



Rep. Michael J. Madigan

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1 AMENDMENT TO SENATE BILL 1

2 AMENDMENT NO. _____. Amend Senate Bill 1 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Statement and Findings.

5 At the time of passage of this amendatory Act of the 98th
6 General Assembly, Illinois possesses a lower credit rating than
7 each of the other 49 states. This is a consequence both of
8 atypically large debts and of structural imbalances that will,
9 unless addressed by the General Assembly, lead to rapidly
10 growing debts. The debts include a backlog of bills exceeding
11 one-fourth of the State's annual general revenue, substantial
12 unfunded liabilities associated with health insurance for
13 employees and retirees, and approximately \$100 billion in
14 unfunded pension liabilities. The structural imbalances result
15 from projected growth in non-discretionary and formula-driven
16 expenses that significantly outpace projected revenue growth.
17 Of the factors that drive this phenomenon, the most substantial

1 by far is the rapid growth of the annual pension payment, which
2 increased nearly \$1 billion between Fiscal Year 2012 and Fiscal
3 Year 2013, and will again increase nearly \$1 billion between
4 Fiscal Year 2013 and Fiscal Year 2014, at which time it will
5 consume approximately one-fifth of anticipated general
6 revenue.

7 The depth of this financial crisis became clear in 2008,
8 and since that time, the State has taken significant action to
9 ameliorate the State's fiscal troubles. In 2011, the State
10 increased the income tax by sixty-seven percent in Public Act
11 96-1496. Recognizing that increased revenue alone would not
12 solve the problem, the State has enacted a series of budgets
13 that included deep cuts to nearly every discretionary program,
14 including areas of the budget that are essential in order to
15 provide for the health, safety, welfare, and educational
16 development of the people of Illinois, such as public
17 elementary, secondary, and higher education, human services,
18 and public safety.

19 The State has both reduced the size of its workforce and
20 reduced discretionary spending. Staffing levels have reduced
21 from more than 65,000 in 2001 to the current level of nearly
22 44,500. The staffing level is now the lowest it has been in at
23 least the last 25 years. Discretionary spending from the
24 General Revenue Fund (GRF) has been reduced by over \$2.8
25 billion since Fiscal Year 2009, including reductions for
26 primary education of nearly \$1 billion, higher education of

1 over \$230 million, public safety of over \$200 million, and
2 human services, including health care for the poor, of nearly
3 \$1.3 million. These reductions have occurred in spite of the
4 rising costs of goods and services, which are particularly high
5 in the area of medical goods and services, which is a
6 significant area of state spending.

7 In 2010, Public Act 96-889 established a package of pension
8 benefits for new employees that has been determined to be among
9 the least expensive public employee retirement schemes in the
10 country. It can be argued that the new package of pension
11 benefits has placed government employers at a competitive
12 disadvantage, and our public universities, which are vital
13 educational and economic institutions, have been exposed to a
14 significant risk.

15 In the spring of 2012, the General Assembly made
16 significant reductions to the Medicaid program, passage of
17 Public Acts 97-687, 97-688, 97-689, 97-690, 97-691, a series of
18 reforms to the Medicaid program that is projected to reduce
19 State debt by over \$2.5 billion each year by decreasing
20 services, increasing the rate of taxation of cigarette
21 purchases, and accessing available federal funds. The
22 reductions include the elimination of a prescription drug
23 program for low to middle income seniors, across the board
24 provider rate cuts, elimination of health care for adults whose
25 families make above 133% of the federal poverty limit (\$31,322
26 for a family of four), elimination of restorative dental

1 treatments for adults covered by Medicaid, and utilization
2 limits on all remaining services covered by Medicaid. While the
3 Medicaid reforms will result in savings for the State, these
4 reforms have resulted in the denial of crucial health care to
5 hundreds of thousands of needy citizens, threatening to further
6 destabilize an already-troubled safety net.

7 The General Assembly took significant steps to reduce the
8 cost of current and retired employee health care costs. With
9 Public Act 97-695, the General Assembly eliminated provisions
10 that require that retired state employees with more than 20
11 years of service receive a 100% premium subsidy for retiree
12 health care coverage after 20 years of service. Beginning with
13 Fiscal Year 2014, State employees will be required to
14 contribute significantly more toward healthcare premiums,
15 copays, and deductibles. These changes to healthcare will
16 result in an estimated savings of more than \$900 million over
17 the next two fiscal years. However, the backlog of payments to
18 providers is estimated to be nearly \$1.8 billion at the end of
19 Fiscal Year 2013, and providers will experience a delayed
20 payment cycle of up to 14 months.

21 Notwithstanding these many steps and their major fiscal,
22 economic, and human impact, the fiscal situation in Illinois
23 continues to deteriorate. Cuts as well as the inability to pay
24 bills due and owing has had a significant impact on each branch
25 of government, units of local government, social service
26 providers, and other vendors.

1 Two-thirds of Illinois school districts are in a budget
2 deficit, even after massive layoffs and programmatic
3 reductions. For Fiscal Year 2013, General State Aid payments to
4 school districts are currently being prorated at 89% of the
5 calculated amount. For Fiscal Year 2014, the Governor's
6 introduced level of General State Aid payments would result in
7 a proration of 82%.

8 Illinois human service providers are experiencing
9 extraordinary fiscal pressures, leading to deficit spending,
10 discontinued programs, and, increasingly, bankruptcies. On
11 January 19, 2012, the Jane Addams Hull House Association, one
12 of the oldest and most renowned human service agencies in the
13 country, founded by the first Illinoisan to win a Nobel Peace
14 Prize, announced it would close due to financial difficulties.
15 These manifold challenges have exposed the people of Illinois
16 to very substantial harm.

17 Cuts to the budget of the Department of Corrections have
18 resulted in the closing of two major prisons and three Adult
19 Transitional Centers. Similarly, the Department of Juvenile
20 Justice was forced to close two youth centers. Funding for
21 probation services to help break the cycle of recidivism and
22 improve public safety have steadily declined over the past 5
23 years due to the fiscal strain on the state budget. For Fiscal
24 Year 2014, the Supreme Court has requested an appropriation to
25 meet statutory probation service requirements of \$101,229,500;
26 however, the Governor has proposed an appropriation of

1 \$47,140,000 - that's 53% less than necessary to fund probation
2 services required under law.

3 Illinois has failed to invest the necessary resources to
4 maintain a viable transportation plan in recent years. By year
5 2018, nearly 1 in every 3 miles of roads and 1 in every 10
6 bridges will be in an unacceptable condition. Recent reports
7 have shown that roughly 8% of bridges in Illinois are
8 structurally deficient and 7% of bridges are functionally
9 obsolete. Illinois has not been able to invest the necessary
10 dollars for state and local roads which has led roughly 73% of
11 the roads in the state to be in poor or mediocre condition.

12 The State's credit rating has consistently worsened in the
13 assessment of all three major ratings agencies, the State's
14 backlog of unpaid bills has not grown smaller, and the various
15 non-discretionary and formula-driven expenses whose growth has
16 created the lion's share of the problem are projected to
17 continue unabated. Under the current payment schedule set in
18 Public Act 88-593, the pension payment especially is expected
19 to grow extremely rapidly until Fiscal Year 2045.

20 Consequently, the coming months and years will necessarily
21 see much more action by the State to achieve fiscal
22 stabilization. If these steps toward fiscal stabilization do
23 not include pension reform to restrain the growth of the annual
24 pension payment, the result will be devastating and dramatic
25 cuts to education, public safety, and transportation. The
26 impact of such actions on the Illinois economy, and on the

1 health, safety, welfare, and educational development of the
2 people would likely be extremely severe. This harm could
3 include significant economic contraction, which would in turn
4 exacerbate the underlying fiscal challenge, resulting in a
5 downward spiral of standard of living and likely leading to an
6 eventual inability of the state to meet its short term
7 statutory and Constitutional responsibilities.

8 The State has experienced well-documented pension debt
9 problems for many decades. Throughout this time, General
10 Assemblies and Governors have struggled to find workable
11 solutions. On several occasions, most notably in the instances
12 of Public Acts 88-593 and 96-889, reform efforts were heralded
13 as comprehensive fixes; these claims have in each instance been
14 disproven over time.

15 The inadequacy of past reform efforts has resulted from two
16 phenomena. First, reforms have instituted actuarially unsound
17 funding schedules that masked the depth of the problem by
18 deferring payments far into the future. Indeed, this practice
19 led to the Securities and Exchange Commission's charging of
20 Illinois with securities fraud in March 2013. Second, steps
21 that were taken to reduce costs or generate funds to make
22 pension payments were insufficient to make it feasible for the
23 State to meet an actuarially sound funding schedule. Simply
24 put, reform efforts left the State with an unaffordable pension
25 liability, and in order to mask this, the State instituted
26 artificial and ultimately ruinous funding schedules.

1 The General Assembly has held numerous hearings and
2 reviewed hundreds of documents detailing the problem, probable
3 solutions, and constitutional issues with proposed reform.
4 Given that and all of the above:

5 The General Assembly finds that the fiscal crisis in the
6 State of Illinois jeopardizes the health, safety, and welfare
7 of the people and compromises the ability to maintain a
8 representative and orderly government.

9 The General Assembly finds that the pension debt is so
10 great, and the State's fiscal condition is so challenged, that
11 it is unclear whether any set of actions by the State that do
12 not include substantial reforms to its pension systems can
13 result in the full payment of all promised benefits.

14 The General Assembly finds that in order to truly solve the
15 State's pension problem, a reform measure must render the
16 pension liability affordable on an actuarially sound funding
17 schedule, and it must, in a binding fashion, commit the State
18 to maintaining this schedule.

19 The General Assembly finds that the reforms in this
20 amendatory Act of the 98th General Assembly are necessary to
21 address the fiscal crisis without incurring further severe and
22 irreparable harm to the public welfare.

23 The General Assembly finds that this amendatory Act of the
24 98th General Assembly constitutes the substantial reform of the
25 State's pension systems that, along with a series of further
26 steps toward fiscal stabilization, will enable the State to

1 credibly promise the full payment of all pension benefits
2 without incurring unacceptable harm to other areas of State
3 interest.

4 The General Assembly finds that this amendatory Act of the
5 98th General Assembly, with its significant cost-savings, its
6 institution of an actuarially accepted payment schedule, and
7 its historic and binding funding guarantee, is necessary and
8 sufficient in order to meet these goals and solve the State's
9 pension problem.

10 Section 3. The Illinois Public Labor Relations Act is
11 amended by changing Sections 4 and 15 and adding Section 7.5 as
12 follows:

13 (5 ILCS 315/4) (from Ch. 48, par. 1604)

14 Sec. 4. Management Rights. Employers shall not be required
15 to bargain over matters of inherent managerial policy, which
16 shall include such areas of discretion or policy as the
17 functions of the employer, standards of services, its overall
18 budget, the organizational structure and selection of new
19 employees, examination techniques and direction of employees.
20 Employers, however, shall be required to bargain collectively
21 with regard to policy matters directly affecting wages, hours
22 and terms and conditions of employment as well as the impact
23 thereon upon request by employee representatives, except as
24 provided in Section 7.5.

1 To preserve the rights of employers and exclusive
2 representatives which have established collective bargaining
3 relationships or negotiated collective bargaining agreements
4 prior to the effective date of this Act, employers shall be
5 required to bargain collectively with regard to any matter
6 concerning wages, hours or conditions of employment about which
7 they have bargained for and agreed to in a collective
8 bargaining agreement prior to the effective date of this Act,
9 except as provided in Section 7.5.

10 The chief judge of the judicial circuit that employs a
11 public employee who is a court reporter, as defined in the
12 Court Reporters Act, has the authority to hire, appoint,
13 promote, evaluate, discipline, and discharge court reporters
14 within that judicial circuit.

15 Nothing in this amendatory Act of the 94th General Assembly
16 shall be construed to intrude upon the judicial functions of
17 any court. This amendatory Act of the 94th General Assembly
18 applies only to nonjudicial administrative matters relating to
19 the collective bargaining rights of court reporters.

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

21 (5 ILCS 315/7.5 new)

22 Sec. 7.5. Duty to bargain regarding pension amendments.
23 Notwithstanding any other provision of this Act, employers
24 shall not be required to bargain over matters affected by the
25 changes, the impact of changes, and the implementation of

1 changes made to Article 14, 15, or 16 of the Illinois Pension
2 Code, or to Article 1 of that Code as it applies to those
3 Articles, made by this amendatory Act of the 98th General
4 Assembly or any subsequent Public Act, except with respect to
5 an employment contract or collective bargaining agreement that
6 is in effect on the effective date of this amendatory Act of
7 the 98th General Assembly and has not been amended, renewed, or
8 terminated after that date.

9 In case of any conflict between this Section and any other
10 provisions of this Act or any other law, the provisions of this
11 Act shall control.

12 (5 ILCS 315/15) (from Ch. 48, par. 1615)

13 Sec. 15. Act Takes Precedence.

14 (a) In case of any conflict between the provisions of this
15 Act and any other law (other than Section 5 of the State
16 Employees Group Insurance Act of 1971 and other than the
17 changes made to the Illinois Pension Code by Public Act 96-889
18 and other than as provided in Section 7.5 ~~this amendatory Act~~
19 ~~of the 96th General Assembly~~), executive order or
20 administrative regulation relating to wages, hours and
21 conditions of employment and employment relations, the
22 provisions of this Act or any collective bargaining agreement
23 negotiated thereunder shall prevail and control. Nothing in
24 this Act shall be construed to replace or diminish the rights
25 of employees established by Sections 28 and 28a of the

1 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
2 of the Regional Transportation Authority Act. The provisions of
3 this Act are subject to Section 7.5 of this Act and Section 5
4 of the State Employees Group Insurance Act of 1971. Nothing in
5 this Act shall be construed to replace the necessity of
6 complaints against a sworn peace officer, as defined in Section
7 2(a) of the Uniform Peace Officer Disciplinary Act, from having
8 a complaint supported by a sworn affidavit.

9 (b) Except as provided in subsection (a) above, any
10 collective bargaining contract between a public employer and a
11 labor organization executed pursuant to this Act shall
12 supersede any contrary statutes, charters, ordinances, rules
13 or regulations relating to wages, hours and conditions of
14 employment and employment relations adopted by the public
15 employer or its agents. Any collective bargaining agreement
16 entered into prior to the effective date of this Act shall
17 remain in full force during its duration.

18 (c) It is the public policy of this State, pursuant to
19 paragraphs (h) and (i) of Section 6 of Article VII of the
20 Illinois Constitution, that the provisions of this Act are the
21 exclusive exercise by the State of powers and functions which
22 might otherwise be exercised by home rule units. Such powers
23 and functions may not be exercised concurrently, either
24 directly or indirectly, by any unit of local government,
25 including any home rule unit, except as otherwise authorized by
26 this Act.

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

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

4 (20 ILCS 3005/7) (from Ch. 127, par. 417)

5 Sec. 7. All statements and estimates of expenditures
6 submitted to the Office in connection with the preparation of a
7 State budget, and any other estimates of expenditures,
8 supporting requests for appropriations, shall be formulated
9 according to the various functions and activities for which the
10 respective department, office or institution of the State
11 government (including the elective officers in the executive
12 department and including the University of Illinois and the
13 judicial department) is responsible. All such statements and
14 estimates of expenditures relating to a particular function or
15 activity shall be further formulated or subject to analysis in
16 accordance with the following classification of objects:

- 17 (1) Personal services
18 (2) State contribution for employee group insurance
19 (3) Contractual services
20 (4) Travel
21 (5) Commodities
22 (6) Equipment
23 (7) Permanent improvements
24 (8) Land

- 1 (9) Electronic Data Processing
2 (10) Telecommunication services
3 (11) Operation of Automotive Equipment
4 (12) Contingencies
5 (13) Reserve
6 (14) Interest
7 (15) Awards and Grants
8 (16) Debt Retirement
9 (17) Non-cost Charges-
10 (18) State retirement contribution for annual normal cost
11 (19) State retirement contribution for unfunded accrued
12 liability.

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

14 (20 ILCS 3005/8) (from Ch. 127, par. 418)

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

21 When used in connection with a State budget or expenditure
22 or estimate, items (18) and (19) in the classification of
23 objects stated in Section 7 shall have the meanings ascribed to
24 those items in Sections 24.12 and 24.13, respectively, of the
25 State Finance Act.

1 (Source: P.A. 82-325.)

2 Section 10. The State Finance Act is amended by changing
3 Section 13 and by adding Sections 24.12 and 24.13 as follows:

4 (30 ILCS 105/13) (from Ch. 127, par. 149)

5 Sec. 13. The objects and purposes for which appropriations
6 are made are classified and standardized by items as follows:

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

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

3 (20) ~~(18)~~ Purchase Contract for Real Estate.

4 When an appropriation is made to an officer, department,
5 institution, board, commission or other agency, or to a private
6 association or corporation, in one or more of the items above
7 specified, such appropriation shall be construed in accordance
8 with the definitions and limitations specified in this Act,
9 unless the appropriation act otherwise provides.

10 An appropriation for a purpose other than one specified and
11 defined in this Act may be made only as an additional, separate
12 and distinct item, specifically stating the object and purpose
13 thereof.

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

15 (30 ILCS 105/24.12 new)

16 Sec. 24.12. "State retirement contribution for annual
17 normal cost" defined. The term "State retirement contribution
18 for annual normal cost" means the portion of the total required
19 State contribution to a retirement system for a fiscal year
20 that represents the State's portion of the System's projected
21 normal cost for that fiscal year, as determined and certified
22 by the board of trustees of the retirement system in
23 conformance with the applicable provisions of the Illinois
24 Pension Code.

1 (30 ILCS 105/24.13 new)

2 Sec. 24.13. "State retirement contribution for unfunded
3 accrued liability" defined. The term "State retirement
4 contribution for unfunded accrued liability" means the portion
5 of the total required State contribution to a retirement system
6 for a fiscal year that is not included in the State retirement
7 contribution for annual normal cost.

8 Section 15. The Budget Stabilization Act is amended by
9 changing Sections 20 and 25 as follows:

10 (30 ILCS 122/20)

11 Sec. 20. Pension Stabilization Fund.

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

16 (b) For each fiscal year when the General Assembly's
17 appropriations and transfers or diversions as required by law
18 from general funds do not exceed 99% of the estimated general
19 funds revenues pursuant to subsection (a) of Section 10, the
20 Comptroller shall transfer from the General Revenue Fund as
21 provided by this Section a total amount equal to 0.5% of the
22 estimated general funds revenues to the Pension Stabilization
23 Fund.

24 (c) For each fiscal year through State fiscal year 2014,

1 when the General Assembly's appropriations and transfers or
2 diversions as required by law from general funds do not exceed
3 98% of the estimated general funds revenues pursuant to
4 subsection (b) of Section 10, the Comptroller shall transfer
5 from the General Revenue Fund as provided by this Section a
6 total amount equal to 1.0% of the estimated general funds
7 revenues to the Pension Stabilization Fund.

8 (c-10) In State fiscal year 2020 and each fiscal year
9 thereafter until terminated under subsection (c-15), the State
10 Comptroller shall order transferred and the State Treasurer
11 shall transfer \$1,000,000,000 from the General Revenue Fund to
12 the Pension Stabilization Fund.

13 (c-15) The transfers made pursuant to subsection (c-10) of
14 this Section shall terminate at the end of State fiscal year
15 2045 or when each of the designated retirement systems, as
16 defined in Section 25, has achieved the funding ratio
17 prescribed by law for that retirement system, whichever occurs
18 first; provided that those transfers shall not be made after
19 any provision of this amendatory Act of the 98th General
20 Assembly is held invalid other than as applied to a particular
21 person or circumstance.

22 (d) The Comptroller shall transfer 1/12 of the total amount
23 to be transferred each fiscal year under this Section into the
24 Pension Stabilization Fund on the first day of each month of
25 that fiscal year or as soon thereafter as possible; except that
26 the final transfer of the fiscal year shall be made as soon as

1 practical after the August 31 following the end of the fiscal
2 year.

