
20 plan, the System shall provide notice to previously eligible  
21 employees that the plan is no longer available and shall cease  
22 accepting applications to participate.

23 (d) The System shall make a good faith effort to contact  
24 each active Tier 1 member who is eligible to participate in the  
25 defined contribution plan. The System shall mail information  
26 describing the option to join the defined contribution plan to



1 each of these employees to his or her last known address on  
2 file with the System. If the employee is not responsive to  
3 other means of contact, it is sufficient for the System to  
4 publish the details of the option on its website.

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

20 (e) In no event shall the System, its staff, its authorized  
21 representatives, or the Board be liable for any information  
22 given to an employee under this Section. The System may  
23 coordinate with the Illinois Department of Central Management  
24 Services and other retirement systems administering a defined  
25 contribution plan in accordance with this amendatory Act of the  
26 98th General Assembly to provide information concerning the

1 impact of the option set forth in this Section.

2 (f) Notwithstanding any other provision of this Section, no  
3 person shall begin participating in the defined contribution  
4 plan until it has attained qualified plan status and received  
5 all necessary approvals from the U.S. Internal Revenue Service.

6 (g) The System shall report on its progress under this  
7 Section, including the available details of the defined  
8 contribution plan and the System's plans for informing eligible  
9 Tier 1 members about the plan, to the Governor and the General  
10 Assembly on or before January 15, 2015.

11 (h) The intent of this amendatory Act of the 98th General  
12 Assembly is to ensure that the State's normal cost of  
13 participation in the defined contribution plan is similar, and  
14 if possible equal, to the State's normal cost of participation  
15 in the defined benefit plan, unless a lower State's normal cost  
16 is necessary to ensure cost neutrality.

17 (40 ILCS 5/16-206 new)

18 Sec. 16-206. Defined contribution plan; termination. If  
19 the defined contribution plan is terminated or becomes  
20 inoperative pursuant to law, then each participant in the plan  
21 shall automatically be deemed to have been a contributing Tier  
22 1 member in the System's defined benefit plan during the time  
23 in which he or she participated in the defined contribution  
24 plan, and for that purpose the System shall be entitled to  
25 recover the amounts in the participant's defined contribution

1 accounts.

2 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)  
3 Sec. 17-116. Service retirement pension.

4 (a) Each teacher having 20 years of service upon attainment  
5 of age 55, or who thereafter attains age 55 shall be entitled  
6 to a service retirement pension upon or after attainment of age  
7 55; and each teacher in service on or after July 1, 1971, with  
8 5 or more but less than 20 years of service shall be entitled  
9 to receive a service retirement pension upon or after  
10 attainment of age 62.

11 (b) The service retirement pension for a teacher who  
12 retires on or after June 25, 1971, at age 60 or over, shall be  
13 calculated as follows:

14 (1) For creditable service earned before July 1, 1998  
15 that has not been augmented under Section 17-119.1: 1.67%  
16 for each of the first 10 years of service; 1.90% for each  
17 of the next 10 years of service; 2.10% for each year of  
18 service in excess of 20 but not exceeding 30; and 2.30% for  
19 each year of service in excess of 30, based upon average  
20 salary as herein defined.

21 (2) For creditable service earned on or after July 1,  
22 1998 by a member who has at least 30 years of creditable  
23 service on July 1, 1998 and who does not elect to augment  
24 service under Section 17-119.1: 2.3% of average salary for  
25 each year of creditable service earned on or after July 1,

1 1998.

2 (3) For all other creditable service: 2.2% of average  
3 salary for each year of creditable service.