3 Until State fiscal year 2015, before ~~Before~~ the final
4 transfer for a fiscal year is made, the Comptroller shall
5 reconcile the estimated general funds revenues used in
6 calculating the other transfers under this Section for that
7 fiscal year with the actual general funds revenues for that
8 fiscal year. The final transfer for the fiscal year shall be
9 adjusted so that the total amount transferred under this
10 Section for that fiscal year is equal to the percentage
11 specified in subsection (b) or (c) of this Section, whichever
12 is applicable, of the actual general funds revenues for that
13 fiscal year. The actual general funds revenues for the fiscal
14 year shall be calculated in a manner consistent with subsection
15 (c) of Section 10 of this Act.

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

17 (30 ILCS 122/25)

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

19 (a) As used in this Section, "designated retirement
20 systems" means:

21 (1) the State Employees' Retirement System of
22 Illinois;

23 (2) the Teachers' Retirement System of the State of
24 Illinois;

25 (3) the State Universities Retirement System;

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

2 (5) the General Assembly Retirement System.

3 (b) As soon as may be practical after any money is
4 deposited into the Pension Stabilization Fund, the State
5 Comptroller shall apportion the deposited amount among the
6 designated retirement systems and the State Comptroller and
7 State Treasurer shall pay the apportioned amounts to the
8 designated retirement systems. The amount deposited shall be
9 apportioned among the designated retirement systems in the same
10 proportion as their respective portions of the total actuarial
11 reserve deficiency of the designated retirement systems, as
12 most recently determined by the Governor's Office of Management
13 and Budget. Amounts received by a designated retirement system
14 under this Section shall be used for funding the unfunded
15 liabilities of the retirement system. Payments under this
16 Section are authorized by the continuing appropriation under
17 Section 1.7 of the State Pension Funds Continuing Appropriation
18 Act.

19 (c) At the request of the State Comptroller, the Governor's
20 Office of Management and Budget shall determine the individual
21 and total actuarial reserve deficiencies of the designated
22 retirement systems. For this purpose, the Governor's Office of
23 Management and Budget shall consider the latest available audit
24 and actuarial reports of each of the retirement systems and the
25 relevant reports and statistics of the Public Pension Division
26 of the Department of Financial and Professional Regulation.

1 (d) Payments to the designated retirement systems under
2 this Section shall be in addition to, and not in lieu of, any
3 State contributions required under Section 2-124, 14-131,
4 15-155, 16-158, or 18-131 of the Illinois Pension Code.

5 Payments to the designated retirement systems under this
6 Section, transferred after the effective date of this
7 amendatory Act of the 98th General Assembly, do not reduce and
8 do not constitute payment of any portion of the required State
9 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
10 Pension Code in that fiscal year. Such amounts shall not
11 reduce, and shall not be included in the calculation of, the
12 required State contribution under Article 2, 14, 15, 16, or 18
13 of the Illinois Pension Code in any future year, until the
14 designated retirement system has received payment of
15 contributions pursuant to this Act.

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

17 Section 20. The Illinois Pension Code is amended by
18 changing Sections 1-103.3, 2-108, 2-108.1, 2-119, 2-119.1,
19 2-121.1, 2-124, 2-125, 2-126, 2-134, 2-162, 7-109, 7-114,
20 7-116, 7-139, 9-219, 9-220, 14-103.10, 14-104.3, 14-106,
21 14-107, 14-108, 14-110, 14-114, 14-131, 14-132, 14-133,
22 14-135.08, 14-152.1, 15-106, 15-107, 15-111, 15-112, 15-113.4,
23 15-113.7, 15-125, 15-135, 15-136, 15-155, 15-156, 15-157,
24 15-165, 15-198, 16-106, 16-121, 16-127, 16-132, 16-133,
25 16-133.1, 16-152, 16-158, 16-158.1, 16-203, 17-116, and 17-134

1 and by adding Sections 2-105.1, 2-105.2, 2-126.5, 14-103.40,
2 14-103.41, 14-133.5 15-107.1, 15-107.2, 15-157.5, 16-106.4,
3 16-106.5, 16-152.5 and 16-158.2 as follows:

4 (40 ILCS 5/1-103.3)

5 Sec. 1-103.3. Application of 1994 amendment; funding
6 standard.

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

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

21 (c) Every 5 years, beginning in 1999, the Commission on
22 Government Forecasting and Accountability, in consultation
23 with the affected retirement systems and the Governor's Office
24 of Management and Budget (formerly Bureau of the Budget), shall
25 consider and determine whether the funding goals ~~90% funding~~

1 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
2 continue subsection (b) continues to represent ~~an~~ appropriate
3 funding goals goal for those State-funded retirement systems ~~in~~
4 ~~Illinois~~, and it shall report its findings and recommendations
5 on this subject to the Governor and the General Assembly.

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

7 (40 ILCS 5/2-105.1 new)

8 Sec. 2-105.1. Tier I participant. "Tier I participant": A
9 participant who first became a participant before January 1,
10 2011.

11 (40 ILCS 5/2-105.2 new)

12 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
13 former Tier I participant who is receiving a retirement
14 annuity.

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

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

23 (2) For the State executive officers specified in Section

1 2-105, the total compensation paid to the member for one year
2 of service.

3 (3) For members of the System who are participants under
4 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
5 of the House of Representatives or Secretary or Assistant
6 Secretary of the Senate, the total compensation paid to the
7 member for one year of service, but not to exceed the salary of
8 the highest salaried officer of the General Assembly.

9 However, in the event that federal law results in any
10 participant receiving imputed income based on the value of
11 group term life insurance provided by the State, such imputed
12 income shall not be included in salary for the purposes of this
13 Article.

14 Notwithstanding any other provision of this Code, the
15 salary of a participant for the purposes of this Code shall not
16 exceed, for periods of service in a term of office beginning on
17 or after the effective date of this amendatory Act of the 98th
18 General Assembly, the greater of (i) the limitation determined
19 from time to time under subsection (b-5) of Section 1-160 of
20 this Code for persons subject to that Section or (ii) the
21 annual salary of the participant during the 365 days
22 immediately preceding that effective date.

23
24 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

25 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)

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

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

4 Except as otherwise provided below, for ~~For~~ a participant
5 who first becomes a participant of this System before August
6 10, 2009 (the effective date of Public Act 96-207):

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

18 (2) For a participant who holds one of the State
19 executive offices specified in Section 2-105 on his or her
20 last day of service: the highest salary prescribed by law
21 for service in that office on the participant's last day of
22 service.

23 (3) For a participant who is Clerk or Assistant Clerk
24 of the House of Representatives or Secretary or Assistant
25 Secretary of the Senate on his or her last day of service:
26 the salary received for service in that capacity on the

1 last day of service, but not to exceed the highest salary
2 (including additional compensation for service as an
3 officer) that is prescribed by law on the participant's
4 last day of service for the highest paid officer of the
5 General Assembly.

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

14 Except as otherwise provided below, for ~~For~~ a participant
15 who first becomes a participant of this System on or after
16 August 10, 2009 (the effective date of Public Act 96-207) and
17 before January 1, 2011 (the effective date of Public Act
18 96-889), the average monthly salary obtained by dividing the
19 total salary of the participant during the period of: (1) the
20 48 consecutive months of service within the last 120 months of
21 service in which the total compensation was the highest, or (2)
22 the total period of service, if less than 48 months, by the
23 number of months of service in that period.

24 Except as otherwise provided below, for ~~For~~ a participant
25 who first becomes a participant of this System on or after
26 January 1, 2011 (the effective date of Public Act 96-889), the

1 average monthly salary obtained by dividing the total salary of
2 the participant during the 96 consecutive months of service
3 within the last 120 months of service in which the total
4 compensation was the highest by the number of months of service
5 in that period; however, for periods of service in a term of
6 office beginning on or after January 1, 2011 and before the
7 effective date of this amendatory Act of the 98th General
8 Assembly, the highest salary for annuity purposes may not
9 exceed \$106,800, except that that amount shall annually
10 thereafter be increased by the lesser of (i) 3% of that amount,
11 including all previous adjustments, or (ii) the annual
12 unadjusted percentage increase (but not less than zero) in the
13 consumer price index-u for the 12 months ending with the
14 September preceding each November 1. "Consumer price index-u"
15 means the index published by the Bureau of Labor Statistics of
16 the United States Department of Labor that measures the average
17 change in prices of goods and services purchased by all urban
18 consumers, United States city average, all items, 1982-84 =
19 100. The new amount resulting from each annual adjustment shall
20 be determined by the Public Pension Division of the Department
21 of Insurance and made available to the Board by November 1 of
22 each year until there is no longer any such participant who is
23 in service in a term of office that began before the effective
24 date of this amendatory Act of the 98th General Assembly.

25 Notwithstanding any other provision of this Section, in
26 determining the highest salary for annuity purposes of a

1 participant who is in service in a term of office beginning on
2 or after the effective date of this amendatory Act of the 98th
3 General Assembly, the participant's salary for periods of
4 service in a term of office beginning on or after that
5 effective date shall not exceed the greater of (i) the
6 limitation on salary determined from time to time under
7 subsection (b-5) of Section 1-160 of this Code for persons
8 subject to that Section or (ii) the annual salary of the
9 participant during the 365 days immediately preceding that
10 effective date.

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

1 (c) In calculating the subsection (a) earnings limitation
2 to be applied to earnings under any other participating system
3 under the Retirement Systems Reciprocal Act for the purpose of
4 calculating a proportional annuity under this Article, the
5 participant's last day of service shall be deemed to mean the
6 last day of service in any participating system from which the
7 person has applied for a proportional annuity under the
8 Retirement Systems Reciprocal Act.

9 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;
10 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

11 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)

12 Sec. 2-119. Retirement annuity - conditions for
13 eligibility.

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

18 1. The date the annuity begins does not precede the
19 date of final termination of service, or is not more than
20 30 days before the receipt of the application by the board
21 in the case of annuities based on disability or one year
22 before the receipt of the application in the case of
23 annuities based on attained age;

24 2. The participant meets one of the following
25 eligibility requirements:

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

4 (A) He or she has attained age 55 and has at least
5 8 years of service credit;

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

9 (C) He or she has completed 8 years of service and
10 has become permanently disabled and as a consequence,
11 is unable to perform the duties of his or her office.

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

16 (a-5) Notwithstanding subsection (a) of this Section, for a
17 Tier I participant who begins receiving a retirement annuity
18 under this Section on or after July 1, 2013:

19 (1) If the Tier I participant is at least 45 years old
20 on the effective date of this amendatory Act of the 98th
21 General Assembly, then the references to age 55 and 62 in
22 subsection (a) of this Section remain unchanged.

23 (2) If the Tier I participant is at least 40 but less
24 than 45 years old on the effective date of this amendatory
25 Act of the 98th General Assembly, then the references to
26 age 55 and 62 in subsection (a) of this Section are

1 increased by one year.

2 (3) If the Tier I participant is at least 35 but less
3 than 40 years old on the effective date of this amendatory
4 Act of the 98th General Assembly, then the references to
5 age 55 and 62 in subsection (a) of this Section are
6 increased by 3 years.

7 (4) If the Tier I participant is less than 35 years old
8 on the effective date of this amendatory Act of the 98th
9 General Assembly, then the references to age 55 and 62 in
10 subsection (a) of this Section are increased by 5 years.

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

15 (a-5) A participant who first becomes a participant of this
16 System on or after January 1, 2011 (the effective date of
17 Public Act 96-889) who has attained age 62 and has at least 8
18 years of service credit may elect to receive the lower
19 retirement annuity provided in paragraph (c) of Section
20 2-119.01 of this Code.

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

1 disabled and that the disability is likely to be permanent.

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

3 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

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

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

19 (a-1) Notwithstanding any other provision of this Article,
20 for a Tier I retiree, the amount of each automatic annual
21 increase in retirement annuity occurring on or after the
22 effective date of this amendatory Act of the 98th General
23 Assembly shall be 3% of the lesser of (1) the total annuity
24 payable at the time of the increase, including previous
25 increases granted, or (2) \$1,000 multiplied by the number of

1 years of creditable service upon which the annuity is based.

2 (a-2) Notwithstanding any other provision of this Article,
3 for a Tier I retiree, the monthly retirement annuity shall
4 first be subject to annual increases on the January 1 occurring
5 on or next after the attainment of age 67 or the January 1
6 occurring on or next after the fifth anniversary of the annuity
7 start date, whichever occurs earlier. If on the effective date
8 of this amendatory Act of the 98th General Assembly a Tier I
9 retiree has already received an annual increase under this
10 Section but does not yet meet the new eligibility requirements
11 of this subsection, the annual increases already received shall
12 continue in force, but no additional annual increase shall be
13 granted until the Tier I retiree meets the new eligibility
14 requirements.

15 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
16 and (a-2) apply without regard to whether or not the Tier I
17 retiree is in active service under this Article on or after the
18 effective date of this amendatory Act of the 98th General
19 Assembly.

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

1 such increases shall become payable on January 1 or July 1,
2 whichever occurs first, next following the first anniversary of
3 retirement. For any person who has service credit in the System
4 for the entire period from January 15, 1969 through December
5 31, 1992, regardless of the date of termination of service, the
6 reference to age 55 in clause (1) of this subsection (b) shall
7 be deemed to mean age 50.

8 This subsection (b) does not apply to any person who first
9 becomes a member of the System after August 8, 2003 (the
10 effective date of Public Act 93-494) ~~this amendatory Act of the~~
11 ~~93rd General Assembly.~~

12 (b-5) Notwithstanding any other provision of this Article,
13 a participant who first becomes a participant on or after
14 January 1, 2011 (the effective date of Public Act 96-889)
15 shall, in January or July next following the first anniversary
16 of retirement, whichever occurs first, and in the same month of
17 each year thereafter, but in no event prior to age 67, have the
18 amount of the originally granted retirement annuity ~~then being~~
19 ~~paid~~ increased by 3% or one-half the annual unadjusted
20 percentage increase in the Consumer Price Index for All Urban
21 Consumers as determined by the Public Pension Division of the
22 Department of Insurance under subsection (b-5) ~~(a)~~ of Section
23 1-160 2-108.1, whichever is less. The changes made to this
24 subsection by this amendatory Act of the 98th General Assembly
25 do not apply to any automatic annual increase granted under
26 this subsection (b-5) before the effective date of this

1 amendatory Act.

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

12 (d) A participant who terminated service prior to July 1,
13 1967, with at least 14 years of service is entitled to an
14 increase in retirement annuity beginning January, 1976, and to
15 additional increases in January of each year thereafter.

16 The initial increase shall be 1 1/2% of the originally
17 granted retirement annuity multiplied by the number of full
18 years that the annuitant was in receipt of such annuity prior
19 to January 1, 1972, plus 2% of the originally granted
20 retirement annuity for each year after that date. The
21 subsequent annual increases shall be at the rate of 2% of the
22 originally granted retirement annuity for each year through
23 1979 and at the rate of 3% for 1980 and thereafter.

24 (e) Beginning January 1, 1990, all automatic annual
25 increases payable under this Section shall be calculated as a
26 percentage of the total annuity payable at the time of the

1 increase, including previous increases granted under this
2 Article.

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

4 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

5 Sec. 2-121.1. Survivor's annuity - amount.

6 (a) A surviving spouse shall be entitled to 66 2/3% of the
7 amount of retirement annuity to which the participant or
8 annuitant was entitled on the date of death, without regard to
9 whether the participant had attained age 55 prior to his or her
10 death, subject to a minimum payment of 10% of salary. If a
11 surviving spouse, regardless of age, has in his or her care at
12 the date of death any eligible child or children of the
13 participant, the survivor's annuity shall be the greater of the
14 following: (1) 66 2/3% of the amount of retirement annuity to
15 which the participant or annuitant was entitled on the date of
16 death, or (2) 30% of the participant's salary increased by 10%
17 of salary on account of each such child, subject to a total
18 payment for the surviving spouse and children of 50% of salary.
19 If eligible children survive but there is no surviving spouse,
20 or if the surviving spouse dies or becomes disqualified by
21 remarriage while eligible children survive, each eligible
22 child shall be entitled to an annuity of 20% of salary, subject
23 to a maximum total payment for all such children of 50% of
24 salary.

25 However, the survivor's annuity payable under this Section

1 shall not be less than 100% of the amount of retirement annuity
2 to which the participant or annuitant was entitled on the date
3 of death, if he or she is survived by a dependent disabled
4 child.

5 The salary to be used for determining these benefits shall
6 be the salary used for determining the amount of retirement
7 annuity as provided in Section 2-119.01.

8 (b) Upon the death of a participant after the termination
9 of service or upon death of an annuitant, the maximum total
10 payment to a surviving spouse and eligible children, or to
11 eligible children alone if there is no surviving spouse, shall
12 be 75% of the retirement annuity to which the participant or
13 annuitant was entitled, unless there is a dependent disabled
14 child among the survivors.

15 (c) When a child ceases to be an eligible child, the
16 annuity to that child, or to the surviving spouse on account of
17 that child, shall thereupon cease, and the annuity payable to
18 the surviving spouse or other eligible children shall be
19 recalculated if necessary.

20 Upon the ineligibility of the last eligible child, the
21 annuity shall immediately revert to the amount payable upon
22 death of a participant or annuitant who leaves no eligible
23 children. If the surviving spouse is then under age 50, the
24 annuity as revised shall be deferred until the attainment of
25 age 50.

26 (d) Beginning January 1, 1990, every survivor's annuity

1 shall be increased (1) on each January 1 occurring on or after
2 the commencement of the annuity if the deceased member died
3 while receiving a retirement annuity, or (2) in other cases, on
4 each January 1 occurring on or after the first anniversary of
5 the commencement of the annuity, by an amount equal to 3% of
6 the current amount of the annuity, including any previous
7 increases under this Article. Such increases shall apply
8 without regard to whether the deceased member was in service on
9 or after the effective date of this amendatory Act of 1991, but
10 shall not accrue for any period prior to January 1, 1990.

11 (d-5) Notwithstanding any other provision of this Article,
12 the initial survivor's annuity of a survivor of a participant
13 who first becomes a participant on or after January 1, 2011
14 (the effective date of Public Act 96-889) shall be in the
15 amount of 66 2/3% of the amount of the retirement annuity to
16 which the participant or annuitant was entitled on the date of
17 death and shall be increased (1) on each January 1 occurring on
18 or after the commencement of the annuity if the deceased member
19 died while receiving a retirement annuity or (2) in other
20 cases, on each January 1 occurring on or after the first
21 anniversary of the commencement of the annuity, by an amount
22 equal to 3% or one-half the annual unadjusted percentage
23 increase in the Consumer Price Index for All Urban Consumers as
24 determined by the Public Pension Division of the Department of
25 Insurance under subsection (b-5) ~~(a)~~ of Section 1-160 2-108.1,
26 whichever is less, of the originally granted survivor's annuity

1 ~~then being paid.~~ The changes made to this subsection by this
2 amendatory Act of the 98th General Assembly do not apply to any
3 automatic annual increase granted under this subsection (d-5)
4 before the effective date of this amendatory Act.

5 (e) Notwithstanding any other provision of this Article,
6 beginning January 1, 1990, the minimum survivor's annuity
7 payable to any person who is entitled to receive a survivor's
8 annuity under this Article shall be \$300 per month, without
9 regard to whether or not the deceased participant was in
10 service on the effective date of this amendatory Act of 1989.

11 (f) In the case of a proportional survivor's annuity
12 arising under the Retirement Systems Reciprocal Act where the
13 amount payable by the System on January 1, 1993 is less than
14 \$300 per month, the amount payable by the System shall be
15 increased beginning on that date by a monthly amount equal to
16 \$2 for each full year that has expired since the annuity began.
17 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

18 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

19 Sec. 2-124. Contributions by State.

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

1 fiscal year 2044.

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

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

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

1 including fiscal year 2045 and shall be determined under the
2 projected unit credit actuarial cost method.

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

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2006 is
10 \$4,157,000.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2007 is
13 \$5,220,300.

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

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

1 Fund in fiscal year 2010, and (iii) any reduction in bond
2 proceeds due to the issuance of discounted bonds, if
3 applicable.

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

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

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

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

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

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

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

8 (d) 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 (e) 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. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
24 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
25 7-13-12.)

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

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

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

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

11 (c) Beginning July 1, 2013, the State shall be
12 contractually obligated to contribute to the System in each
13 State fiscal year an amount not less than the sum of (i) the
14 State's normal cost for the year and (ii) the portion of the
15 unfunded accrued liability assigned to that year by law.
16 Notwithstanding any other provision of law, if the State fails
17 to pay an amount guaranteed under this subsection, it shall be
18 the mandatory fiduciary obligation of the Board to seek payment
19 of the guaranteed amount in compliance with the provisions of
20 this Section and, if the amount remains unpaid, to bring a
21 mandamus action in the Supreme Court of Illinois to compel the
22 State to make the required payment.