4 (c) When computing such service retirement pensions, the  
5 following conditions shall apply:

6 1. Average salary shall consist of the average annual  
7 rate of salary for the 4 consecutive years of validated  
8 service within the last 10 years of service when such  
9 average annual rate was highest. In the determination of  
10 average salary for retirement allowance purposes, for  
11 members who commenced employment after August 31, 1979,  
12 that part of the salary for any year shall be excluded  
13 which exceeds the annual full-time salary rate for the  
14 preceding year by more than 20%. In the case of a member  
15 who commenced employment before August 31, 1979 and who  
16 receives salary during any year after September 1, 1983  
17 which exceeds the annual full time salary rate for the  
18 preceding year by more than 20%, an Employer and other  
19 employers of eligible contributors as defined in Section  
20 17-106 shall pay to the Fund an amount equal to the present  
21 value of the additional service retirement pension  
22 resulting from such excess salary. The present value of the  
23 additional service retirement pension shall be computed by  
24 the Board on the basis of actuarial tables adopted by the  
25 Board. If a member elects to receive a pension from this  
26 Fund provided by Section 20-121, his salary under the State

1 Universities Retirement System and the Teachers'  
2 Retirement System of the State of Illinois shall be  
3 considered in determining such average salary. Amounts  
4 paid after the effective date of this amendatory Act of  
5 1991 for unused vacation time earned after that effective  
6 date shall not under any circumstances be included in the  
7 calculation of average salary or the annual rate of salary  
8 for the purposes of this Article.

9 2. Proportionate credit shall be given for validated  
10 service of less than one year.

11 3. For retirement at age 60 or over the pension shall  
12 be payable at the full rate.

13 4. For separation from service below age 60 to a  
14 minimum age of 55, the pension shall be discounted at the  
15 rate of 1/2 of one per cent for each month that the age of  
16 the contributor is less than 60, but a teacher may elect to  
17 defer the effective date of pension in order to eliminate  
18 or reduce this discount. This discount shall not be  
19 applicable to any participant who has at least 34 years of  
20 service or a retirement pension of at least 74.6% of  
21 average salary on the date the retirement annuity begins.

22 5. No additional pension shall be granted for service  
23 exceeding 45 years. Beginning June 26, 1971 no pension  
24 shall exceed the greater of \$1,500 per month or 75% of  
25 average salary as herein defined.

26 6. Service retirement pensions shall begin on the

1 effective date of resignation, retirement, the day  
2 following the close of the payroll period for which service  
3 credit was validated, or the time the person resigning or  
4 retiring attains age 55, or on a date elected by the  
5 teacher, whichever shall be latest.

6 7. A member who is eligible to receive a retirement  
7 pension of at least 74.6% of average salary and will attain  
8 age 55 on or before December 31 during the year which  
9 commences on July 1 shall be deemed to attain age 55 on the  
10 preceding June 1.

11 8. A member retiring after the effective date of this  
12 amendatory Act of 1998 shall receive a pension equal to 75%  
13 of average salary if the member is qualified to receive a  
14 retirement pension equal to at least 74.6% of average  
15 salary under this Article or as proportional annuities  
16 under Article 20 of this Code.

17 9. In the case of a person who first becomes a  
18 participant on or after the effective date of this  
19 amendatory Act of the 98th General Assembly, payments for  
20 unused sick or vacation time shall not be used in the  
21 calculation of average salary.

22 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

23 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

24 Sec. 17-134. Contributions for leaves of absence; military  
25 service; computing service. In computing service for pension

1 purposes the following periods of service shall stand in lieu  
2 of a like number of years of teaching service upon payment  
3 therefor in the manner hereinafter provided: (a) time spent on  
4 a leave of absence granted by the employer; (b) service with  
5 teacher or labor organizations based upon special leaves of  
6 absence therefor granted by an Employer; (c) a maximum of 5  
7 years spent in the military service of the United States, of  
8 which up to 2 years may have been served outside the pension  
9 period; (d) unused sick days at termination of service to a  
10 maximum of 244 days; (e) time lost due to layoff and  
11 curtailment of the school term from June 6 through June 21,  
12 1976; and (f) time spent after June 30, 1982 as a member of the  
13 Board of Education, if required to resign from an  
14 administrative or teaching position in order to qualify as a  
15 member of the Board of Education.

16 (1) For time spent on or after September 6, 1948 on  
17 sabbatical leaves of absence or sick leaves, for which  
18 salaries are paid, an Employer shall make payroll  
19 deductions at the applicable rates in effect during such  
20 periods.

21 (2) For time spent on a leave of absence granted by the  
22 employer for which no salaries are paid, teachers desiring  
23 credit therefor shall pay the required contributions at the  
24 rates in effect during such periods as though they were in  
25 teaching service. If an Employer pays salary for vacations  
26 which occur during a teacher's sick leave or maternity or

1 paternity leave without salary, vacation pay for which the  
2 teacher would have qualified while in active service shall  
3 be considered part of the teacher's total salary for  
4 pension purposes. No more than 36 months of leave credit  
5 may be allowed any person during the entire term of  
6 service. Sabbatical leave credit shall be limited to the  
7 time the person on leave without salary under an Employer's  
8 rules is allowed to engage in an activity for which he  
9 receives salary or compensation.

10 (3) For time spent prior to September 6, 1948, on  
11 sabbatical leaves of absence or sick leaves for which  
12 salaries were paid, teachers desiring service credit  
13 therefor shall pay the required contributions at the  
14 maximum applicable rates in effect during such periods.

15 (4) For service with teacher or labor organizations  
16 authorized by special leaves of absence, for which no  
17 payroll deductions are made by an Employer, teachers  
18 desiring service credit therefor shall contribute to the  
19 Fund upon the basis of the actual salary received from such  
20 organizations at the percentage rates in effect during such  
21 periods for certified positions with such Employer. To the  
22 extent the actual salary exceeds the regular salary, which  
23 shall be defined as the salary rate, as calculated by the  
24 Board, in effect for the teacher's regular position in  
25 teaching service on September 1, 1983 or on the effective  
26 date of the leave with the organization, whichever is



1 later, the organization shall pay to the Fund the  
2 employer's normal cost as set by the Board on the  
3 increment. Notwithstanding any other provision of this  
4 subdivision (4), teachers are only eligible for credit for  
5 service under this subdivision (4) if the special leave of  
6 absence begins before January 5, 2012 (the effective date  
7 of Public Act 97-651) ~~this amendatory Act of the 97th~~  
8 ~~General Assembly.~~

9 (5) For time spent in the military service, teachers  
10 entitled to and desiring credit therefor shall contribute  
11 the amount required for each year of service or fraction  
12 thereof at the rates in force (a) at the date of  
13 appointment, or (b) on return to teaching service as a  
14 regularly certified teacher, as the case may be; provided  
15 such rates shall not be less than \$450 per year of service.  
16 These conditions shall apply unless an Employer elects to  
17 and does pay into the Fund the amount which would have been  
18 due from such person had he been employed as a teacher  
19 during such time. In the case of credit for military  
20 service not during the pension period, the teacher must  
21 also pay to the Fund an amount determined by the Board to  
22 be equal to the employer's normal cost of the benefits  
23 accrued from such service, plus interest thereon at 5% per  
24 year, compounded annually, from the date of appointment to  
25 the date of payment.

26 The changes to this Section made by Public Act 87-795

1 shall apply not only to persons who on or after its  
2 effective date are in service under the Fund, but also to  
3 persons whose status as a teacher terminated prior to that  
4 date, whether or not the person is an annuitant on that  
5 date. In the case of an annuitant who applies for credit  
6 allowable under this Section for a period of military  
7 service that did not immediately follow employment, and who  
8 has made the required contributions for such credit, the  
9 annuity shall be recalculated to include the additional  
10 service credit, with the increase taking effect on the date  
11 the Fund received written notification of the annuitant's  
12 intent to purchase the credit, if payment of all the  
13 required contributions is made within 60 days of such  
14 notice, or else on the first annuity payment date following  
15 the date of payment of the required contributions. In  
16 calculating the automatic annual increase for an annuity  
17 that has been recalculated under this Section, the increase  
18 attributable to the additional service allowable under  
19 this amendatory Act of 1991 shall be included in the  
20 calculation of automatic annual increases accruing after  
21 the effective date of the recalculation.