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

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

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

13 (d) Beginning in State fiscal year 2020, the State shall be
14 contractually obligated to make the transfers set forth in
15 subsections (c-10) and (c-15) of Section 20 of the Budget
16 Stabilization Act and to pay to the System its proportionate
17 share of the transferred amounts in accordance with Section 25
18 of the Budget Stabilization Act. Notwithstanding any other
19 provision of law, if the State fails to transfer an amount
20 guaranteed under this subsection or to pay to the System its
21 proportionate share of the transferred amount in accordance
22 with Section 25 of the Budget Stabilization Act, it shall be
23 the mandatory fiduciary obligation of the Board to seek
24 transfer or payment of the guaranteed amount in compliance with
25 the provisions of this Section and, if the required amount
26 remains untransferred or the required payment remains unpaid,

1 to bring a mandamus action in the Supreme Court of Illinois to
2 compel the State to make the required transfer or payment or
3 both, as the case may be.

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

18 This subsection (d) 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 make a transfer required
22 under subsections (c-10) and (c-15) of Section 20 of the Budget
23 Stabilization Act and to pay to the System its proportionate
24 share of the transferred amount in accordance with Section 25
25 of the Budget Stabilization Act.

26 The obligations created by this subsection (d) expire when

1 all of the requirements of subsections (c-10) and (c-15) of
2 Section 20 of the Budget Stabilization Act and Section 25 of
3 the Budget Stabilization Act have been met.

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

18 (f) By the enactment of this amendatory Act of the 98th
19 General Assembly, the State of Illinois pledges to and agrees
20 with the Board and members of the System that the State will
21 make the payments required under Section 2-124 of this Code,
22 the transfers required under subsections (c-10) and (c-15) of
23 Section 20 of the Budget Stabilization Act, and the payments to
24 the System of its proportionate share of the transferred
25 amounts in accordance with Section 25 of the Budget
26 Stabilization Act. The State further pledges that the State

1 will not limit or alter the rights and powers vested in the
2 Board so as to impair the terms of this Section or in any way
3 impair the rights and remedies of the Board.

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

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

6 Sec. 2-126. Contributions by participants.

7 (a) Each participant shall contribute toward the cost of
8 his or her retirement annuity a percentage of each payment of
9 salary received by him or her for service as a member as
10 follows: for service between October 31, 1947 and January 1,
11 1959, 5%; for service between January 1, 1959 and June 30,
12 1969, 6%; for service between July 1, 1969 and January 10,
13 1973, 6 1/2%; for service after January 10, 1973, 7%; for
14 service after December 31, 1981, 8 1/2%.

15 (a-5) In addition to the contributions otherwise required
16 under this Article, each Tier I participant shall also make the
17 following contributions toward the cost of his or her
18 retirement annuity from each payment of salary received by him
19 or her for service as a member:

20 (1) beginning July 1, 2013 and through June 30, 2014,
21 1% of salary; and

22 (2) beginning on July 1, 2014, 2% of salary.

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

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

11 (c) Beginning July 1, 1967, each participant shall
12 contribute 1% of salary towards the cost of automatic increase
13 in annuity provided in Section 2-119.1. These contributions
14 shall be made concurrently with contributions for retirement
15 annuity purposes.

16 (d) In addition, each participant serving as an officer of
17 the General Assembly shall contribute, for the same purposes
18 and at the same rates as are required of a regular participant,
19 on each additional payment received as an officer. If the
20 participant serves as an officer for at least 2 but less than 4
21 years, he or she shall contribute an amount equal to the amount
22 that would have been contributed had the participant served as
23 an officer for 4 years. Persons who serve as officers in the
24 87th General Assembly but cannot receive the additional payment
25 to officers because of the ban on increases in salary during
26 their terms may nonetheless make contributions based on those

1 additional payments for the purpose of having the additional
2 payments included in their highest salary for annuity purposes;
3 however, persons electing to make these additional
4 contributions must also pay an amount representing the
5 corresponding employer contributions, as calculated by the
6 System.

7 (e) Notwithstanding any other provision of this Article,
8 the required contribution of a participant shall not be based
9 on any salary in excess of the salary limitation applicable to
10 that participant under Section 2-108 or ~~who first becomes a~~
11 participant on or after January 1, 2011 shall not exceed the
12 contribution that would be due under this Article if that
13 participant's highest salary for annuity purposes were
14 \$106,800, plus any increases in that amount under Section
15 2-108.1.

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

17 (40 ILCS 5/2-126.5 new)

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

22 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

22 On or before January 15, 2013 and every January 15
23 thereafter, the Board shall certify to the Governor and the
24 General Assembly the amount of the required State contribution
25 for the next fiscal year. The Board's certification shall
26 include a copy of the actuarial recommendations upon which it

1 is based and shall specifically identify the System's projected
2 State normal cost for that fiscal year. 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 fiscal impact
6 of not following the State Actuary's recommended changes on the
7 required State contribution.

8 (a-7) On or before May 1, 2004, the Board shall recalculate
9 and 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 (b) 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 (d) 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. If in
13 any month the amount remaining unexpended from all other
14 appropriations to the System for the applicable fiscal year
15 (including the appropriations to the System under Section 8.12
16 of the State Finance Act and Section 1 of the State Pension
17 Funds Continuing Appropriation Act) is less than the amount
18 lawfully vouchered under this Section, the difference shall be
19 paid from the General Revenue Fund under the continuing
20 appropriation authority provided in Section 1.1 of the State
21 Pension Funds Continuing Appropriation Act.

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

1 System as a general reserve to meet the System's accrued
2 liabilities.

3 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
4 97-694, eff. 6-18-12.)

5 (40 ILCS 5/2-162)

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

8 (a) As used in this Section, "new benefit increase" means
9 an increase in the amount of any benefit provided under this
10 Article, or an expansion of the conditions of eligibility for
11 any benefit under this Article, that results from an amendment
12 to this Code that takes effect after the effective date of this
13 amendatory Act of the 94th General Assembly. "New benefit
14 increase", however, does not include any benefit increase
15 resulting from the changes made to this Article or Article 1 by
16 this amendatory Act of the 98th General Assembly.

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

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

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

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

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

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

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

8 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

9 Sec. 7-109. Employee.

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

11 (a) 1. Receives earnings as payment for the performance
12 of personal services or official duties out of the
13 general fund of a municipality, or out of any special
14 fund or funds controlled by a municipality, or by an
15 instrumentality thereof, or a participating
16 instrumentality, including, in counties, the fees or
17 earnings of any county fee office; and

18 2. Under the usual common law rules applicable in
19 determining the employer-employee relationship, has
20 the status of an employee with a municipality, or any
21 instrumentality thereof, or a participating
22 instrumentality, including aldermen, county
23 supervisors and other persons (excepting those
24 employed as independent contractors) who are paid
25 compensation, fees, allowances or other emolument for

1 official duties, and, in counties, the several county
2 fee offices.

3 (b) Serves as a township treasurer appointed under the
4 School Code, as heretofore or hereafter amended, and who
5 receives for such services regular compensation as
6 distinguished from per diem compensation, and any regular
7 employee in the office of any township treasurer whether or
8 not his earnings are paid from the income of the permanent
9 township fund or from funds subject to distribution to the
10 several school districts and parts of school districts as
11 provided in the School Code, or from both such sources; or
12 is the chief executive officer, chief educational officer,
13 chief fiscal officer, or other employee of a Financial
14 Oversight Panel established pursuant to Article 1H of the
15 School Code, other than a superintendent or certified
16 school business official, except that such person shall not
17 be treated as an employee under this Section if that person
18 has negotiated with the Financial Oversight Panel, in
19 conjunction with the school district, a contractual
20 agreement for exclusion from this Section.

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

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

24 (a) Are eligible for inclusion under any of the
25 following laws:

26 1. "An Act in relation to an Illinois State

1 Teachers' Pension and Retirement Fund", approved May
2 27, 1915, as amended;

3 2. Articles 15 and 16 of this Code.

4 However, such persons shall be included as employees to
5 the extent of earnings that are not eligible for inclusion
6 under the foregoing laws for services not of an
7 instructional nature of any kind.

8 However, any member of the armed forces who is employed
9 as a teacher of subjects in the Reserve Officers Training
10 Corps of any school and who is not certified under the law
11 governing the certification of teachers shall be included
12 as an employee.

13 (b) Are designated by the governing body of a
14 municipality in which a pension fund is required by law to
15 be established for policemen or firemen, respectively, as
16 performing police or fire protection duties, except that
17 when such persons are the heads of the police or fire
18 department and are not eligible to be included within any
19 such pension fund, they shall be included within this
20 Article; provided, that such persons shall not be excluded
21 to the extent of concurrent service and earnings not
22 designated as being for police or fire protection duties.
23 However, (i) any head of a police department who was a
24 participant under this Article immediately before October
25 1, 1977 and did not elect, under Section 3-109 of this Act,
26 to participate in a police pension fund shall be an

1 "employee", and (ii) any chief of police who elects to
2 participate in this Fund under Section 3-109.1 of this
3 Code, regardless of whether such person continues to be
4 employed as chief of police or is employed in some other
5 rank or capacity within the police department, shall be an
6 employee under this Article for so long as such person is
7 employed to perform police duties by a participating
8 municipality and has not lawfully rescinded that election.

9 (c) After August 26, 2011 (the effective date of Public
10 Act 97-609), are contributors to or eligible to contribute
11 to a Taft-Hartley pension plan established on or before
12 June 1, 2011 and are employees of a theatre, arena, or
13 convention center that is located in a municipality located
14 in a county with a population greater than 5,000,000, and
15 to which the participating municipality is required to
16 contribute as the person's employer based on earnings from
17 the municipality. Nothing in this paragraph shall affect
18 service credit or creditable service for any period of
19 service prior to August 26, 2011, and this paragraph shall
20 not apply to individuals who are participating in the Fund
21 prior to August 26, 2011.

22 (d) Become an employee of any of the following
23 participating instrumentalities on or after the effective
24 date of this amendatory Act of the 98th General Assembly:
25 the Illinois Municipal League; the Illinois Association of
26 Park Districts; the Illinois Supervisors, County

1 Commissioners and Superintendents of Highways Association;
2 an association, or not-for-profit corporation, membership
3 in which is authorized under Section 85-15 of the Township
4 Code; the United Counties Council; or the Will County
5 Governmental League.

6 (3) All persons, including, without limitation, public
7 defenders and probation officers, who receive earnings from
8 general or special funds of a county for performance of
9 personal services or official duties within the territorial
10 limits of the county, are employees of the county (unless
11 excluded by subsection (2) of this Section) notwithstanding
12 that they may be appointed by and are subject to the direction
13 of a person or persons other than a county board or a county
14 officer. It is hereby established that an employer-employee
15 relationship under the usual common law rules exists between
16 such employees and the county paying their salaries by reason
17 of the fact that the county boards fix their rates of
18 compensation, appropriate funds for payment of their earnings
19 and otherwise exercise control over them. This finding and this
20 amendatory Act shall apply to all such employees from the date
21 of appointment whether such date is prior to or after the
22 effective date of this amendatory Act and is intended to
23 clarify existing law pertaining to their status as
24 participating employees in the Fund.

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

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

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

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

5 1. The total amount of money paid to an employee for
6 personal services or official duties as an employee (except
7 those employed as independent contractors) paid out of the
8 general fund, or out of any special funds controlled by the
9 municipality, or by any instrumentality thereof, or
10 participating instrumentality, including compensation,
11 fees, allowances, or other emolument paid for official
12 duties (but not including automobile maintenance, travel
13 expense, ~~or~~ reimbursements for expenditures incurred in
14 the performance of duties, or, in the case of a person who
15 first becomes a participant on or after the effective date
16 of this amendatory Act of the 98th General Assembly,
17 payments for unused sick or vacation time) and, for fee
18 offices, the fees or earnings of the offices to the extent
19 such fees are paid out of funds controlled by the
20 municipality, or instrumentality or participating
21 instrumentality; and

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

1 of money.

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

7 (c) If a disabled participating employee is eligible to
8 receive Workers' Compensation for an accidental injury and the
9 participating municipality or instrumentality which employed
10 the participating employee when injured continues to pay the
11 participating employee regular salary or other compensation or
12 pays the employee an amount in excess of the Workers'
13 Compensation amount, then earnings shall be deemed to be the
14 total payments, including an amount equal to the Workers'
15 Compensation payments. These payments shall be subject to
16 employee contributions and allocated as if paid to the
17 participating employee when the regular payroll amounts would
18 have been paid if the participating employee had continued
19 working, and creditable service shall be awarded for this
20 period.

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

26 (e) If a participating employee is paid pursuant to "An Act

1 to provide for the continuation of compensation for law
2 enforcement officers, correctional officers and firemen who
3 suffer disabling injury in the line of duty", approved
4 September 6, 1973, as amended, the payments shall be deemed
5 earnings, and the participating employee shall be awarded
6 creditable service for this period.

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

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

16 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)

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

18 (a) For retirement and survivor annuities, the monthly
19 earnings obtained by dividing the total earnings received by
20 the employee during the period of either (1) the 48 consecutive
21 months of service within the last 120 months of service in
22 which his total earnings were the highest or (2) the employee's
23 total period of service, by the number of months of service in
24 such period.

25 (b) For death benefits, the higher of the rate determined

1 under paragraph (a) of this Section or total earnings received
2 in the last 12 months of service divided by twelve. If the
3 deceased employee has less than 12 months of service, the
4 monthly final rate shall be the monthly rate of pay the
5 employee was receiving when he began service.

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

9 (d) In computing the final rate of earnings: (1) the
10 earnings rate for all periods of prior service shall be
11 considered equal to the average earnings rate for the last 3
12 calendar years of prior service for which creditable service is
13 received under Section 7-139 or, if there is less than 3 years
14 of creditable prior service, the average for the total prior
15 service period for which creditable service is received under
16 Section 7-139; (2) for out of state service and authorized
17 leave, the earnings rate shall be the rate upon which service
18 credits are granted; (3) periods of military leave shall not be
19 considered; (4) the earnings rate for all periods of disability
20 shall be considered equal to the rate of earnings upon which
21 the employee's disability benefits are computed for such
22 periods; (5) the earnings to be considered for each of the
23 final three months of the final earnings period for persons who
24 first became participants before January 1, 2012 and the
25 earnings to be considered for each of the final 24 months for
26 participants who first become participants on or after January

1 1, 2012 shall not exceed 125% of the highest earnings of any
2 other month in the final earnings period; ~~and~~ (6) the annual
3 amount of final rate of earnings shall be the monthly amount
4 multiplied by the number of months of service normally required
5 by the position in a year; and (7) in the case of a person who
6 first becomes a participant on or after the effective date of
7 this amendatory Act of the 98th General Assembly, payments for
8 unused sick or vacation time shall not be considered.

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

10 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

12 (a) Each participating employee shall be granted credits
13 and creditable service, for purposes of determining the amount
14 of any annuity or benefit to which he or a beneficiary is
15 entitled, as follows:

16 1. For prior service: Each participating employee who
17 is an employee of a participating municipality or
18 participating instrumentality on the effective date shall
19 be granted creditable service, but no credits under
20 paragraph 2 of this subsection (a), for periods of prior
21 service for which credit has not been received under any
22 other pension fund or retirement system established under
23 this Code, as follows:

24 If the effective date of participation for the
25 participating municipality or participating

1 instrumentality is on or before January 1, 1998, creditable
2 service shall be granted for the entire period of prior
3 service with that employer without any employee
4 contribution.

5 If the effective date of participation for the
6 participating municipality or participating
7 instrumentality is after January 1, 1998, creditable
8 service shall be granted for the last 20% of the period of
9 prior service with that employer, but no more than 5 years,
10 without any employee contribution. A participating
11 employee may establish creditable service for the
12 remainder of the period of prior service with that employer
13 by making an application in writing, accompanied by payment
14 of an employee contribution in an amount determined by the
15 Fund, based on the employee contribution rates in effect at
16 the time of application for the creditable service and the
17 employee's salary rate on the effective date of
18 participation for that employer, plus interest at the
19 effective rate from the date of the prior service to the
20 date of payment. Application for this creditable service
21 may be made at any time while the employee is still in
22 service.

23 A municipality that (i) has at least 35 employees; (ii)
24 is located in a county with at least 2,000,000 inhabitants;
25 and (iii) maintains an independent defined benefit pension
26 plan for the benefit of its eligible employees may restrict

1 creditable service in whole or in part for periods of prior
2 service with the employer if the governing body of the
3 municipality adopts an irrevocable resolution to restrict
4 that creditable service and files the resolution with the
5 board before the municipality's effective date of
6 participation.

7 Any person who has withdrawn from the service of a
8 participating municipality or participating
9 instrumentality prior to the effective date, who reenters
10 the service of the same municipality or participating
11 instrumentality after the effective date and becomes a
12 participating employee is entitled to creditable service
13 for prior service as otherwise provided in this subdivision
14 (a)(1) only if he or she renders 2 years of service as a
15 participating employee after the effective date.
16 Application for such service must be made while in a
17 participating status. The salary rate to be used in the
18 calculation of the required employee contribution, if any,
19 shall be the employee's salary rate at the time of first
20 reentering service with the employer after the employer's
21 effective date of participation.

22 2. For current service, each participating employee
23 shall be credited with:

24 a. Additional credits of amounts equal to each
25 payment of additional contributions received from him
26 under Section 7-173, as of the date the corresponding

1 payment of earnings is payable to him.

2 b. Normal credits of amounts equal to each payment
3 of normal contributions received from him, as of the
4 date the corresponding payment of earnings is payable
5 to him, and normal contributions made for the purpose
6 of establishing out-of-state service credits as
7 permitted under the conditions set forth in paragraph 6
8 of this subsection (a).

9 c. Municipality credits in an amount equal to 1.4
10 times the normal credits, except those established by
11 out-of-state service credits, as of the date of
12 computation of any benefit if these credits would
13 increase the benefit.

14 d. Survivor credits equal to each payment of
15 survivor contributions received from the participating
16 employee as of the date the corresponding payment of
17 earnings is payable, and survivor contributions made
18 for the purpose of establishing out-of-state service
19 credits.

20 3. For periods of temporary and total and permanent
21 disability benefits, each employee receiving disability
22 benefits shall be granted creditable service for the period
23 during which disability benefits are payable. Normal and
24 survivor credits, based upon the rate of earnings applied
25 for disability benefits, shall also be granted if such
26 credits would result in a higher benefit to any such

1 employee or his beneficiary.

2 4. For authorized leave of absence without pay: A
3 participating employee shall be granted credits and
4 creditable service for periods of authorized leave of
5 absence without pay under the following conditions:

6 a. An application for credits and creditable
7 service is submitted to the board while the employee is
8 in a status of active employment.

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

13 c. Credits and creditable service shall be granted
14 for leave of absence only if such leave is approved by
15 the governing body of the municipality, including
16 approval of the estimated cost thereof to the
17 municipality as determined by the fund, and employee
18 contributions, plus interest at the effective rate
19 applicable for each year from the end of the period of
20 leave to date of payment, have been paid to the fund in
21 accordance with Section 7-173. The contributions shall
22 be computed upon the assumption earnings continued
23 during the period of leave at the rate in effect when
24 the leave began.

25 d. Benefits under the provisions of Sections
26 7-141, 7-146, 7-150 and 7-163 shall become payable to

1 employees on authorized leave of absence, or their
2 designated beneficiary, only if such leave of absence
3 is creditable hereunder, and if the employee has at
4 least one year of creditable service other than the
5 service granted for leave of absence. Any employee
6 contributions due may be deducted from any benefits
7 payable.

8 e. No credits or creditable service shall be
9 allowed for leave of absence without pay during any
10 period of prior service.

11 5. For military service: The governing body of a
12 municipality or participating instrumentality may elect to
13 allow creditable service to participating employees who
14 leave their employment to serve in the armed forces of the
15 United States for all periods of such service, provided
16 that the person returns to active employment within 90 days
17 after completion of full time active duty, but no
18 creditable service shall be allowed such person for any
19 period that can be used in the computation of a pension or
20 any other pay or benefit, other than pay for active duty,
21 for service in any branch of the armed forces of the United
22 States. If necessary to the computation of any benefit, the
23 board shall establish municipality credits for
24 participating employees under this paragraph on the
25 assumption that the employee received earnings at the rate
26 received at the time he left the employment to enter the

1 armed forces. A participating employee in the armed forces
2 shall not be considered an employee during such period of
3 service and no additional death and no disability benefits
4 are payable for death or disability during such period.

5 Any participating employee who left his employment
6 with a municipality or participating instrumentality to
7 serve in the armed forces of the United States and who
8 again became a participating employee within 90 days after
9 completion of full time active duty by entering the service
10 of a different municipality or participating
11 instrumentality, which has elected to allow creditable
12 service for periods of military service under the preceding
13 paragraph, shall also be allowed creditable service for his
14 period of military service on the same terms that would
15 apply if he had been employed, before entering military
16 service, by the municipality or instrumentality which
17 employed him after he left the military service and the
18 employer costs arising in relation to such grant of
19 creditable service shall be charged to and paid by that
20 municipality or instrumentality.

21 Notwithstanding the foregoing, any participating
22 employee shall be entitled to creditable service as
23 required by any federal law relating to re-employment
24 rights of persons who served in the United States Armed
25 Services. Such creditable service shall be granted upon
26 payment by the member of an amount equal to the employee

1 contributions which would have been required had the
2 employee continued in service at the same rate of earnings
3 during the military leave period, plus interest at the
4 effective rate.

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

9 In order to receive creditable service for military
10 service under this paragraph 5.1, a participating employee
11 must (1) apply to the Fund in writing and provide evidence
12 of the military service that is satisfactory to the Board;
13 (2) obtain the written approval of the current employer;
14 and (3) make contributions to the Fund equal to (i) the
15 employee contributions that would have been required had
16 the service been rendered as a member, plus (ii) an amount
17 determined by the board to be equal to the employer's
18 normal cost of the benefits accrued for that military
19 service, plus (iii) interest on items (i) and (ii) from the
20 date of first membership in the Fund to the date of
21 payment. The required interest shall be calculated at the
22 regular interest rate.

23 The changes made to this paragraph 5.1 by Public Acts
24 95-483 and 95-486 apply only to participating employees in
25 service on or after August 28, 2007 (the effective date of
26 those Public Acts).

1 6. For out-of-state service: Creditable service shall
2 be granted for service rendered to an out-of-state local
3 governmental body under the following conditions: The
4 employee had participated and has irrevocably forfeited
5 all rights to benefits in the out-of-state public employees
6 pension system; the governing body of his participating
7 municipality or instrumentality authorizes the employee to
8 establish such service; the employee has 2 years current
9 service with this municipality or participating
10 instrumentality; the employee makes a payment of
11 contributions, which shall be computed at 8% (normal) plus
12 2% (survivor) times length of service purchased times the
13 average rate of earnings for the first 2 years of service
14 with the municipality or participating instrumentality
15 whose governing body authorizes the service established
16 plus interest at the effective rate on the date such
17 credits are established, payable from the date the employee
18 completes the required 2 years of current service to date
19 of payment. In no case shall more than 120 months of
20 creditable service be granted under this provision.

21 7. For retroactive service: Any employee who could have
22 but did not elect to become a participating employee, or
23 who should have been a participant in the Municipal Public
24 Utilities Annuity and Benefit Fund before that fund was
25 superseded, may receive creditable service for the period
26 of service not to exceed 50 months; however, a current or

1 former elected or appointed official of a participating
2 municipality may establish credit under this paragraph 7
3 for more than 50 months of service as an official of that
4 municipality, if the excess over 50 months is approved by
5 resolution of the governing body of the affected
6 municipality filed with the Fund before January 1, 2002.

7 Any employee who is a participating employee on or
8 after September 24, 1981 and who was excluded from
9 participation by the age restrictions removed by Public Act
10 82-596 may receive creditable service for the period, on or
11 after January 1, 1979, excluded by the age restriction and,
12 in addition, if the governing body of the participating
13 municipality or participating instrumentality elects to
14 allow creditable service for all employees excluded by the
15 age restriction prior to January 1, 1979, for service
16 during the period prior to that date excluded by the age
17 restriction. Any employee who was excluded from
18 participation by the age restriction removed by Public Act
19 82-596 and who is not a participating employee on or after
20 September 24, 1981 may receive creditable service for
21 service after January 1, 1979. Creditable service under
22 this paragraph shall be granted upon payment of the
23 employee contributions which would have been required had
24 he participated, with interest at the effective rate for
25 each year from the end of the period of service established
26 to date of payment.

1 8. For accumulated unused sick leave: A participating
2 employee who first becomes a participating employee before
3 the effective date of this amendatory Act of the 98th
4 General Assembly and who is applying for a retirement
5 annuity shall be entitled to creditable service for that
6 portion of the employee's accumulated unused sick leave for
7 which payment is not received, as follows:

8 a. Sick leave days shall be limited to those
9 accumulated under a sick leave plan established by a
10 participating municipality or participating
11 instrumentality which is available to all employees or
12 a class of employees.

13 b. Except as provided in item b-1, only sick leave
14 days accumulated with a participating municipality or
15 participating instrumentality with which the employee
16 was in service within 60 days of the effective date of
17 his retirement annuity shall be credited; If the
18 employee was in service with more than one employer
19 during this period only the sick leave days with the
20 employer with which the employee has the greatest
21 number of unpaid sick leave days shall be considered.

22 b-1. If the employee was in the service of more
23 than one employer as defined in item (2) of paragraph
24 (a) of subsection (A) of Section 7-132, then the sick
25 leave days from all such employers shall be credited,
26 as long as the creditable service attributed to those

1 sick leave days does not exceed the limitation in item
2 f of this paragraph 8. In calculating the creditable
3 service under this item b-1, the sick leave days from
4 the last employer shall be considered first, then the
5 remaining sick leave days shall be considered until
6 there are no more days or the maximum creditable sick
7 leave threshold under item f of this paragraph 8 has
8 been reached.

9 c. The creditable service granted shall be
10 considered solely for the purpose of computing the
11 amount of the retirement annuity and shall not be used
12 to establish any minimum service period required by any
13 provision of the Illinois Pension Code, the effective
14 date of the retirement annuity, or the final rate of
15 earnings.

16 d. The creditable service shall be at the rate of
17 1/20 of a month for each full sick day, provided that
18 no more than 12 months may be credited under this
19 subdivision 8.

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

22 f. Each participating municipality and
23 participating instrumentality with which an employee
24 has service within 60 days of the effective date of his
25 retirement annuity shall certify to the board the
26 number of accumulated unpaid sick leave days credited

1 to the employee at the time of termination of service.

2 9. For service transferred from another system:
3 Credits and creditable service shall be granted for service
4 under Article 3, 4, 5, 8, 14, or 16 of this Act, to any
5 active member of this Fund, and to any inactive member who
6 has been a county sheriff, upon transfer of such credits
7 pursuant to Section 3-110.3, 4-108.3, 5-235, 8-226.7,
8 14-105.6, or 16-131.4, and payment by the member of the
9 amount by which (1) the employer and employee contributions
10 that would have been required if he had participated in
11 this Fund as a sheriff's law enforcement employee during
12 the period for which credit is being transferred, plus
13 interest thereon at the effective rate for each year,
14 compounded annually, from the date of termination of the
15 service for which credit is being transferred to the date
16 of payment, exceeds (2) the amount actually transferred to
17 the Fund. Such transferred service shall be deemed to be
18 service as a sheriff's law enforcement employee for the
19 purposes of Section 7-142.1.

20 10. For service transferred from an Article 3 system
21 under Section 3-110.8: Credits and creditable service
22 shall be granted for service under Article 3 of this Act as
23 provided in Section 3-110.8, to any active member of this
24 Fund upon transfer of such credits pursuant to Section
25 3-110.8. If the amount by which (1) the employer and
26 employee contributions that would have been required if he

1 had participated in this Fund during the period for which
2 credit is being transferred, plus interest thereon at the
3 effective rate for each year, compounded annually, from the
4 date of termination of the service for which credit is
5 being transferred to the date of payment, exceeds (2) the
6 amount actually transferred to the Fund, then the amount of
7 creditable service established under this paragraph 10
8 shall be reduced by a corresponding amount in accordance
9 with the rules and procedures established under this
10 paragraph 10.

11 The board shall establish by rule the manner of making
12 the calculation required under this paragraph 10, taking
13 into account the appropriate actuarial assumptions; the
14 member's service, age, and salary history; the level of
15 funding of the employer; and any other factors that the
16 board determines to be relevant.

17 Until January 1, 2010, members who transferred service
18 from an Article 3 system under the provisions of Public Act
19 94-356 may establish additional credit in this Fund, but
20 only up to the amount of the service credit reduction in
21 that transfer, as calculated under the actuarial
22 assumptions. This credit may be established upon payment by
23 the member of an amount to be determined by the board,
24 equal to (1) the amount that would have been contributed as
25 employee and employer contributions had all the service
26 been as an employee under this Article, plus interest

1 thereon compounded annually from the date of service to the
2 date of transfer, less (2) the total amount transferred
3 from the Article 3 system, plus (3) interest on the
4 difference at the effective rate for each year, compounded
5 annually, from the date of the transfer to the date of
6 payment. The additional service credit is allowed under
7 this amendatory Act of the 95th General Assembly
8 notwithstanding the provisions of Article 3 terminating
9 all transferred credits on the date of transfer.

10 (b) Creditable service - amount:

11 1. One month of creditable service shall be allowed for
12 each month for which a participating employee made
13 contributions as required under Section 7-173, or for which
14 creditable service is otherwise granted hereunder. Not
15 more than 1 month of service shall be credited and counted
16 for 1 calendar month, and not more than 1 year of service
17 shall be credited and counted for any calendar year. A
18 calendar month means a nominal month beginning on the first
19 day thereof, and a calendar year means a year beginning
20 January 1 and ending December 31.

21 2. A seasonal employee shall be given 12 months of
22 creditable service if he renders the number of months of
23 service normally required by the position in a 12-month
24 period and he remains in service for the entire 12-month
25 period. Otherwise a fractional year of service in the
26 number of months of service rendered shall be credited.

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

4 (c) No application for correction of credits or creditable
5 service shall be considered unless the board receives an
6 application for correction while (1) the applicant is a
7 participating employee and in active employment with a
8 participating municipality or instrumentality, or (2) while
9 the applicant is actively participating in a pension fund or
10 retirement system which is a participating system under the
11 Retirement Systems Reciprocal Act. A participating employee or
12 other applicant shall not be entitled to credits or creditable
13 service unless the required employee contributions are made in
14 a lump sum or in installments made in accordance with board
15 rule.

16 (d) Upon the granting of a retirement, surviving spouse or
17 child annuity, a death benefit or a separation benefit, on
18 account of any employee, all individual accumulated credits
19 shall thereupon terminate. Upon the withdrawal of additional
20 contributions, the credits applicable thereto shall thereupon
21 terminate. Terminated credits shall not be applied to increase
22 the benefits any remaining employee would otherwise receive
23 under this Article.

24 (Source: P.A. 96-299, eff. 8-11-09; 97-415, eff. 8-16-11.)

25 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

1 Sec. 9-219. Computation of service.

2 (1) In computing the term of service of an employee prior
3 to the effective date, the entire period beginning on the date
4 he was first appointed and ending on the day before the
5 effective date, except any intervening period during which he
6 was separated by withdrawal from service, shall be counted for
7 all purposes of this Article.

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

12 (a) The time during which he performed the duties of
13 his position.

14 (b) Vacations, leaves of absence with whole or part
15 pay, and leaves of absence without pay not longer than 90
16 days.

17 (c) For an employee who is a member of a county police
18 department or a correctional officer with the county
19 department of corrections, approved leaves of absence
20 without pay during which the employee serves as a full-time
21 officer or employee of an employee association, the
22 membership of which consists of other participants in the
23 Fund, provided that the employee contributes to the Fund

24 (1) the amount that he would have contributed had he
25 remained an active employee in the position he occupied at
26 the time the leave of absence was granted, (2) an amount

1 calculated by the Board representing employer
2 contributions, and (3) regular interest thereon from the
3 date of service to the date of payment. However, if the
4 employee's application to establish credit under this
5 subsection is received by the Fund on or after July 1, 2002
6 and before July 1, 2003, the amount representing employer
7 contributions specified in item (2) shall be waived.

8 For a former member of a county police department who
9 has received a refund under Section 9-164, periods during
10 which the employee serves as head of an employee
11 association, the membership of which consists of other
12 police officers, provided that the employee contributes to
13 the Fund (1) the amount that he would have contributed had
14 he remained an active member of the county police
15 department in the position he occupied at the time he left
16 service, (2) an amount calculated by the Board representing
17 employer contributions, and (3) regular interest thereon
18 from the date of service to the date of payment. However,
19 if the former member of the county police department
20 retires on or after January 1, 1993 but no later than March
21 1, 1993, the amount representing employer contributions
22 specified in item (2) shall be waived.

23 For leaves of absence to which this item (c) applies
24 and for other periods to which this item (c) applies,
25 including those leaves of absence and other periods of
26 service beginning before January 5, 2012 (the effective

1 date of Public Act 97-651) ~~this amendatory Act of the 97th~~
2 ~~General Assembly~~, the employee or former member must
3 continue to remain in sworn status, subject to the
4 professional standards of the public employer or those
5 terms established in statute.

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

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

18 (f) An employee who first becomes an employee before
19 the effective date of this amendatory Act of the 98th
20 General Assembly may receive service credit for annuity
21 purposes for accumulated sick leave as of the date of the
22 employee's withdrawal from service, not to exceed a total
23 of 180 days, provided that the amount of such accumulated
24 sick leave is certified by the County Comptroller to the
25 Board and the employee pays an amount equal to 8.5% (9% for
26 members of the County Police Department who are eligible to

1 receive an annuity under Section 9-128.1) of the amount
2 that would have been paid had such accumulated sick leave
3 been paid at the employee's final rate of salary. Such
4 payment shall be made within 30 days after the date of
5 withdrawal and prior to receipt of the first annuity check.
6 The service credit granted for such accumulated sick leave
7 shall not change the employee's date of withdrawal for the
8 purpose of computing the effective date of the annuity.

9 (3) In computing the term of service of an employee on or
10 after the effective date for ordinary disability benefit
11 purposes, the following periods of time shall be counted as
12 periods of service:

13 (a) Unless otherwise specified in Section 9-157, the
14 time during which he performed the duties of his position.

15 (b) Paid vacations and leaves of absence with whole or
16 part pay.

17 (c) Any period for which he received duty disability
18 benefit.

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

21 (4) For an employee who on January 1, 1958, was transferred
22 by Act of the 70th General Assembly from his position in a
23 department of welfare of any city located in the county in
24 which this Article is in force and effect to a similar position
25 in a department of such county, service shall also be credited
26 for ordinary disability benefit and child's annuity for such

1 period of department of welfare service during which period he
2 was a contributor to a statutory annuity and benefit fund in
3 such city and for which purposes service credit would otherwise
4 not be credited by virtue of such involuntary transfer.

5 (5) An employee described in subsection (e) of Section
6 9-108 shall receive credit for child's annuity and ordinary
7 disability benefit for the period of time for which he was
8 credited with service in the fund from which he was
9 involuntarily separated through class or group transfer;
10 provided, that no such credit shall be allowed to the extent
11 that it results in a duplication of credits or benefits, and
12 neither shall such credit be allowed to the extent that it was
13 or may be forfeited by the application for and acceptance of a
14 refund from the fund from which the employee was transferred.

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

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

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

23 (40 ILCS 5/9-220) (from Ch. 108 1/2, par. 9-220)

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

25 (a) In computing the period of service of any employee for

1 annuity purposes under Section 9-134, the following provisions
2 shall govern:

3 (1) All periods prior to the effective date shall be
4 computed in accordance with the provisions governing the
5 computation of such service.

6 (2) Service on or after the effective date shall
7 include:

8 (i) The actual period of time the employee
9 contributes or has contributed to the fund for service
10 rendered to age 65 plus the actual period of time after
11 age 65 for which the employee performs the duties of
12 his position or performs such duties and is given a
13 county contribution for age and service annuity or
14 minimum annuity purposes.

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

17 (iii) For a person who first becomes an employee
18 before the effective date of this amendatory Act of the
19 98th General Assembly, accumulated ~~Accumulated~~
20 vacation or other time for which an employee who
21 retires on or after November 1, 1990 receives a lump
22 sum payment at the time of retirement, provided that
23 contributions were made to the fund at the time such
24 lump sum payment was received. The service granted for
25 the lump sum payment shall not change the employee's
26 date of withdrawal for computing the effective date of

1 the annuity.

2 (iv) For a person who first becomes an employee
3 before the effective date of this amendatory Act of the
4 98th General Assembly, accumulated ~~Accumulated~~ sick
5 leave as of the date of the employee's withdrawal from
6 service, not to exceed a total of 180 days, provided
7 that the amount of such accumulated sick leave is
8 certified by the County Comptroller to the Board and
9 the employee pays an amount equal to 8.5% (9% for
10 members of the County Police Department who are
11 eligible to receive an annuity under Section 9-128.1)
12 of the amount that would have been paid had such
13 accumulated sick leave been paid at the employee's
14 final rate of salary. Such payment shall be made within
15 30 days after the date of withdrawal and prior to
16 receipt of the first annuity check. The service credit
17 granted for such accumulated sick leave shall not
18 change the employee's date of withdrawal for the
19 purpose of computing the effective date of the annuity.

20 (v) Periods during which the employee has had
21 contributions for annuity purposes made for him in
22 accordance with law while on military leave of absence
23 during World War II.

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

26 (vii) For any person who first becomes a member on

1 or after January 1, 2011, the actual period of time the
2 employee contributes or has contributed to the fund for
3 service rendered up to the limitation on salary in
4 subsection (b-5) of Section 1-160 plus the actual
5 period of time thereafter for which the employee
6 performs the duties of his position and ceased
7 contributing due to the salary limitation in
8 subsection (b-5) of Section 1-160.

9 (3) The right to have certain periods of time
10 considered as service as stated in paragraph (2) of Section
11 9-164 shall not apply for annuity purposes unless the
12 refunds shall have been repaid in accordance with this
13 Article.

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

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

25 (b) For all other annuity purposes of this Article the
26 following schedule shall govern the computation of a year of

1 service of an employee whose salary or wages is on the basis
2 stated, and any fractional part of a year of service shall be
3 determined according to said schedule:

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

6 Weekly Basis: Service during any 17 weeks of any 1 calendar
7 year, and service during any week shall constitute a week of
8 service;

9 Daily Basis: Service during 100 days in any 1 calendar
10 year, and service during any day shall constitute a day of
11 service;

12 Hourly Basis: Service during 800 hours in any 1 calendar
13 year, and service during any hour shall constitute an hour of
14 service.

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

16 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

17 Sec. 14-103.10. Compensation.

18 (a) For periods of service prior to January 1, 1978, the
19 full rate of salary or wages payable to an employee for
20 personal services performed if he worked the full normal
21 working period for his position, subject to the following
22 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
23 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
24 inclusive, \$625 per month or \$7,500 per year; (3) beginning
25 July 1, 1957, no limitation.

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

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

- 11 (1) for vacation,
- 12 (2) for accumulated unused sick leave,
- 13 (3) upon discharge or dismissal,
- 14 (4) for approved holidays.

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

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

26 (e) For members for which Section 1-160 applies for periods

1 of service on and after January 1, 2011, all remuneration for
2 personal services performed defined as "wages" under the Social
3 Security Enabling Act, excluding remuneration that is in excess
4 of the annual earnings, salary, or wages of a member or
5 participant, as provided in subsection (b-5) of Section 1-160,
6 but including any benefits received by an employee under a sick
7 pay plan in effect before January 1, 1981. Compensation shall
8 exclude lump sum salary payments:

- 9 (1) for vacation;
- 10 (2) for accumulated unused sick leave;
- 11 (3) upon discharge or dismissal; and
- 12 (4) for approved holidays.