22 The total credit for military service shall not exceed  
23 5 years, except that any teacher who on July 1, 1963, had  
24 validated credit for more than 5 years of military service  
25 shall be entitled to the total amount of such credit.

26 (6) For persons who first become teachers before the

1 effective date of this amendatory Act of the 98th General  
2 Assembly, a ~~A~~ maximum of 244 unused sick days credited to  
3 his account by an Employer on the date of termination of  
4 employment. Members, upon verification of unused sick  
5 days, may add this service time to total creditable  
6 service.

7 (7) In all cases where time spent on leave is  
8 creditable and no payroll deductions therefor are made by  
9 an Employer, persons desiring service credit shall make the  
10 required contributions directly to the Fund.

11 (8) For time lost without pay due to layoff and  
12 curtailment of the school term from June 6 through June 21,  
13 1976, as provided in item (e) of the first paragraph of  
14 this Section, persons who were contributors on the days  
15 immediately preceding such layoff shall receive credit  
16 upon paying to the Fund a contribution based on the rates  
17 of compensation and employee contributions in effect at the  
18 time of such layoff, together with an additional amount  
19 equal to 12.2% of the compensation computed for such period  
20 of layoff, plus interest on the entire amount at 5% per  
21 annum from January 1, 1978 to the date of payment. If such  
22 contribution is paid, salary for pension purposes for any  
23 year in which such a layoff occurred shall include the  
24 compensation recognized for purposes of computing that  
25 contribution.

26 (9) For time spent after June 30, 1982, as a

1 nonsalaried member of the Board of Education, if required  
2 to resign from an administrative or teaching position in  
3 order to qualify as a member of the Board of Education, an  
4 administrator or teacher desiring credit therefor shall  
5 pay the required contributions at the rates and salaries in  
6 effect during such periods as though the member were in  
7 service.

8 Effective September 1, 1974, the interest charged for  
9 validation of service described in paragraphs (2) through (5)  
10 of this Section shall be compounded annually at a rate of 5%  
11 commencing one year after the termination of the leave or  
12 return to service.

13 (Source: P.A. 97-651, eff. 1-5-12.)

14 (40 ILCS 5/20-106) (from Ch. 108 1/2, par. 20-106)  
15 Sec. 20-106. Final average salary.

16 (a) "Final average salary": The average (or other) salary  
17 which is considered by a participating system in determining  
18 the amount of the retirement annuity or survivor's annuity.

19 (b) Earnings credits under all participating systems shall  
20 be considered by each system in determining final average  
21 salary, but subject to the limitations imposed by this  
22 amendatory Act of the 98th General Assembly for a participant  
23 in a defined contribution plan established under Article 2, 14,  
24 15, or 16 of this Code. In calculating a proportional  
25 retirement or survivor's annuity based on these earnings

1 credits, the participating system shall apply any limitations  
2 on earnings for annuity purposes that are imposed by the  
3 Article governing the system.

4 (Source: P.A. 88-593, eff. 8-22-94.)

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

6 Sec. 20-121. Calculation of proportional retirement  
7 annuities.

8 (a) Upon retirement of the employee, a proportional  
9 retirement annuity shall be computed by each participating  
10 system in which pension credit has been established on the  
11 basis of pension credits under each system. The computation  
12 shall be in accordance with the formula or method prescribed by  
13 each participating system which is in effect at the date of the  
14 employee's latest withdrawal from service covered by any of the  
15 systems in which he has pension credits which he elects to have  
16 considered under this Article. However, the amount of any  
17 retirement annuity payable under the self-managed plan  
18 established under Section 15-158.2 of this Code or under the  
19 defined contribution plan established under Article 2, 14, 15,  
20 or 16 of this Code depends solely on the value of the  
21 participant's vested account balances and is not subject to any  
22 proportional adjustment under this Section.

23 (a-5) For persons who participate in a defined contribution  
24 plan established under Article 2, 14, 15, or 16 of this Code to  
25 whom the provisions of this Article apply, the pension credits

1 established under the defined contribution plan may be  
2 considered in determining eligibility for or the amount of the  
3 defined benefit retirement annuity that is payable by any other  
4 participating system.

5 (b) Combined pension credit under all retirement systems  
6 subject to this Article shall be considered in determining  
7 whether the minimum qualification has been met and the formula  
8 or method of computation which shall be applied, except as may  
9 be otherwise provided with respect to vesting in State or  
10 employer contributions in a defined contribution plan. If a  
11 system has a step-rate formula for calculation of the  
12 retirement annuity, pension credits covering previous service  
13 which have been established under another system shall be  
14 considered in determining which range or ranges of the  
15 step-rate formula are to be applicable to the employee.

16 (c) Interest on pension credit shall continue to accumulate  
17 in accordance with the provisions of the law governing the  
18 retirement system in which the same has been established during  
19 the time an employee is in the service of another employer, on  
20 the assumption such employee, for interest purposes for pension  
21 credit, is continuing in the service covered by such retirement  
22 system.

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

24 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)  
25 Sec. 20-123. Survivor's annuity. The provisions governing

1 a retirement annuity shall be applicable to a survivor's  
2 annuity. Appropriate credits shall be established for  
3 survivor's annuity purposes in those participating systems  
4 which provide survivor's annuities, according to the same  
5 conditions and subject to the same limitations and restrictions  
6 herein prescribed for a retirement annuity. If a participating  
7 system has no survivor's annuity benefit, or if the survivor's  
8 annuity benefit under that system is waived, pension credit  
9 established in that system shall not be considered in  
10 determining eligibility for or the amount of the survivor's  
11 annuity which may be payable by any other participating system.

12 For persons who participate in the self-managed plan  
13 established under Section 15-158.2 or the portable benefit  
14 package established under Section 15-136.4, pension credit  
15 established under Article 15 may be considered in determining  
16 eligibility for or the amount of the survivor's annuity that is  
17 payable by any other participating system, but pension credit  
18 established in any other system shall not result in any right  
19 to a survivor's annuity under the Article 15 system.

20 For persons who participate in a defined contribution plan  
21 established under Article 2, 14, 15, or 16 of this Code to whom  
22 the provisions of this Article apply, the pension credits  
23 established under the defined contribution plan may be  
24 considered in determining eligibility for or the amount of the  
25 defined benefit survivor's annuity that is payable by any other  
26 participating system, but pension credits established in any

1 other system shall not result in any right to or increase in  
2 the value of a survivor's annuity under the defined  
3 contribution plan, which depends solely on the options chosen  
4 and the value of the participant's vested account balances and  
5 is not subject to any proportional adjustment under this  
6 Section.

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

8 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

9 Sec. 20-124. Maximum benefits.

10 (a) In no event shall the combined retirement or survivors  
11 annuities exceed the highest annuity which would have been  
12 payable by any participating system in which the employee has  
13 pension credits, if all of his pension credits had been  
14 validated in that system.

15 If the combined annuities should exceed the highest maximum  
16 as determined in accordance with this Section, the respective  
17 annuities shall be reduced proportionately according to the  
18 ratio which the amount of each proportional annuity bears to  
19 the aggregate of all such annuities.

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

23 (i) For purposes of calculating the combined  
24 retirement annuity and the proportionate reduction, if  
25 any, in a retirement annuity other than one payable under



1 the self-managed plan, the amount of the Article 15  
2 retirement annuity shall be deemed to be the highest  
3 annuity to which the annuitant would have been entitled if  
4 he or she had participated in the traditional benefit  
5 package as defined in Section 15-103.1 rather than the  
6 self-managed plan.