13 (f) Notwithstanding any other provision of this Code, the
14 compensation of a Tier I member for the purposes of this Code
15 shall not exceed, for periods of service on or after the
16 effective date of this amendatory Act of the 98th General
17 Assembly, the greater of (i) the limitation determined from
18 time to time under subsection (b-5) of Section 1-160 of this
19 Code for persons subject to that Section or (ii) the annual
20 compensation of the member during the 365 days immediately
21 preceding that effective date; except that this limitation does
22 not apply to a member's compensation that is determined under
23 an employment contract or collective bargaining agreement that
24 is in effect on the effective date of this amendatory Act of
25 the 98th General Assembly and has not been amended or renewed
26 after that date.

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

2 (40 ILCS 5/14-103.40 new)

3 Sec. 14-103.40. Tier I member. "Tier I member": A member of
4 this System who first became a member or participant before
5 January 1, 2011 under any reciprocal retirement system or
6 pension fund established under this Code other than a
7 retirement system or pension fund established under Article 2,
8 3, 4, 5, 6, or 18 of this Code.

9 (40 ILCS 5/14-103.41 new)

10 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
11 Tier I member who is receiving a retirement annuity.

12 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

13 Sec. 14-104.3. Notwithstanding provisions contained in
14 Section 14-103.10, any person who first becomes a member before
15 the effective date of this amendatory Act of the 98th General
16 Assembly and who at the time of retirement and after December
17 6, 1983 receives compensation in a lump sum for accumulated
18 vacation, sickness, or personal business may receive service
19 credit for such periods by making contributions within 90 days
20 of withdrawal, based on the rate of compensation in effect
21 immediately prior to retirement and the contribution rate then
22 in effect. Any person who first becomes a member on or after
23 the effective date of this amendatory Act of the 98th General

1 Assembly and who receives compensation in a lump sum for
2 accumulated vacation, sickness, or personal business may not
3 receive service credit for such periods. Exercising the option
4 provided in this Section shall not change a member's date of
5 withdrawal or final average compensation for purposes of
6 computing the amount or effective date of a retirement annuity.
7 Any annuitant who establishes service credit as herein provided
8 shall have his retirement annuity adjusted retroactively to the
9 date of retirement.

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

11 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

12 Sec. 14-106. Membership service credit.

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

24 (b) For a member who is employed and paid on an
25 academic-year basis rather than on a 12-month annual basis,

1 employment for a full academic year shall constitute a full
2 year of membership service, except that the member shall not
3 receive more than one year of membership service credit (plus
4 any additional service credit granted for unused sick leave)
5 for service during any 12-month period. This subsection (b)
6 applies to all such service for which the member has not begun
7 to receive a retirement annuity before January 1, 2001.

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

26 (d) A person who first becomes a member on or after the

1 effective date of this amendatory Act of the 98th General
2 Assembly shall not be entitled to additional service credit for
3 accumulated unused sick leave.

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

5 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

6 Sec. 14-107. Retirement annuity - service and age -
7 conditions.

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

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

23 (c) Notwithstanding subsection (b) of this Section, for a
24 Tier I member who begins receiving a retirement annuity under
25 this Article on or after July 1, 2013:

1 (1) If the Tier I member is at least 45 years old on
2 the effective date of this amendatory Act of the 98th
3 General Assembly, then the references to age 55 and 60 in
4 subsection (b) of this Section remain unchanged and the
5 references to 85 in subsection (b) of this Section remain
6 unchanged.

7 (2) If the Tier I member is at least 40 but less than
8 45 years old on the effective date of this amendatory Act
9 of the 98th General Assembly, then the references to age 55
10 and 60 in subsection (b) of this Section are increased by
11 one year and the references to 85 in subsection (b) are
12 increased to 87.

13 (3) If the Tier I member is at least 35 but less than
14 40 years old on the effective date of this amendatory Act
15 of the 98th General Assembly, then the references to age 55
16 and 60 in subsection (b) of this Section are increased by 3
17 years and the references to 85 in subsection (b) are
18 increased to 91.

19 (4) If the Tier I member is less than 35 years old on
20 the effective date of this amendatory Act of the 98th
21 General Assembly, then the references to age 55 and 60 in
22 subsection (b) of this Section are increased by 5 years and
23 the references to 85 in subsection (b) are increased to 95.

24 Notwithstanding Section 1-103.1, this subsection (c)
25 applies without regard to whether or not the Tier I member is
26 in active service under this Article on or after the effective

1 date of this amendatory Act of the 98th General Assembly.

2 (d) The allowance shall begin with the first full calendar
3 month specified in the member's application therefor, the first
4 day of which shall not be before the date of withdrawal as
5 approved by the board. Regardless of the date of withdrawal,
6 the allowance need not begin within one year of application
7 therefor.

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

9 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

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

20 The total period of service to be considered in
21 establishing the measure of prior service annuity shall include
22 service credited in the Teachers' Retirement System of the
23 State of Illinois and the State Universities Retirement System
24 for which contributions have been made by the member to such
25 systems; provided that at least 1 year of the total period of 3

1 years prescribed for the allowance of a full measure of prior
2 service annuity shall consist of membership service in this
3 system for which credit has been granted.

4 (a) In the case of a member who retires on or after January
5 1, 1998 and is a noncovered employee, the retirement annuity
6 for membership service and prior service shall be 2.2% of final
7 average compensation for each year of service. Any service
8 credit established as a covered employee shall be computed as
9 stated in paragraph (b).

10 (b) In the case of a member who retires on or after January
11 1, 1998 and is a covered employee, the retirement annuity for
12 membership service and prior service shall be computed as
13 stated in paragraph (a) for all service credit established as a
14 noncovered employee; for service credit established as a
15 covered employee it shall be 1.67% of final average
16 compensation for each year of service.

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

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

4 (e) The retirement annuity payable to any covered employee
5 who is a member of the System and in service on January 1,
6 1969, or in service thereafter in 1969 as a result of
7 legislation enacted by the Illinois General Assembly
8 transferring the member to State employment from county
9 employment in a county Department of Public Aid in counties of
10 3,000,000 or more population, under a plan of coordination with
11 the Old Age, Survivors and Disability provisions thereof, if
12 not fully insured for Old Age Insurance payments under the
13 Federal Old Age, Survivors and Disability Insurance provisions
14 at the date of acceptance of a retirement annuity, shall not be
15 less than the amount for which the member would have been
16 eligible if coordination were not applicable.

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

1 plan of coverage were not applicable.

2 (g) In the case of a member who is a noncovered employee,
3 the retirement annuity for membership service as a security
4 employee of the Department of Corrections or security employee
5 of the Department of Human Services shall be: if retirement
6 occurs on or after January 1, 2001, 3% of final average
7 compensation for each year of creditable service; or if
8 retirement occurs before January 1, 2001, 1.9% of final average
9 compensation for each of the first 10 years of service, 2.1%
10 for each of the next 10 years of service, 2.25% for each year
11 of service in excess of 20 but not exceeding 30, and 2.5% for
12 each year in excess of 30; except that the annuity may be
13 calculated under subsection (a) rather than this subsection (g)
14 if the resulting annuity is greater.

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

26 (i) For the purposes of this Section and Section 14-133 of

1 this Act, the term "security employee of the Department of
2 Corrections" and the term "security employee of the Department
3 of Human Services" shall have the meanings ascribed to them in
4 subsection (c) of Section 14-110.

5 (j) The retirement annuity computed pursuant to paragraphs
6 (g) or (h) shall be applicable only to those security employees
7 of the Department of Corrections and security employees of the
8 Department of Human Services who have at least 20 years of
9 membership service and who are not eligible for the alternative
10 retirement annuity provided under Section 14-110. However,
11 persons transferring to this System under Section 14-108.2 or
12 14-108.2c who have service credit under Article 16 of this Code
13 may count such service toward establishing their eligibility
14 under the 20-year service requirement of this subsection; but
15 such service may be used only for establishing such
16 eligibility, and not for the purpose of increasing or
17 calculating any benefit.

18 (k) (Blank).

19 (l) The changes to this Section made by this amendatory Act
20 of 1997 (changing certain retirement annuity formulas from a
21 stepped rate to a flat rate) apply to members who retire on or
22 after January 1, 1998, without regard to whether employment
23 terminated before the effective date of this amendatory Act of
24 1997. An annuity shall not be calculated in steps by using the
25 new flat rate for some steps and the superseded stepped rate
26 for other steps of the same type of service.

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

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

3 Sec. 14-110. Alternative retirement annuity.

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

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

21 (ii) for periods of eligible creditable service as a
22 covered employee: if retirement occurs on or after January
23 1, 2001, 2.5% of final average compensation for each year
24 of creditable service; if retirement occurs before January
25 1, 2001, 1.67% of final average compensation for each of

1 the first 10 years of such service, 1.90% for each of the
2 next 10 years of such service, 2.10% for each year of such
3 service in excess of 20 but not exceeding 30, and 2.30% for
4 each year in excess of 30.

5 Such annuity shall be subject to a maximum of 75% of final
6 average compensation if retirement occurs before January 1,
7 2001 or to a maximum of 80% of final average compensation if
8 retirement occurs on or after January 1, 2001.

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

14 (a-5) Notwithstanding subsection (a) of this Section, for a
15 Tier I member who begins receiving a retirement annuity under
16 this Section on or after July 1, 2013:

17 (1) If the Tier I member is at least 45 years old on
18 the effective date of this amendatory Act of the 98th
19 General Assembly, then the references to age 50 and 55 in
20 subsection (a) of this Section remain unchanged.

21 (2) If the Tier I member is at least 40 but less than
22 45 years old on the effective date of this amendatory Act
23 of the 98th General Assembly, then the references to age 50
24 and 55 in subsection (a) of this Section are increased by
25 one year.

26 (3) If the Tier I member is at least 35 but less than

1 40 years old on the effective date of this amendatory Act
2 of the 98th General Assembly, then the references to age 50
3 and 55 in subsection (a) of this Section are increased by 3
4 years.

5 (4) If the Tier I member is less than 35 years old on
6 the effective date of this amendatory Act of the 98th
7 General Assembly, then the references to age 50 and 55 in
8 subsection (a) of this Section are increased by 5 years.

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

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

16 (1) State policeman;

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

19 (3) air pilot;

20 (4) special agent;

21 (5) investigator for the Secretary of State;

22 (6) conservation police officer;

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

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

1 (9) Central Management Services security police
2 officer;

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

5 (11) dangerous drugs investigator;

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

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

9 (14) controlled substance inspector;

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

12 (16) Commerce Commission police officer;

13 (17) arson investigator;

14 (18) State highway maintenance worker.

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

25 (c) For the purposes of this Section:

26 (1) The term "state policeman" includes any title or

1 position in the Department of State Police that is held by
2 an individual employed under the State Police Act.

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

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

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

1 title or position in the Department of State Police that is
2 held by an individual employed under the State Police Act.

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

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

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

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

7 The term "investigator for the Illinois Gaming Board"
8 means any person employed as such by the Illinois Gaming
9 Board and vested with such peace officer duties as render
10 the person ineligible for coverage under the Social
11 Security Act by reason of Sections 218(d)(5)(A),
12 218(d)(8)(D), and 218(1)(1) of that Act.

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

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

13 The changes made to this subdivision (c)(8) by Public
14 Act 92-14 apply to persons who retire on or after January
15 1, 2001, notwithstanding Section 1-103.1.

16 (9) "Central Management Services security police
17 officer" means any person employed by the Department of
18 Central Management Services who is vested with such law
19 enforcement duties as render him ineligible for coverage
20 under the Social Security Act by reason of Sections
21 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

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

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

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

20 (12) The term "investigator for the Department of State
21 Police" means a person employed by the Department of State
22 Police who is vested under Section 4 of the Narcotic
23 Control Division Abolition Act with such law enforcement
24 powers as render him ineligible for coverage under the
25 Social Security Act by reason of Sections 218(d)(5)(A),
26 218(d)(8)(D) and 218(1)(1) of that Act.

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

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

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

25 (16) "Commerce Commission police officer" means any
26 person employed by the Illinois Commerce Commission who is

1 vested with such law enforcement duties as render him
2 ineligible for coverage under the Social Security Act by
3 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
4 218(1)(1) of that Act.

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

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

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

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

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

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

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

2 or

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

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

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

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

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

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

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

1 of this Section; but such service may be used only for
2 establishing such eligibility, and not for the purpose of
3 increasing or calculating any benefit.

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

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

25 For purposes of calculating retirement annuities under
26 this Section, periods of service rendered after December 31,

1 1968 and before January 1, 1982 as a covered employee in the
2 position of investigator for the Department of Revenue shall be
3 deemed to have been service as a noncovered employee, provided
4 that the employee pays to the System prior to retirement an
5 amount equal to (1) the difference between the employee
6 contributions that would have been required for such service as
7 a noncovered employee, and the amount of employee contributions
8 actually paid, plus (2) if payment is made after January 1,
9 1990, regular interest on the amount specified in item (1) from
10 the date of service to the date of payment.

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

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

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

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

23 Subject to the limitation in subsection (i), a State
24 policeman, conservation police officer, or investigator for
25 the Secretary of State may elect to establish eligible
26 creditable service for up to 10 years of service as a sheriff's

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

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

1 date of payment.

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

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

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

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

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

1 that would have been contributed had such contributions been
2 made at the rates applicable to State policemen, plus (2)
3 interest thereon at the effective rate for each year,
4 compounded annually, from the date of service to the date of
5 payment.

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

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

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

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

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

17 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;
18 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.
19 7-2-10.)

20 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

21 Sec. 14-114. Automatic increase in retirement annuity.

22 (a) Except as provided in subsections (a-1) and (a-2), any
23 ~~Any~~ person receiving a retirement annuity under this Article
24 who retires having attained age 60, or who retires before age
25 60 having at least 35 years of creditable service, or who

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

1 deemed to be January 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 and except as provided in
6 subsections (a-1) and (a-2), all automatic annual increases
7 payable under this Section shall be calculated as a percentage
8 of the total annuity payable at the time of the increase,
9 including previous increases granted under this Article.

10 (a-1) Notwithstanding any other provision of this Article,
11 for a Tier I retiree, the amount of each automatic annual
12 increase in retirement annuity occurring on or after the
13 effective date of this amendatory Act of the 98th General
14 Assembly shall be 3% of the lesser of (1) the total annuity
15 payable at the time of the increase, including previous
16 increases granted or (2) \$800 (\$1,000 if the annuity is based
17 primarily upon service as a noncovered employee) multiplied by
18 the number of years of creditable service upon which the
19 annuity is based.

20 (a-2) Notwithstanding any other provision of this Article,
21 for a Tier I retiree, the monthly retirement annuity shall
22 first be subject to annual increases on the January 1 occurring
23 on or next after the attainment of age 67 or the January 1
24 occurring on or next after the fifth anniversary of the annuity
25 start date, whichever occurs earlier. If on the effective date
26 of this amendatory Act of the 98th General Assembly a Tier I

1 retiree has already received an annual increase under this
2 Section but does not yet meet the new eligibility requirements
3 of this subsection, the annual increases already received shall
4 continue in force, but no additional annual increase shall be
5 granted until the Tier I retiree meets the new eligibility
6 requirements.

7 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
8 and (a-2) apply without regard to whether or not the Tier I
9 retiree is in active service under this Article on or after the
10 effective date of this amendatory Act of the 98th General
11 Assembly.

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

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

1 (d) In addition to other increases which may be provided by
2 this Section, on January 1, 1981 any annuitant who was
3 receiving a retirement annuity on or before January 1, 1971
4 shall have his retirement annuity then being paid increased \$1
5 per month for each year of creditable service. On January 1,
6 1982, any annuitant who began receiving a retirement annuity on
7 or before January 1, 1977, shall have his retirement annuity
8 then being paid increased \$1 per month for each year of
9 creditable service.

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

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

25 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
26 92-651, eff. 7-11-02.)

1 (40 ILCS 5/14-131)

2 Sec. 14-131. Contributions by State.

3 (a) The State shall make contributions to the System by
4 appropriations of amounts which, together with other employer
5 contributions from trust, federal, and other funds, employee
6 contributions, investment income, and other income, will be
7 sufficient to meet the cost of maintaining and administering
8 the System on a 100% ~~90%~~ funded basis in accordance with
9 actuarial recommendations by the end of State fiscal year 2044.

10 For the purposes of this Section and Section 14-135.08,
11 references to State contributions refer only to employer
12 contributions and do not include employee contributions that
13 are picked up or otherwise paid by the State or a department on
14 behalf of the employee.

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

19 The Board shall also determine a State contribution rate
20 for each fiscal year, expressed as a percentage of payroll,
21 based on the total required State contribution for that fiscal
22 year (less the amount received by the System from
23 appropriations under Section 8.12 of the State Finance Act and
24 Section 1 of the State Pension Funds Continuing Appropriation
25 Act, if any, for the fiscal year ending on the June 30

1 immediately preceding the applicable November 15 certification
2 deadline), the estimated payroll (including all forms of
3 compensation) for personal services rendered by eligible
4 employees, and the recommendations of the actuary.

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

12 (c) Contributions shall be made by the several departments
13 for each pay period by warrants drawn by the State Comptroller
14 against their respective funds or appropriations based upon
15 vouchers stating the amount to be so contributed. These amounts
16 shall be based on the full rate certified by the Board under
17 Section 14-135.08 for that fiscal year. From the effective date
18 of this amendatory Act of the 93rd General Assembly through the
19 payment of the final payroll from fiscal year 2004
20 appropriations, the several departments shall not make
21 contributions for the remainder of fiscal year 2004 but shall
22 instead make payments as required under subsection (a-1) of
23 Section 14.1 of the State Finance Act. The several departments
24 shall resume those contributions at the commencement of fiscal
25 year 2005.

26 (c-1) Notwithstanding subsection (c) of this Section, for

1 fiscal years 2010, 2012, and 2013 only, contributions by the
2 several departments are not required to be made for General
3 Revenue Funds payrolls processed by the Comptroller. Payrolls
4 paid by the several departments from all other State funds must
5 continue to be processed pursuant to subsection (c) of this
6 Section.

7 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
8 or as soon as possible after the 15th day of each month, the
9 Board shall submit vouchers for payment of State contributions
10 to the System, in a total monthly amount of one-twelfth of the
11 fiscal year General Revenue Fund contribution as certified by
12 the System pursuant to Section 14-135.08 of the Illinois
13 Pension Code.

14 (d) If an employee is paid from trust funds or federal
15 funds, the department or other employer shall pay employer
16 contributions from those funds to the System at the certified
17 rate, unless the terms of the trust or the federal-State
18 agreement preclude the use of the funds for that purpose, in
19 which case the required employer contributions shall be paid by
20 the State. From the effective date of this amendatory Act of
21 the 93rd General Assembly through the payment of the final
22 payroll from fiscal year 2004 appropriations, the department or
23 other employer shall not pay contributions for the remainder of
24 fiscal year 2004 but shall instead make payments as required
25 under subsection (a-1) of Section 14.1 of the State Finance
26 Act. The department or other employer shall resume payment of

1 contributions at the commencement of fiscal year 2005.

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

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

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

1 so that by State fiscal year 2011, the State is contributing at
2 the rate required under this Section; except that (i) for State
3 fiscal year 1998, for all purposes of this Code and any other
4 law of this State, the certified percentage of the applicable
5 employee payroll shall be 5.052% for employees earning eligible
6 creditable service under Section 14-110 and 6.500% for all
7 other employees, notwithstanding any contrary certification
8 made under Section 14-135.08 before the effective date of this
9 amendatory Act of 1997, and (ii) in the following specified
10 State fiscal years, the State contribution to the System shall
11 not be less than the following indicated percentages of the
12 applicable employee payroll, even if the indicated percentage
13 will produce a State contribution in excess of the amount
14 otherwise required under this subsection and subsection (a):
15 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
16 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

23 For each of State fiscal years 2008 through 2009, the State
24 contribution to the System, as a percentage of the applicable
25 employee payroll, shall be increased in equal annual increments
26 from the required State contribution for State fiscal year

1 2007, so that by State fiscal year 2011, the State is
2 contributing at the rate otherwise required under this Section.

3 Notwithstanding any other provision of this Article, the
4 total required State General Revenue Fund contribution for
5 State fiscal year 2010 is \$723,703,100 and shall be made from
6 the proceeds of bonds sold in fiscal year 2010 pursuant to
7 Section 7.2 of the General Obligation Bond Act, less (i) the
8 pro rata share of bond sale expenses determined by the System's
9 share of total bond proceeds, (ii) any amounts received from
10 the General Revenue Fund in fiscal year 2010, and (iii) any
11 reduction in bond proceeds due to the issuance of discounted
12 bonds, if applicable.

13 Notwithstanding any other provision of this Article, the
14 total required State General Revenue Fund contribution for
15 State fiscal year 2011 is the amount recertified by the System
16 on or before April 1, 2011 pursuant to Section 14-135.08 and
17 shall be made from the proceeds of bonds sold in fiscal year
18 2011 pursuant to Section 7.2 of the General Obligation Bond
19 Act, less (i) the pro rata share of bond sale expenses
20 determined by the System's share of total bond proceeds, (ii)
21 any amounts received from the General Revenue Fund in fiscal
22 year 2011, and (iii) any reduction in bond proceeds due to the
23 issuance of discounted bonds, if applicable.

24 Beginning in State fiscal year 2045, the minimum State
25 contribution for each fiscal year shall be the amount needed to
26 maintain the total assets of the System at 100% of the total

1 actuarial liabilities of the System.

2 ~~Beginning in State fiscal year 2046, the minimum State~~
3 ~~contribution for each fiscal year shall be the amount needed to~~
4 ~~maintain the total assets of the System at 90% of the total~~
5 ~~actuarial liabilities of the System.~~

6 Amounts received by the System pursuant to Section 25 of
7 the Budget Stabilization Act or Section 8.12 of the State
8 Finance Act in any fiscal year do not reduce and do not
9 constitute payment of any portion of the minimum State
10 contribution required under this Article in that fiscal year.
11 Such amounts shall not reduce, and shall not be included in the
12 calculation of, the required State contributions under this
13 Article in any future year until the System has reached a
14 funding ratio of at least 100% ~~90%~~. A reference in this Article
15 to the "required State contribution" or any substantially
16 similar term does not include or apply to any amounts payable
17 to the System under Section 25 of the Budget Stabilization Act.

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter through State
21 fiscal year 2014, as calculated under this Section and
22 certified under Section 14-135.08, shall not exceed an amount
23 equal to (i) the amount of the required State contribution that
24 would have been calculated under this Section for that fiscal
25 year if the System had not received any payments under
26 subsection (d) of Section 7.2 of the General Obligation Bond

1 Act, minus (ii) the portion of the State's total debt service
2 payments for that fiscal year on the bonds issued in fiscal
3 year 2003 for the purposes of that Section 7.2, as determined
4 and certified by the Comptroller, that is the same as the
5 System's portion of the total moneys distributed under
6 subsection (d) of Section 7.2 of the General Obligation Bond
7 Act. In determining this maximum for State fiscal years 2008
8 through 2010, however, the amount referred to in item (i) shall
9 be increased, as a percentage of the applicable employee
10 payroll, in equal increments calculated from the sum of the
11 required State contribution for State fiscal year 2007 plus the
12 applicable portion of the State's total debt service payments
13 for fiscal year 2007 on the bonds issued in fiscal year 2003
14 for the purposes of Section 7.2 of the General Obligation Bond
15 Act, so that, by State fiscal year 2011, the State is
16 contributing at the rate otherwise required under this Section.

17 (f) After the submission of all payments for eligible
18 employees from personal services line items in fiscal year 2004
19 have been made, the Comptroller shall provide to the System a
20 certification of the sum of all fiscal year 2004 expenditures
21 for personal services that would have been covered by payments
22 to the System under this Section if the provisions of this
23 amendatory Act of the 93rd General Assembly had not been
24 enacted. Upon receipt of the certification, the System shall
25 determine the amount due to the System based on the full rate
26 certified by the Board under Section 14-135.08 for fiscal year

1 2004 in order to meet the State's obligation under this
2 Section. The System shall compare this amount due to the amount
3 received by the System in fiscal year 2004 through payments
4 under this Section and under Section 6z-61 of the State Finance
5 Act. If the amount due is more than the amount received, the
6 difference shall be termed the "Fiscal Year 2004 Shortfall" for
7 purposes of this Section, and the Fiscal Year 2004 Shortfall
8 shall be satisfied under Section 1.2 of the State Pension Funds
9 Continuing Appropriation Act. If the amount due is less than
10 the amount received, the difference shall be termed the "Fiscal
11 Year 2004 Overpayment" for purposes of this Section, and the
12 Fiscal Year 2004 Overpayment shall be repaid by the System to
13 the Pension Contribution Fund as soon as practicable after the
14 certification.

15 (g) For purposes of determining the required State
16 contribution to the System, the value of the System's assets
17 shall be equal to the actuarial value of the System's assets,
18 which shall be calculated as follows:

19 As of June 30, 2008, the actuarial value of the System's
20 assets shall be equal to the market value of the assets as of
21 that date. In determining the actuarial value of the System's
22 assets for fiscal years after June 30, 2008, any actuarial
23 gains or losses from investment return incurred in a fiscal
24 year shall be recognized in equal annual amounts over the
25 5-year period following that fiscal year.

26 (h) For purposes of determining the required State

1 contribution to the System for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the System's actuarially assumed rate of return.

4 (i) After the submission of all payments for eligible
5 employees from personal services line items paid from the
6 General Revenue Fund in fiscal year 2010 have been made, the
7 Comptroller shall provide to the System a certification of the
8 sum of all fiscal year 2010 expenditures for personal services
9 that would have been covered by payments to the System under
10 this Section if the provisions of this amendatory Act of the
11 96th General Assembly had not been enacted. Upon receipt of the
12 certification, the System shall determine the amount due to the
13 System based on the full rate certified by the Board under
14 Section 14-135.08 for fiscal year 2010 in order to meet the
15 State's obligation under this Section. The System shall compare
16 this amount due to the amount received by the System in fiscal
17 year 2010 through payments under this Section. If the amount
18 due is more than the amount received, the difference shall be
19 termed the "Fiscal Year 2010 Shortfall" for purposes of this
20 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
21 under Section 1.2 of the State Pension Funds Continuing
22 Appropriation Act. If the amount due is less than the amount
23 received, the difference shall be termed the "Fiscal Year 2010
24 Overpayment" for purposes of this Section, and the Fiscal Year
25 2010 Overpayment shall be repaid by the System to the General
26 Revenue Fund as soon as practicable after the certification.

1 (j) After the submission of all payments for eligible
2 employees from personal services line items paid from the
3 General Revenue Fund in fiscal year 2011 have been made, the
4 Comptroller shall provide to the System a certification of the
5 sum of all fiscal year 2011 expenditures for personal services
6 that would have been covered by payments to the System under
7 this Section if the provisions of this amendatory Act of the
8 96th General Assembly had not been enacted. Upon receipt of the
9 certification, the System shall determine the amount due to the
10 System based on the full rate certified by the Board under
11 Section 14-135.08 for fiscal year 2011 in order to meet the
12 State's obligation under this Section. The System shall compare
13 this amount due to the amount received by the System in fiscal
14 year 2011 through payments under this Section. If the amount
15 due is more than the amount received, the difference shall be
16 termed the "Fiscal Year 2011 Shortfall" for purposes of this
17 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
18 under Section 1.2 of the State Pension Funds Continuing
19 Appropriation Act. If the amount due is less than the amount
20 received, the difference shall be termed the "Fiscal Year 2011
21 Overpayment" for purposes of this Section, and the Fiscal Year
22 2011 Overpayment shall be repaid by the System to the General
23 Revenue Fund as soon as practicable after the certification.

24 (k) For fiscal years 2012 and 2013 only, after the
25 submission of all payments for eligible employees from personal
26 services line items paid from the General Revenue Fund in the

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

19 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
20 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
21 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
22 eff. 6-30-12.)

23 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

25 (a) The payment of the required department contributions,

1 all allowances, annuities, benefits granted under this
2 Article, and all expenses of administration of the system are
3 obligations of the State of Illinois to the extent specified in
4 this Article.

5 (b) All income of the system shall be credited to a
6 separate account for this system in the State treasury and
7 shall be used to pay allowances, annuities, benefits and
8 administration expense.

9 (c) Beginning July 1, 2013, the State shall be
10 contractually obligated to contribute to the System in each
11 State fiscal year an amount not less than the sum of (i) the
12 State's normal cost for the year and (ii) the portion of the
13 unfunded accrued liability assigned to that year by law.
14 Notwithstanding any other provision of law, if the State fails
15 to pay an amount guaranteed under this subsection, it shall be
16 the mandatory fiduciary obligation of the Board to seek payment
17 of the guaranteed amount in compliance with the provisions of
18 this Section and, if the amount remains unpaid, to bring a
19 mandamus action in the Supreme Court of Illinois to compel the
20 State to make the required payment.

21 If the System or a department submits a voucher for
22 contributions required under Section 14-131 and the State fails
23 to pay that voucher within 90 days of its receipt, the Board
24 shall submit a written request to the Comptroller seeking
25 payment. A copy of the request shall be filed with the
26 Secretary of State, and the Secretary of State shall provide a

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

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

12 (d) Beginning in State fiscal year 2020, the State shall be
13 contractually obligated to make the transfers set forth in
14 subsections (c-10) and (c-15) of Section 20 of the Budget
15 Stabilization Act and to pay to the System its proportionate
16 share of the transferred amounts in accordance with Section 25
17 of the Budget Stabilization Act. Notwithstanding any other
18 provision of law, if the State fails to transfer an amount
19 guaranteed under this subsection or to pay to the System its
20 proportionate share of the transferred amount in accordance
21 with Section 25 of the Budget Stabilization Act, it shall be
22 the mandatory fiduciary obligation of the Board to seek
23 transfer or payment of the guaranteed amount in compliance with
24 the provisions of this Section and, if the required amount
25 remains untransferred or the required payment remains unpaid,
26 to bring a mandamus action in the Supreme Court of Illinois to

1 compel the State to make the required transfer or payment or
2 both, as the case may be.

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

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

25 The obligations created by this subsection (d) expire when
26 all of the requirements of subsections (c-10) and (c-15) of

1 Section 20 of the Budget Stabilization Act and Section 25 of
2 the Budget Stabilization Act have been met.

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

17 (f) By the enactment of this amendatory Act of the 98th
18 General Assembly, the State of Illinois pledges to and agrees
19 with the Board and members of the System that the State will
20 make the payments required under Section 14-131 of this Code,
21 the transfers required under subsections (c-10) and (c-15) of
22 Section 20 of the Budget Stabilization Act, and the payments to
23 the System of its proportionate share of the transferred
24 amounts in accordance with Section 25 of the Budget
25 Stabilization Act. The State further pledges that the State
26 will not limit or alter the rights and powers vested in the

1 Board so as to impair the terms of this Section or in any way
2 impair the rights and remedies of the Board.

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

4 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

6 (a) Each participating employee shall make contributions
7 to the System, based on the employee's compensation, as
8 follows:

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

12 (2) Noncovered employees, except as indicated below,
13 7% for retirement annuity and 1% for a widow or survivors
14 annuity;

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

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

1 and thereafter;

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

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, 1% for a widow or survivors annuity
11 plus the following amount for retirement annuity: 8.5%
12 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
13 11.5% in 2004 and thereafter.

14 (a-5) In addition to the contributions otherwise required
15 under this Article, each Tier I member shall also make the
16 following contributions for retirement annuity from each
17 payment of compensation:

18 (1) beginning July 1, 2013 and through June 30, 2014,
19 1% of compensation; and

20 (2) beginning on July 1, 2014, 2% of compensation.

21 (b) Contributions shall be in the form of a deduction from
22 compensation and shall be made notwithstanding that the
23 compensation paid in cash to the employee shall be reduced
24 thereby below the minimum prescribed by law or regulation. Each
25 member is deemed to consent and agree to the deductions from
26 compensation provided for in this Article, and shall receipt in

1 full for salary or compensation.

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

3 (40 ILCS 5/14-133.5 new)

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

8 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

9 Sec. 14-135.08. To certify required State contributions.

10 (a) To certify to the Governor and to each department, on
11 or before November 15 of each year through ~~until~~ November 15,
12 2011, the required rate for State contributions to the System
13 for the next State fiscal year, as determined under subsection
14 (b) of Section 14-131. The certification to the Governor under
15 this subsection (a) shall include a copy of the actuarial
16 recommendations upon which the rate is based ~~and shall~~
17 ~~specifically identify the System's projected State normal cost~~
18 ~~for that fiscal year.~~

19 (a-5) On or before November 1 of each year, beginning
20 November 1, 2012, the Board shall submit to the State Actuary,
21 the Governor, and the General Assembly a proposed certification
22 of the amount of the required State contribution to the System
23 for the next fiscal year, along with all of the actuarial
24 assumptions, calculations, and data upon which that proposed

1 certification is based. On or before January 1 of each year,
2 beginning January 1, 2013, the State Actuary shall issue a
3 preliminary report concerning the proposed certification and
4 identifying, if necessary, recommended changes in actuarial
5 assumptions that the Board must consider before finalizing its
6 certification of the required State contributions.

7 On or before January 15, 2013 and each January 15
8 thereafter, the Board shall certify to the Governor and the
9 General Assembly the amount of the required State contribution
10 for the next fiscal year. The certification shall include a
11 copy of the actuarial recommendations upon which it is based
12 and shall specifically identify the System's projected State
13 normal cost for that fiscal year. The Board's certification
14 must note any deviations from the State Actuary's recommended
15 changes, the reason or reasons for not following the State
16 Actuary's recommended changes, and the fiscal impact of not
17 following the State Actuary's recommended changes on the
18 required State contribution.

19 (b) The certifications under subsections (a) and (a-5)
20 shall include an additional amount necessary to pay all
21 principal of and interest on those general obligation bonds due
22 the next fiscal year authorized by Section 7.2(a) of the
23 General Obligation Bond Act and issued to provide the proceeds
24 deposited by the State with the System in July 2003,
25 representing deposits other than amounts reserved under
26 Section 7.2(c) of the General Obligation Bond Act. For State

1 fiscal year 2005, the Board shall make a supplemental
2 certification of the additional amount necessary to pay all
3 principal of and interest on those general obligation bonds due
4 in State fiscal years 2004 and 2005 authorized by Section
5 7.2(a) of the General Obligation Bond Act and issued to provide
6 the proceeds deposited by the State with the System in July
7 2003, representing deposits other than amounts reserved under
8 Section 7.2(c) of the General Obligation Bond Act, as soon as
9 practical after the effective date of this amendatory Act of
10 the 93rd General Assembly.

11 On or before May 1, 2004, the Board shall recalculate and
12 recertify to the Governor and to each department the amount of
13 the required State contribution to the System and the required
14 rates for State contributions to the System for State fiscal
15 year 2005, taking into account the amounts appropriated to and
16 received by the System under subsection (d) of Section 7.2 of
17 the General Obligation Bond Act.

18 On or before July 1, 2005, the Board shall recalculate and
19 recertify to the Governor and to each department the amount of
20 the required State contribution to the System and the required
21 rates for State contributions to the System for State fiscal
22 year 2006, taking into account the changes in required State
23 contributions made by this amendatory Act of the 94th General
24 Assembly.

25 On or before April 1, 2011, 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 for State fiscal
2 year 2011, applying the changes made by Public Act 96-889 to
3 the System's assets and liabilities as of June 30, 2009 as
4 though Public Act 96-889 was approved on that date.

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

7 (40 ILCS 5/14-152.1)

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

10 (a) As used in this Section, "new benefit increase" means
11 an increase in the amount of any benefit provided under this
12 Article, or an expansion of the conditions of eligibility for
13 any benefit under this Article, that results from an amendment
14 to this Code that takes effect after June 1, 2005 (the
15 effective date of Public Act 94-4). "New benefit increase",
16 however, does not include any benefit increase resulting from
17 the changes made to this Article or Article 1 by Public Act
18 96-37 or by this amendatory Act of the 98th ~~96th~~ General
19 Assembly.

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

1 the new benefit increase, a new benefit increase that expires
2 under this Section continues to apply to persons who applied
3 and qualified for the affected benefit while the new benefit
4 increase was in effect and to the affected beneficiaries and
5 alternate payees of such persons, but does not apply to any
6 other person, including without limitation a person who
7 continues in service after the expiration date and did not
8 apply and qualify for the affected benefit while the new
9 benefit increase was in effect.

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

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.

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

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

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

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

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

24 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

25 Sec. 15-107. Employee.

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

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

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

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

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

23 (4) is eligible to participate in the Federal Civil
24 Service Retirement System and is currently making
25 contributions to that system based upon earnings paid by an
26 employer;

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

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

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

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

23 (c) Any person appointed by the Governor under the Civil
24 Administrative Code of the State is an employee, if he or she
25 is a participant in this system on the effective date of the
26 appointment.

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

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

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

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

26 (h) An individual who was a participating employee employed

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

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

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

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

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

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

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

5 (40 ILCS 5/15-107.1 new)

6 Sec. 15-107.1. Tier I participant. "Tier I participant": A
7 participant under this Article, other than a participant in the
8 self-managed plan under Section 15-158.2, who first became a
9 member or participant before January 1, 2011 under any
10 reciprocal retirement system or pension fund established under
11 this Code other than a retirement system or pension fund
12 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

13 (40 ILCS 5/15-107.2 new)

14 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former
15 Tier I participant who is receiving a retirement annuity.

16 A person does not become a Tier I retiree by virtue of
17 receiving a reversionary, survivors, beneficiary, or
18 disability annuity.

19 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

20 Sec. 15-111. Earnings. "Earnings": An amount paid for
21 personal services equal to the sum of the basic compensation
22 plus extra compensation for summer teaching, overtime or other
23 extra service. For periods for which an employee receives

1 service credit under subsection (c) of Section 15-113.1 or
2 Section 15-113.2, earnings are equal to the basic compensation
3 on which contributions are paid by the employee during such
4 periods. Compensation for employment which is irregular,
5 intermittent and temporary shall not be considered earnings,
6 unless the participant is also receiving earnings from the
7 employer as an employee under Section 15-107.

8 With respect to transition pay paid by the University of
9 Illinois to a person who was a participating employee employed
10 in the fire department of the University of Illinois's
11 Champaign-Urbana campus immediately prior to the elimination
12 of that fire department:

13 (1) "Earnings" includes transition pay paid to the
14 employee on or after the effective date of this amendatory
15 Act of the 91st General Assembly.

16 (2) "Earnings" includes transition pay paid to the
17 employee before the effective date of this amendatory Act
18 of the 91st General Assembly only if (i) employee
19 contributions under Section 15-157 have been withheld from
20 that transition pay or (ii) the employee pays to the System
21 before January 1, 2001 an amount representing employee
22 contributions under Section 15-157 on that transition pay.
23 Employee contributions under item (ii) may be paid in a
24 lump sum, by withholding from additional transition pay
25 accruing before January 1, 2001, or in any other manner
26 approved by the System. Upon payment of the employee

1 contributions on transition pay, the corresponding
2 employer contributions become an obligation of the State.

3 Notwithstanding any other provision of this Code, the
4 earnings of a Tier I participant for the purposes of this Code
5 shall not exceed, for periods of service on or after the
6 effective date of this amendatory Act of the 98th General
7 Assembly, the greater of (i) the limitation determined from
8 time to time under subsection (b-5) of Section 1-160 of this
9 Code for persons subject to that Section or (ii) the annual
10 earnings of the participant during the 365 days immediately
11 preceding that effective date; except that this limitation does
12 not apply to a participant's earnings that are determined under
13 an employment contract or collective bargaining agreement that
14 is in effect on the effective date of this amendatory Act of
15 the 98th General Assembly and has not been amended or renewed
16 after that date.

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

18 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

19 Sec. 15-112. Final rate of earnings.

20 "Final rate of earnings":

21 (a) This subsection (a) applies only to a person who first
22 becomes a participant of any system before January 1, 2011.

23 For an employee who is paid on an hourly basis or who
24 receives an annual salary in installments during 12 months of
25 each academic year, the average annual earnings during the 48

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

13 (b) This subsection (b) applies to a person to whom
14 subsection (a) does not apply.