7 (ii) For purposes of calculating the combined  
8 survivor's annuity and the proportionate reduction, if  
9 any, in a survivor's annuity other than one payable under  
10 the self-managed plan, the amount of the Article 15  
11 survivor's annuity shall be deemed to be the highest  
12 survivor's annuity to which the survivor would have been  
13 entitled if the deceased employee had participated in the  
14 traditional benefit package as defined in Section 15-103.1  
15 rather than the self-managed plan.

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

18 (c) In the case of a participant in a defined contribution  
19 plan established under Article 2, 14, 15, or 16 of this Code to  
20 whom the provisions of this Article apply:

21 (i) For purposes of calculating the combined  
22 retirement annuity and the proportionate reduction, if  
23 any, in a defined benefit retirement annuity, any benefit  
24 payable under the defined contribution plan shall not be  
25 considered.

26 (ii) For purposes of calculating the combined

1 survivor's annuity and the proportionate reduction, if  
2 any, in a defined benefit survivor's annuity, any benefit  
3 payable under the defined contribution plan shall not be  
4 considered.

5 (iii) Benefits payable under a defined contribution  
6 plan established under Article 2, 14, 15, or 16 of this  
7 Code are not subject to proportionate reduction under this  
8 Section.

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

10 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

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

21 The provisions of the Article under which such employment  
22 would be covered shall govern the determination of whether the  
23 employee has returned to employment, and if applicable the  
24 exemption of temporary employment or employment not exceeding a  
25 specified duration or frequency, for all participating systems

1 from which the retired employee is receiving a proportional  
2 annuity under this Article, notwithstanding any contrary  
3 provisions in the other Articles governing such systems.

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

5 Section 20. The Illinois Educational Labor Relations Act  
6 is amended by changing Sections 4 and 17 and by adding Section  
7 10.5 as follows:

8 (115 ILCS 5/4) (from Ch. 48, par. 1704)

9 Sec. 4. Employer rights. Employers shall not be required  
10 to bargain over matters of inherent managerial policy, which  
11 shall include such areas of discretion or policy as the  
12 functions of the employer, standards of services, its overall  
13 budget, the organizational structure and selection of new  
14 employees and direction of employees. Employers, however,  
15 shall be required to bargain collectively with regard to policy  
16 matters directly affecting wages, hours and terms and  
17 conditions of employment as well as the impact thereon upon  
18 request by employee representatives, except as provided in  
19 Section 10.5. To preserve the rights of employers and exclusive  
20 representatives which have established collective bargaining  
21 relationships or negotiated collective bargaining agreements  
22 prior to the effective date of this Act, employers shall be  
23 required to bargain collectively with regard to any matter  
24 concerning wages, hours or conditions of employment about which

1 they have bargained for and agreed to in a collective  
2 bargaining agreement prior to the effective date of this Act,  
3 except as provided in Section 10.5.

4  
5 (Source: P.A. 83-1014.)

6 (115 ILCS 5/10.5 new)

7 Sec. 10.5. Duty to bargain regarding pension amendments.

8 (a) Notwithstanding any provision of this Act, employers  
9 shall not be required to bargain over matters affected by the  
10 changes, the impact of changes, and the implementation of  
11 changes made to Article 14, 15, or 16 of the Illinois Pension  
12 Code, or Article 1 of that Code as it applies to those  
13 Articles, made by this amendatory Act of the 98th General  
14 Assembly, or over any other provision of Article 14, 15, or 16  
15 of the Illinois Pension Code, or of Article 1 of that Code as  
16 it applies to those Articles, which are prohibited subjects of  
17 bargaining; nor shall the changes, the impact of changes, or  
18 the implementation of changes made to Article 14, 15, or 16 of  
19 the Illinois Pension Code, or to Article 1 of that Code as it  
20 applies to those Articles, by this amendatory Act of the 98th  
21 General Assembly or any other provision of Article 14, 15, or  
22 16 of the Illinois Pension Code, or of Article 1 of that Code  
23 as it applies to those Articles, be subject to interest  
24 arbitration or any award issued pursuant to interest  
25 arbitration. The provisions of this Section shall not apply to