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 participant who retires on or after the effective
12 date of this amendatory Act of 1997 with at least 20 years of
13 service as a firefighter or police officer under this Article,
14 the final rate of earnings shall be the annual rate of earnings
15 received by the participant on his or her last day as a
16 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 participant to whom subsection (a) of this Section
20 applies is an employee for at least 6 months during the
21 academic year in which his or her employment is terminated, the
22 annual final rate of earnings shall be 25% of the sum of (1)
23 the annual basic compensation for that year, and (2) the amount
24 earned during the 36 months immediately preceding that year, if
25 this is greater than the final rate of earnings as calculated
26 under the other provisions of this 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. 96-1490, eff. 1-1-11.)

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 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

2 Sec. 15-113.7. Service for other public employment.

3 "Service for other public employment": Includes those periods
4 not exceeding the lesser of 10 years or 2/3 of the service
5 granted under other Sections of this Article dealing with
6 service credit, during which a person was employed full time by
7 the United States government, or by the government of a state,
8 or by a political subdivision of a state, or by an agency or
9 instrumentality of any of the foregoing, if the person (1)
10 cannot qualify for a retirement pension or other benefit based
11 upon employer contributions from another retirement system,
12 exclusive of federal social security, based in whole or in part
13 upon this employment, and (2) pays the lesser of (A) an amount
14 equal to 8% of his or her annual basic compensation on the date
15 of becoming a participating employee subsequent to this service
16 multiplied by the number of years of such service, together
17 with compound interest from the date participation begins to
18 the date payment is received by the board at the rate of 6% per
19 annum through August 31, 1982, and at the effective rates after
20 that date, and (B) 50% of the actuarial value of the increase
21 in the retirement annuity provided by this service, and (3)
22 contributes for at least 5 years subsequent to this employment
23 to one or more of the following systems: the State Universities
24 Retirement System, the Teachers' Retirement System of the State
25 of Illinois, and the Public School Teachers' Pension and
26 Retirement Fund of Chicago. If a function of a governmental

1 unit as defined by Section 20-107 is transferred by law, in
2 whole or in part to an employer, and an employee transfers
3 employment from this governmental unit to such employer within
4 6 months of the transfer of the function, the payment for
5 service authorized under this Section shall not exceed the
6 amount which would have been payable for this service to the
7 retirement system covering the governmental unit from which the
8 function was transferred.

9 The service granted under this Section shall not be
10 considered in determining whether the person has the minimum of
11 8 years of service required to qualify for a retirement annuity
12 at age 55 or the 5 years of service required to qualify for a
13 retirement annuity at age 62, as provided in Section 15-135 or
14 the 10 years required by subsection (c) of Section 1-160. The
15 maximum allowable service of 10 years for this governmental
16 employment shall be reduced by the service credit which is
17 validated under paragraph (2) of subsection (b) of Section
18 16-127 and paragraph one of Section 17-133.

19 Except as hereinafter provided, this Section shall not
20 apply to persons who become participants in the system after
21 September 1, 1974.

22 (Source: P.A. 95-83, eff. 8-13-07.)

23 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)
24 Sec. 15-125. "Prescribed Rate of Interest; Effective Rate
25 of Interest".

1 (1) "Prescribed rate of interest": The rate of interest to
2 be used in actuarial valuations and in development of actuarial
3 tables as determined by the board on the basis of the probable
4 average effective rate of interest on a long term basis.

5 (2) "Effective rate of interest": The interest rate for all
6 or any part of a fiscal year that is determined by the State
7 Comptroller ~~board~~ based on factors including the system's past
8 and expected investment experience; historical and expected
9 fluctuations in the market value of investments; the
10 desirability of minimizing volatility in the effective rate of
11 interest from year to year; and the provision of reserves for
12 anticipated losses upon sales, redemptions, or other
13 disposition of investments and for variations in interest
14 experience; ~~except that for the purpose of determining the~~
15 ~~accumulated normal contributions used in calculating~~
16 ~~retirement annuities under Rule 2 of Section 15 136, the~~
17 ~~effective rate of interest shall be determined by the State~~
18 ~~Comptroller rather than the board.~~ The State Comptroller shall
19 determine the effective rate of interest to be used for this
20 purpose using the factors listed above, and shall certify to
21 the board and the Commission on Government Forecasting and
22 Accountability the rate to be used for this purpose for fiscal
23 year 2006 as soon as possible after the effective date of this
24 amendatory Act of the 94th General Assembly, and for each
25 fiscal year thereafter no later than the January 31 immediately
26 preceding the start of that fiscal year.

1 (2.1) The phrase "expected investment experience" as
2 providing special consideration to the rates of return achieved
3 by long-term U.S. Treasury Bonds. Subject to the limitations
4 set forth in Section 1-103.1 of the Pension Code the definition
5 of this phrase is a declaration of existing law and shall not
6 be construed as a new enactment.

7 (3) The change made to this Section by Public Acts 90-65
8 and 90-511 is a clarification of existing law.

9 (Source: P.A. 94-4, eff. 6-1-05; 94-982, eff. 6-30-06.)

10 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

11 Sec. 15-135. Retirement annuities - Conditions.

12 (a) A participant who retires in one of the following
13 specified years with the specified amount of service is
14 entitled to a retirement annuity at any age under the
15 retirement program applicable to the participant:

16 35 years if retirement is in 1997 or before;

17 34 years if retirement is in 1998;

18 33 years if retirement is in 1999;

19 32 years if retirement is in 2000;

20 31 years if retirement is in 2001;

21 30 years if retirement is in 2002 or later.

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

25 A participant with at least 5 but less than 8 years of

1 service after September 1, 1941, is entitled to a retirement
2 annuity on or after attainment of age 62.

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

7 (a-5) Notwithstanding subsection (a) of this Section, for a
8 Tier I participant who begins receiving a retirement annuity
9 under this Article on or after July 1, 2013:

10 (1) If the Tier I participant is at least 45 years old
11 on the effective date of this amendatory Act of the 98th
12 General Assembly, then the reference to retirement with 30
13 years of service as well as the references to age 50, 55,
14 and 62 in subsection (a) of this Section remain unchanged.

15 (2) If the Tier I participant is at least 40 but less
16 than 45 years old on the effective date of this amendatory
17 Act of the 98th General Assembly, then the reference to
18 retirement with 30 years of service as well as the
19 references to age 50, 55, and 62 in subsection (a) of this
20 Section shall be increased by one year.

21 (3) If the Tier I participant is at least 35 but less
22 than 40 years old on the effective date of this amendatory
23 Act of the 98th General Assembly, then the reference to
24 retirement with 30 years of service as well as the
25 references to age 50, 55, and 62 in subsection (a) of this
26 Section shall be increased by 3 years.

1 (4) If the Tier I participant is less than 35 years old
2 on the effective date of this amendatory Act of the 98th
3 General Assembly, then the reference to retirement with 30
4 years of service as well as the references to age 50, 55,
5 and 62 in subsection (a) of this Section shall be increased
6 by 5 years.

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

12 (b) The annuity payment period shall begin on the date
13 specified by the participant or the recipient of a disability
14 retirement annuity submitting a written application, which
15 date shall not be prior to termination of employment or more
16 than one year before the application is received by the board;
17 however, if the participant is not an employee of an employer
18 participating in this System or in a participating system as
19 defined in Article 20 of this Code on April 1 of the calendar
20 year next following the calendar year in which the participant
21 attains age 70 1/2, the annuity payment period shall begin on
22 that date regardless of whether an application has been filed.

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

25 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

1 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

2 Sec. 15-136. Retirement annuities - Amount. The provisions
3 of this Section 15-136 apply only to those participants who are
4 participating in the traditional benefit package or the
5 portable benefit package and do not apply to participants who
6 are participating in the self-managed plan.

7 (a) The amount of a participant's retirement annuity,
8 expressed in the form of a single-life annuity, shall be
9 determined by whichever of the following rules is applicable
10 and provides the largest annuity:

11 Rule 1: The retirement annuity shall be 1.67% of final rate
12 of earnings for each of the first 10 years of service, 1.90%
13 for each of the next 10 years of service, 2.10% for each year
14 of service in excess of 20 but not exceeding 30, and 2.30% for
15 each year in excess of 30; or for persons who retire on or
16 after January 1, 1998, 2.2% of the final rate of earnings for
17 each year of service.

18 Rule 2: The retirement annuity shall be the sum of the
19 following, determined from amounts credited to the participant
20 in accordance with the actuarial tables and the effective rate
21 of interest in effect at the time the retirement annuity
22 begins:

23 (i) the normal annuity which can be provided on an
24 actuarially equivalent basis, by the accumulated normal
25 contributions as of the date the annuity 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 from the accumulated normal
3 contributions made by the participant under Section
4 15-113.6 and Section 15-113.7 plus 1.4 times all other
5 accumulated normal contributions made by the participant;
6 and

7 (iii) the annuity that can be provided on an
8 actuarially equivalent basis from the entire contribution
9 made by the participant under Section 15-113.3.

10 For the purpose of calculating an annuity under this Rule
11 2, the contribution required under subsection (c-5) of Section
12 15-157 shall not be considered when determining the
13 participant's accumulated normal contributions under clause
14 (i) or the employer contribution under clause (ii).

15 With respect to a police officer or firefighter who retires
16 on or after August 14, 1998, the accumulated normal
17 contributions taken into account under clauses (i) and (ii) of
18 this Rule 2 shall include the additional normal contributions
19 made by the police officer or firefighter under Section
20 15-157(a).

21 The amount of a retirement annuity calculated under this
22 Rule 2 shall be computed solely on the basis of the
23 participant's accumulated normal contributions, as specified
24 in this Rule and defined in Section 15-116. Neither an employee
25 or employer contribution for early retirement under Section
26 15-136.2 nor any other employer contribution shall be used in

1 the calculation of the amount of a retirement annuity under
2 this Rule 2.

3 This amendatory Act of the 91st General Assembly is a
4 clarification of existing law and applies to every participant
5 and annuitant without regard to whether status as an employee
6 terminates before the effective date of this amendatory Act.

7 This Rule 2 does not apply to a person who first becomes an
8 employee under this Article on or after July 1, 2005.

9 Rule 3: The retirement annuity of a participant who is
10 employed at least one-half time during the period on which his
11 or her final rate of earnings is based, shall be equal to the
12 participant's years of service not to exceed 30, multiplied by
13 (1) \$96 if the participant's final rate of earnings is less
14 than \$3,500, (2) \$108 if the final rate of earnings is at least
15 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
16 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
17 the final rate of earnings is at least \$5,500 but less than
18 \$6,500, (5) \$144 if the final rate of earnings is at least
19 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
20 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
21 the final rate of earnings is at least \$8,500 but less than
22 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
23 more, except that the annuity for those persons having made an
24 election under Section 15-154(a-1) shall be calculated and
25 payable under the portable retirement benefit program pursuant
26 to the provisions of Section 15-136.4.

1 Rule 4: A participant who is at least age 50 and has 25 or
2 more years of service as a police officer or firefighter, and a
3 participant who is age 55 or over and has at least 20 but less
4 than 25 years of service as a police officer or firefighter,
5 shall be entitled to a retirement annuity of 2 1/4% of the
6 final rate of earnings for each of the first 10 years of
7 service as a police officer or firefighter, 2 1/2% for each of
8 the next 10 years of service as a police officer or
9 firefighter, and 2 3/4% for each year of service as a police
10 officer or firefighter in excess of 20. The retirement annuity
11 for all other service shall be computed under Rule 1.

12 For purposes of this Rule 4, a participant's service as a
13 firefighter shall also include the following:

14 (i) service that is performed while the person is an
15 employee under subsection (h) of Section 15-107; and

16 (ii) in the case of an individual who was a
17 participating employee employed in the fire department of
18 the University of Illinois's Champaign-Urbana campus
19 immediately prior to the elimination of that fire
20 department and who immediately after the elimination of
21 that fire department transferred to another job with the
22 University of Illinois, service performed as an employee of
23 the University of Illinois in a position other than police
24 officer or firefighter, from the date of that transfer
25 until the employee's next termination of service with the
26 University of Illinois.

1 Rule 5: The retirement annuity of a participant who elected
2 early retirement under the provisions of Section 15-136.2 and
3 who, on or before February 16, 1995, brought administrative
4 proceedings pursuant to the administrative rules adopted by the
5 System to challenge the calculation of his or her retirement
6 annuity shall be the sum of the following, determined from
7 amounts credited to the participant in accordance with the
8 actuarial tables and the prescribed rate of interest in effect
9 at the time the retirement annuity begins:

10 (i) the normal annuity which can be provided on an
11 actuarially equivalent basis, by the accumulated normal
12 contributions as of the date the annuity begins; and

13 (ii) an annuity from employer contributions of an
14 amount equal to that which can be provided on an
15 actuarially equivalent basis from the accumulated normal
16 contributions made by the participant under Section
17 15-113.6 and Section 15-113.7 plus 1.4 times all other
18 accumulated normal contributions made by the participant;
19 and

20 (iii) an annuity which can be provided on an
21 actuarially equivalent basis from the employee
22 contribution for early retirement under Section 15-136.2,
23 and an annuity from employer contributions of an amount
24 equal to that which can be provided on an actuarially
25 equivalent basis from the employee contribution for early
26 retirement under Section 15-136.2.

1 In no event shall a retirement annuity under this Rule 5 be
2 lower than the amount obtained by adding (1) the monthly amount
3 obtained by dividing the combined employee and employer
4 contributions made under Section 15-136.2 by the System's
5 annuity factor for the age of the participant at the beginning
6 of the annuity payment period and (2) the amount equal to the
7 participant's annuity if calculated under Rule 1, reduced under
8 Section 15-136(b) as if no contributions had been made under
9 Section 15-136.2.

10 With respect to a participant who is qualified for a
11 retirement annuity under this Rule 5 whose retirement annuity
12 began before the effective date of this amendatory Act of the
13 91st General Assembly, and for whom an employee contribution
14 was made under Section 15-136.2, the System shall recalculate
15 the retirement annuity under this Rule 5 and shall pay any
16 additional amounts due in the manner provided in Section
17 15-186.1 for benefits mistakenly set too low.

18 The amount of a retirement annuity calculated under this
19 Rule 5 shall be computed solely on the basis of those
20 contributions specifically set forth in this Rule 5. Except as
21 provided in clause (iii) of this Rule 5, neither an employee
22 nor employer contribution for early retirement under Section
23 15-136.2, nor any other employer contribution, shall be used in
24 the calculation of the amount of a retirement annuity under
25 this Rule 5.

26 The General Assembly has adopted the changes set forth in

1 Section 25 of this amendatory Act of the 91st General Assembly
2 in recognition that the decision of the Appellate Court for the
3 Fourth District in *Mattis v. State Universities Retirement*
4 *System et al.* might be deemed to give some right to the
5 plaintiff in that case. The changes made by Section 25 of this
6 amendatory Act of the 91st General Assembly are a legislative
7 implementation of the decision of the Appellate Court for the
8 Fourth District in *Mattis v. State Universities Retirement*
9 *System et al.* with respect to that plaintiff.

10 The changes made by Section 25 of this amendatory Act of
11 the 91st General Assembly apply without regard to whether the
12 person is in service as an employee on or after its effective
13 date.

14 (b) The retirement annuity provided under Rules 1 and 3
15 above shall be reduced by $1/2$ of 1% for each month the
16 participant is under age 60 at the time of retirement. However,
17 this reduction shall not apply in the following cases:

18 (1) For a disabled participant whose disability
19 benefits have been discontinued because he or she has
20 exhausted eligibility for disability benefits under clause
21 (6) of Section 15-152;

22 (2) For a participant who has at least the number of
23 years of service required to retire at any age under
24 subsection (a) of Section 15-135; or

25 (3) For that portion of a retirement annuity which has
26 been provided on account of service of the participant

1 during periods when he or she performed the duties of a
2 police officer or firefighter, if these duties were
3 performed for at least 5 years immediately preceding the
4 date the retirement annuity is to begin.

5 (c) The maximum retirement annuity provided under Rules 1,
6 2, 4, and 5 shall be the lesser of (1) the annual limit of
7 benefits as specified in Section 415 of the Internal Revenue
8 Code of 1986, as such Section may be amended from time to time
9 and as such benefit limits shall be adjusted by the
10 Commissioner of Internal Revenue, and (2) 80% of final rate of
11 earnings.

12 (d) Subject to the provisions of subsections (d-1) and
13 (d-2), an ~~An~~ annuitant whose status as an employee terminates
14 after August 14, 1969 shall receive automatic increases in his
15 or her retirement annuity as follows:

16 Effective January 1 immediately following the date the
17 retirement annuity begins, the annuitant shall receive an
18 increase in his or her monthly retirement annuity of 0.125% of
19 the monthly retirement annuity provided under Rule 1, Rule 2,
20 Rule 3, Rule 4, or Rule 5, contained in this Section,
21 multiplied by the number of full months which elapsed from the
22 date the retirement annuity payments began to January 1, 1972,
23 plus 0.1667% of such annuity, multiplied by the number of full
24 months which elapsed from January 1, 1972, or the date the
25 retirement annuity payments began, whichever is later, to
26 January 1, 1978, plus 0.25% of such annuity multiplied by the

1 number of full months which elapsed from January 1, 1978, or
2 the date the retirement annuity payments began, whichever is
3 later, to the effective date of the increase.

4 The annuitant shall receive an increase in his or her
5 monthly retirement annuity on each January 1 thereafter during
6 the annuitant's life of 3% of the monthly annuity provided
7 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
8 this Section. The change made under this subsection by P.A.
9 81-970 is effective January 1, 1980 and applies to each
10 annuitant whose status as an employee terminates before or
11 after that date.

12 Beginning January 1, 1990 and except as provided in
13 subsections (d-1) and (d-2), all automatic annual increases
14 payable under this Section shall be calculated as a percentage
15 of the total annuity payable at the time of the increase,
16 including all increases previously granted under this Article.

17 The change made in this subsection by P.A. 85-1008 is
18 effective January 26, 1988, and is applicable without regard to
19 whether status as an employee terminated before that date.

20 (d-1) Notwithstanding any other provision of this Article,
21 for a Tier I retiree, the amount of each automatic annual
22 increase in retirement annuity occurring on or after the
23 effective date of this amendatory Act of the 98th General
24 Assembly shall be 3% of the lesser of (1) the total annuity
25 payable at the time of the increase, including previous
26 increases granted, or (2) \$1,000 multiplied by the number of

1 years of creditable service upon which the annuity is based.

2 (d-2) Notwithstanding any other provision of this Article,
3 for a Tier I retiree, the monthly retirement annuity shall
4 first be subject to annual increases on the January 1 occurring
5 on or next after the attainment of age 67 or the January 1
6 occurring on or next after the fifth anniversary of the annuity
7 start date, whichever occurs earlier. If on the effective date
8 of this amendatory Act of the 98th General Assembly a Tier I
9 retiree has already received an annual increase under this
10 Section but does not yet meet the new eligibility requirements
11 of this subsection, the annual increases already received shall
12 continue in force, but no additional annual increase shall be
13 granted until the Tier I retiree meets the new eligibility
14 requirements.

15 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)
16 and (d-2) apply without regard to whether or not the Tier I
17 retiree is in active service under this Article on or after the
18 effective date of this amendatory Act of the 98th General
19 Assembly.

20 (e) If, on January 1, 1987, or the date the retirement
21 annuity payment period begins, whichever is later, the sum of
22 the retirement annuity provided under Rule 1 or Rule 2 of this
23 Section and the automatic annual increases provided under the
24 preceding subsection or Section 15-136.1, amounts to less than
25 the retirement annuity which would be provided by Rule 3, the
26 retirement annuity shall be increased as of January 1, 1987, or

1 the date the retirement annuity payment period begins,
2 whichever is later, to the amount which would be provided by
3 Rule 3 of this Section. Such increased amount shall be
4 considered as the retirement annuity in determining benefits
5 provided under other Sections of this Article. This paragraph
6 applies without regard to whether status as an employee
7 terminated before the effective date of this amendatory Act of
8 1987, provided that the annuitant was employed at least
9 one-half time during the period on which the final rate of
10 earnings was based.

11 (f) A participant is entitled to such additional annuity as
12 may be provided on an actuarially equivalent basis, by any
13 accumulated additional contributions to his or her credit.
14 However, the additional contributions made by the participant
15 toward the automatic increases in annuity provided under this
16 Section and the contributions made under subsection (c-5) of
17 Section 15-157 by this amendatory Act of the 98th General
18 Assembly shall not be taken into account in determining the
19 amount of such additional annuity.