1 an employment contract or collective bargaining agreement that  
2 is in effect on the effective date of this amendatory Act of  
3 the 98th General Assembly. However, any such contract or  
4 agreement that is subsequently modified, amended, or renewed  
5 shall be subject to the provisions of this Section. The  
6 provisions of this Section shall also not apply to the ability  
7 of an employer and employee representative to bargain  
8 collectively with regard to the pick up of employee  
9 contributions pursuant to Section 14-133.1, 15-157.1, or  
10 16-152.1 of the Illinois Pension Code.

11 (b) Nothing in this Section, however, shall be construed as  
12 otherwise limiting any of the obligations and requirements  
13 applicable to each employer under any of the provisions of this  
14 Act, including, but not limited to, the requirement to bargain  
15 collectively with regard to policy matters directly affecting  
16 wages, hours and terms and conditions of employment as well as  
17 the impact thereon upon request by employee representatives,  
18 except for the matters deemed prohibited subjects of bargaining  
19 under subsection (a) of this Section. Nothing in this Section  
20 shall further be construed as otherwise limiting any of the  
21 rights of employees or employee representatives under the  
22 provisions of this Act, except for matters deemed prohibited  
23 subjects of bargaining under subsection (a) of this Section.

24 (c) In case of any conflict between this Section and any  
25 other provisions of this Act or any other law, the provisions  
26 of this Section shall control.

1 (115 ILCS 5/17) (from Ch. 48, par. 1717)

2 Sec. 17. Effect on other laws. Except as provided in  
3 Section 10.5, in ~~In~~ case of any conflict between the provisions  
4 of this Act and any other law, executive order or  
5 administrative regulation, the provisions of this Act shall  
6 prevail and control. Except as provided in Section 10.5,  
7 nothing ~~Nothing~~ in this Act shall be construed to replace or  
8 diminish the rights of employees established by Section 36d of  
9 "An Act to create the State Universities Civil Service System",  
10 approved May 11, 1905, as amended or modified.  
11 (Source: P.A. 83-1014.)

12 Section 95. The State Mandates Act is amended by adding  
13 Section 8.37 as follows:

14 (30 ILCS 805/8.37 new)

15 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and  
16 8 of this Act, no reimbursement by the State is required for  
17 the implementation of any mandate created by this amendatory  
18 Act of the 98th General Assembly.

19 Section 97. Severability and inseverability. The  
20 provisions of this Act are severable under Section 1.31 of the  
21 Statute on Statutes, except that the changes made to Sections  
22 20 and 25 of the Budget Stabilization Act and to subsections  
23 (a), (a-1), (a-2), (b), and (d) of Section 2-119.1, subsections

1 (d), (d-1), and (d-2) of Section 15-136, subsection (a-10) of  
 2 Section 16-158, and Sections 2-124, 2-125, 2-126, 2-134, 2-165,  
 3 14-114, 14-115, 14-131, 14-132, 14-133, 14-135.08, 14-155,  
 4 15-155, 15-156, 15-157, 15-165, 15-200, 16-133.1, 16-136.1,  
 5 16-152, 16-158, 16-158.2, 16-205, 20-106, 20-121, 20-123,  
 6 20-124, and 20-125 of the Illinois Pension Code are mutually  
 7 dependent and inseverable from one another but are severable  
 8 from any other provision of this Act.".

9 Submitted on \_\_\_\_\_, 2013.

10	_____	_____
11	Senator Raoul	Representative Nekritz
12	_____	_____
13	Senator Biss	Representative Turner
14	_____	_____
15	Senator Holmes	Representative Zalewski
16	_____	_____
17	Senator Brady	Representative Senger
18	_____	_____
19	Senator Murphy	Representative Tracy
20	Committee for the Senate	Committee for the House