20 (g) If, (1) by law, a function of a governmental unit, as
21 defined by Section 20-107 of this Code, is transferred in whole
22 or in part to an employer, and (2) a participant transfers
23 employment from such governmental unit to such employer within
24 6 months after the transfer of the function, and (3) the sum of
25 (A) the annuity payable to the participant under Rule 1, 2, or
26 3 of this Section (B) all proportional annuities payable to the

1 participant by all other retirement systems covered by Article
2 20, and (C) the initial primary insurance amount to which the
3 participant is entitled under the Social Security Act, is less
4 than the retirement annuity which would have been payable if
5 all of the participant's pension credits validated under
6 Section 20-109 had been validated under this system, a
7 supplemental annuity equal to the difference in such amounts
8 shall be payable to the participant.

9 (h) On January 1, 1981, an annuitant who was receiving a
10 retirement annuity on or before January 1, 1971 shall have his
11 or her retirement annuity then being paid increased \$1 per
12 month for each year of creditable service. On January 1, 1982,
13 an annuitant whose retirement annuity began on or before
14 January 1, 1977, shall have his or her retirement annuity then
15 being paid increased \$1 per month for each year of creditable
16 service.

17 (i) On January 1, 1987, any annuitant whose retirement
18 annuity began on or before January 1, 1977, shall have the
19 monthly retirement annuity increased by an amount equal to 8¢
20 per year of creditable service times the number of years that
21 have elapsed since the annuity began.

22 (j) For participants to whom subsection (a-5) of Section
23 15-135 applies, the references to age 50, 55, and 62 in this
24 Section are increased as provided in subsection (a-5) of
25 Section 15-135.

26 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

1 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

2 Sec. 15-155. Employer contributions.

3 (a) The State of Illinois shall make contributions by
4 appropriations of amounts which, together with the other
5 employer contributions from trust, federal, and other funds,
6 employee contributions, income from investments, and other
7 income of this System, will be sufficient to meet the cost of
8 maintaining and administering the System on a 100% ~~90%~~ funded
9 basis in accordance with actuarial recommendations by the end
10 of State fiscal year 2044.

11 The Board shall determine the amount of State contributions
12 required for each fiscal year on the basis of the actuarial
13 tables and other assumptions adopted by the Board and the
14 recommendations of the actuary, using the formula in subsection
15 (a-1).

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

1 fiscal year 2044 and shall be determined under the entry age
2 normal actuarial cost method.

3 Beginning in State fiscal year 2045, the minimum State
4 contribution for each fiscal year shall be the amount needed to
5 maintain the total assets of the System at 100% of the total
6 actuarial liabilities of the System.

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$166,641,900.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is

1 \$252,064,100.

2 For each of State fiscal years 2008 through 2009, the State
3 contribution to the System, as a percentage of the applicable
4 employee payroll, shall be increased in equal annual increments
5 from the required State contribution for State fiscal year
6 2007, so that by State fiscal year 2011, the State is
7 contributing at the rate otherwise required under this Section.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2010 is
10 \$702,514,000 and shall be made from the State Pensions Fund and
11 proceeds of bonds sold in fiscal year 2010 pursuant to Section
12 7.2 of the General Obligation Bond Act, less (i) the pro rata
13 share of bond sale expenses determined by the System's share of
14 total bond proceeds, (ii) any amounts received from the General
15 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
16 proceeds due to the issuance of discounted bonds, if
17 applicable.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2011 is
20 the amount recertified by the System on or before April 1, 2011
21 pursuant to Section 15-165 and shall be made from the State
22 Pensions Fund and proceeds of bonds sold in fiscal year 2011
23 pursuant to Section 7.2 of the General Obligation Bond Act,
24 less (i) the pro rata share of bond sale expenses determined by
25 the System's share of total bond proceeds, (ii) any amounts
26 received from the General Revenue Fund in fiscal year 2011, and

1 (iii) any reduction in bond proceeds due to the issuance of
2 discounted bonds, if applicable.

3 ~~Beginning in State fiscal year 2016, the minimum State~~
4 ~~contribution for each fiscal year shall be the amount needed to~~
5 ~~maintain the total assets of the System at 90% of the total~~
6 ~~actuarial liabilities of the System.~~

7 Amounts received by the System pursuant to Section 25 of
8 the Budget Stabilization Act or Section 8.12 of the State
9 Finance Act in any fiscal year do not reduce and do not
10 constitute payment of any portion of the minimum State
11 contribution required under this Article in that fiscal year.
12 Such amounts shall not reduce, and shall not be included in the
13 calculation of, the required State contributions under this
14 Article in any future year until the System has reached a
15 funding ratio of at least 100% ~~90%~~. A reference in this Article
16 to the "required State contribution" or any substantially
17 similar term does not include or apply to any amounts payable
18 to the System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter through State
22 fiscal year 2014, as calculated under this Section and
23 certified under Section 15-165, shall not exceed an amount
24 equal to (i) the amount of the required State contribution that
25 would have been calculated under this Section for that fiscal
26 year if the System had not received any payments under

1 subsection (d) of Section 7.2 of the General Obligation Bond
2 Act, minus (ii) the portion of the State's total debt service
3 payments for that fiscal year on the bonds issued in fiscal
4 year 2003 for the purposes of that Section 7.2, as determined
5 and certified by the Comptroller, that is the same as the
6 System's portion of the total moneys distributed under
7 subsection (d) of Section 7.2 of the General Obligation Bond
8 Act. In determining this maximum for State fiscal years 2008
9 through 2010, however, the amount referred to in item (i) shall
10 be increased, as a percentage of the applicable employee
11 payroll, in equal increments calculated from the sum of the
12 required State contribution for State fiscal year 2007 plus the
13 applicable portion of the State's total debt service payments
14 for fiscal year 2007 on the bonds issued in fiscal year 2003
15 for the purposes of Section 7.2 of the General Obligation Bond
16 Act, so that, by State fiscal year 2011, the State is
17 contributing at the rate otherwise required under this Section.

18 (b) If an employee is paid from trust or federal funds, the
19 employer shall pay to the Board contributions from those funds
20 which are sufficient to cover the accruing normal costs on
21 behalf of the employee. However, universities having employees
22 who are compensated out of local auxiliary funds, income funds,
23 or service enterprise funds are not required to pay such
24 contributions on behalf of those employees. The local auxiliary
25 funds, income funds, and service enterprise funds of
26 universities shall not be considered trust funds for the

1 purpose of this Article, but funds of alumni associations,
2 foundations, and athletic associations which are affiliated
3 with the universities included as employers under this Article
4 and other employers which do not receive State appropriations
5 are considered to be trust funds for the purpose of this
6 Article.

7 (b-1) The City of Urbana and the City of Champaign shall
8 each make employer contributions to this System for their
9 respective firefighter employees who participate in this
10 System pursuant to subsection (h) of Section 15-107. The rate
11 of contributions to be made by those municipalities shall be
12 determined annually by the Board on the basis of the actuarial
13 assumptions adopted by the Board and the recommendations of the
14 actuary, and shall be expressed as a percentage of salary for
15 each such employee. The Board shall certify the rate to the
16 affected municipalities as soon as may be practical. The
17 employer contributions required under this subsection shall be
18 remitted by the municipality to the System at the same time and
19 in the same manner as employee contributions.

20 (c) Through State fiscal year 1995: The total employer
21 contribution shall be apportioned among the various funds of
22 the State and other employers, whether trust, federal, or other
23 funds, in accordance with actuarial procedures approved by the
24 Board. State of Illinois contributions for employers receiving
25 State appropriations for personal services shall be payable
26 from appropriations made to the employers or to the System. The

1 contributions for Class I community colleges covering earnings
2 other than those paid from trust and federal funds, shall be
3 payable solely from appropriations to the Illinois Community
4 College Board or the System for employer contributions.

5 (d) Beginning in State fiscal year 1996, the required State
6 contributions to the System shall be appropriated directly to
7 the System and shall be payable through vouchers issued in
8 accordance with subsection (c) of Section 15-165, except as
9 provided in subsection (g).

10 (e) The State Comptroller shall draw warrants payable to
11 the System upon proper certification by the System or by the
12 employer in accordance with the appropriation laws and this
13 Code.

14 (f) Normal costs under this Section means liability for
15 pensions and other benefits which accrues to the System because
16 of the credits earned for service rendered by the participants
17 during the fiscal year and expenses of administering the
18 System, but shall not include the principal of or any
19 redemption premium or interest on any bonds issued by the Board
20 or any expenses incurred or deposits required in connection
21 therewith.

22 (g) If the amount of a participant's earnings for any
23 academic year used to determine the final rate of earnings,
24 determined on a full-time equivalent basis, exceeds the amount
25 of his or her earnings with the same employer for the previous
26 academic year, determined on a full-time equivalent basis, by

1 more than 6%, the participant's employer shall pay to the
2 System, in addition to all other payments required under this
3 Section and in accordance with guidelines established by the
4 System, the present value of the increase in benefits resulting
5 from the portion of the increase in earnings that is in excess
6 of 6%. This present value shall be computed by the System on
7 the basis of the actuarial assumptions and tables used in the
8 most recent actuarial valuation of the System that is available
9 at the time of the computation. The System may require the
10 employer to provide any pertinent information or
11 documentation.

12 Whenever it determines that a payment is or may be required
13 under this subsection (g), the System shall calculate the
14 amount of the payment and bill the employer for that amount.
15 The bill shall specify the calculations used to determine the
16 amount due. If the employer disputes the amount of the bill, it
17 may, within 30 days after receipt of the bill, apply to the
18 System in writing for a recalculation. The application must
19 specify in detail the grounds of the dispute and, if the
20 employer asserts that the calculation is subject to subsection
21 (h) or (i) of this Section, must include an affidavit setting
22 forth and attesting to all facts within the employer's
23 knowledge that are pertinent to the applicability of subsection
24 (h) or (i). Upon receiving a timely application for
25 recalculation, the System shall review the application and, if
26 appropriate, recalculate the amount due.

1 The employer contributions required under this subsection
2 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days
3 after receipt of the bill. If the employer contributions are
4 not paid within 90 days after receipt of the bill, then
5 interest will be charged at a rate equal to the System's annual
6 actuarially assumed rate of return on investment compounded
7 annually from the 91st day after receipt of the bill. Payments
8 must be concluded within 3 years after the employer's receipt
9 of the bill.

10 (h) This subsection (h) applies only to payments made or
11 salary increases given on or after June 1, 2005 but before July
12 1, 2011. The changes made by Public Act 94-1057 shall not
13 require the System to refund any payments received before July
14 31, 2006 (the effective date of Public Act 94-1057).

15 When assessing payment for any amount due under subsection
16 (g), the System shall exclude earnings increases paid to
17 participants under contracts or collective bargaining
18 agreements entered into, amended, or renewed before June 1,
19 2005.

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude earnings increases paid to a
22 participant at a time when the participant is 10 or more years
23 from retirement eligibility under Section 15-135.

24 When assessing payment for any amount due under subsection
25 (g), the System shall exclude earnings increases resulting from
26 overload work, including a contract for summer teaching, or

1 overtime when the employer has certified to the System, and the
2 System has approved the certification, that: (i) in the case of
3 overloads (A) the overload work is for the sole purpose of
4 academic instruction in excess of the standard number of
5 instruction hours for a full-time employee occurring during the
6 academic year that the overload is paid and (B) the earnings
7 increases are equal to or less than the rate of pay for
8 academic instruction computed using the participant's current
9 salary rate and work schedule; and (ii) in the case of
10 overtime, the overtime was necessary for the educational
11 mission.

12 When assessing payment for any amount due under subsection
13 (g), the System shall exclude any earnings increase resulting
14 from (i) a promotion for which the employee moves from one
15 classification to a higher classification under the State
16 Universities Civil Service System, (ii) a promotion in academic
17 rank for a tenured or tenure-track faculty position, or (iii) a
18 promotion that the Illinois Community College Board has
19 recommended in accordance with subsection (k) of this Section.
20 These earnings increases shall be excluded only if the
21 promotion is to a position that has existed and been filled by
22 a member for no less than one complete academic year and the
23 earnings increase as a result of the promotion is an increase
24 that results in an amount no greater than the average salary
25 paid for other similar positions.

26 (i) When assessing payment for any amount due under

1 subsection (g), the System shall exclude any salary increase
2 described in subsection (h) of this Section given on or after
3 July 1, 2011 but before July 1, 2014 under a contract or
4 collective bargaining agreement entered into, amended, or
5 renewed on or after June 1, 2005 but before July 1, 2011.
6 Notwithstanding any other provision of this Section, any
7 payments made or salary increases given after June 30, 2014
8 shall be used in assessing payment for any amount due under
9 subsection (g) of this Section.

10 (j) The System shall prepare a report and file copies of
11 the report with the Governor and the General Assembly by
12 January 1, 2007 that contains all of the following information:

13 (1) The number of recalculations required by the
14 changes made to this Section by Public Act 94-1057 for each
15 employer.

16 (2) The dollar amount by which each employer's
17 contribution to the System was changed due to
18 recalculations required by Public Act 94-1057.

19 (3) The total amount the System received from each
20 employer as a result of the changes made to this Section by
21 Public Act 94-4.

22 (4) The increase in the required State contribution
23 resulting from the changes made to this Section by Public
24 Act 94-1057.

25 (k) The Illinois Community College Board shall adopt rules
26 for recommending lists of promotional positions submitted to

1 the Board by community colleges and for reviewing the
2 promotional lists on an annual basis. When recommending
3 promotional lists, the Board shall consider the similarity of
4 the positions submitted to those positions recognized for State
5 universities by the State Universities Civil Service System.
6 The Illinois Community College Board shall file a copy of its
7 findings with the System. The System shall consider the
8 findings of the Illinois Community College Board when making
9 determinations under this Section. The System shall not exclude
10 any earnings increases resulting from a promotion when the
11 promotion was not submitted by a community college. Nothing in
12 this subsection (k) shall require any community college to
13 submit any information to the Community College Board.

14 (l) For purposes of determining the required State
15 contribution to the System, the value of the System's assets
16 shall be equal to the actuarial value of the System's assets,
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (m) For purposes of determining the required State
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
4 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
5 7-13-12; revised 10-17-12.)

6 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

7 Sec. 15-156. Obligations of State; funding guarantees.

8 (a) The payment of (1) the required State contributions,
9 (2) all benefits granted under this system and (3) all expenses
10 in connection with the administration and operation thereof are
11 obligations of the State of Illinois to the extent specified in
12 this Article. The accumulated employee normal, additional and
13 survivors insurance contributions credited to the accounts of
14 active and inactive participants shall not be used to pay the
15 State's share of the obligations.

16 (b) (Reserved).

17 (c) Beginning July 1, 2013, the State shall be
18 contractually obligated to contribute to the System in each
19 State fiscal year an amount not less than the sum of (i) the
20 State's normal cost for the year and (ii) the portion of the
21 unfunded accrued liability assigned to that year by law.
22 Notwithstanding any other provision of law, if the State fails
23 to pay an amount guaranteed under this subsection, it shall be
24 the mandatory fiduciary obligation of the Board to seek payment
25 of the guaranteed amount in compliance with the provisions of

1 this Section and, if the amount remains unpaid, to bring a
2 mandamus action in the Supreme Court of Illinois to compel the
3 State to make the required payment.

4 If the System submits a voucher for contributions required
5 under Section 15-155 and the State fails to pay that voucher
6 within 90 days of its receipt, the Board shall submit a written
7 request to the Comptroller seeking payment. A copy of the
8 request shall be filed with the Secretary of State, and the
9 Secretary of State shall provide a copy to the Governor and
10 General Assembly. No earlier than the 16th day after the System
11 files the request with the Comptroller and Secretary of State,
12 if the amount remains unpaid the Board shall commence a
13 mandamus action in the Supreme Court of Illinois to compel the
14 Comptroller to satisfy the voucher.

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 pay a voucher for the
19 contributions required under Section 15-155.

20 (d) Beginning in State fiscal year 2020, the State shall be
21 contractually obligated to make the transfers set forth in
22 subsections (c-10) and (c-15) of Section 20 of the Budget
23 Stabilization Act and to pay to the System its proportionate
24 share of the transferred amounts in accordance with Section 25
25 of the Budget Stabilization Act. Notwithstanding any other
26 provision of law, if the State fails to transfer an amount

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

11 If the State fails to make a transfer required under
12 subsections (c-10) and (c-15) of Section 20 of the Budget
13 Stabilization Act or a payment to the System required under
14 Section 25 of that Act, 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 required amount remains untransferred or the required
21 payment remains unpaid, the Board shall commence a mandamus
22 action in the Supreme Court of Illinois to compel the
23 Comptroller to make the required transfer or payment or both,
24 as the case may be.

25 This subsection (d) constitutes an express waiver of the
26 State's sovereign immunity solely to the extent that it permits

1 the Board to commence a mandamus action in the Supreme Court of
2 Illinois to compel the Comptroller to make a transfer required
3 under subsections (c-10) and (c-15) of Section 20 of the Budget
4 Stabilization Act and to pay to the System its proportionate
5 share of the transferred amount in accordance with Section 25
6 of the Budget Stabilization Act.

7 The obligations created by this subsection (d) expire when
8 all of the requirements of subsections (c-10) and (c-15) of
9 Section 20 of the Budget Stabilization Act and Section 25 of
10 the Budget Stabilization Act have been met.

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

25 (f) By the enactment of this amendatory Act of the 98th
26 General Assembly, the State of Illinois pledges to and agrees

1 with the Board and members of the System that the State will
2 make the payments required under Section 15-155 of this Code,
3 the transfers required under subsections (c-10) and (c-15) of
4 Section 20 of the Budget Stabilization Act, and the payments to
5 the System of its proportionate share of the transferred
6 amounts in accordance with Section 25 of the Budget
7 Stabilization Act. The State further pledges that the State
8 will not limit or alter the rights and powers vested in the
9 Board so as to impair the terms of this Section or in any way
10 impair the rights and remedies of the Board.

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

12 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

13 Sec. 15-157. Employee Contributions.

14 (a) Each participating employee shall make contributions
15 towards the retirement benefits payable under the retirement
16 program applicable to the employee from each payment of
17 earnings applicable to employment under this system on and
18 after the date of becoming a participant as follows: Prior to
19 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
20 to August 31, 1955, 5%; from September 1, 1955 to August 31,
21 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
22 are to be considered as normal contributions for purposes of
23 this Article.

24 Each participant who is a police officer or firefighter
25 shall make normal contributions of 8% of each payment of

1 earnings applicable to employment as a police officer or
2 firefighter under this system on or after September 1, 1981,
3 unless he or she files with the board within 60 days after the
4 effective date of this amendatory Act of 1991 or 60 days after
5 the board receives notice that he or she is employed as a
6 police officer or firefighter, whichever is later, a written
7 notice waiving the retirement formula provided by Rule 4 of
8 Section 15-136. This waiver shall be irrevocable. If a
9 participant had met the conditions set forth in Section
10 15-132.1 prior to the effective date of this amendatory Act of
11 1991 but failed to make the additional normal contributions
12 required by this paragraph, he or she may elect to pay the
13 additional contributions plus compound interest at the
14 effective rate. If such payment is received by the board, the
15 service shall be considered as police officer service in
16 calculating the retirement annuity under Rule 4 of Section
17 15-136. While performing service described in clause (i) or
18 (ii) of Rule 4 of Section 15-136, a participating employee
19 shall be deemed to be employed as a firefighter for the purpose
20 of determining the rate of employee contributions under this
21 Section.

22 (b) Starting September 1, 1969, each participating
23 employee shall make additional contributions of 1/2 of 1% of
24 earnings to finance a portion of the cost of the annual
25 increases in retirement annuity provided under Section 15-136,
26 except that with respect to participants in the self-managed

1 plan this additional contribution shall be used to finance the
2 benefits obtained under that retirement program.

3 (c) In addition to the amounts described in subsections (a)
4 and (b) of this Section, each participating employee shall make
5 contributions of 1% of earnings applicable under this system on
6 and after August 1, 1959. The contributions made under this
7 subsection (c) shall be considered as survivor's insurance
8 contributions for purposes of this Article if the employee is
9 covered under the traditional benefit package, and such
10 contributions shall be considered as additional contributions
11 for purposes of this Article if the employee is participating
12 in the self-managed plan or has elected to participate in the
13 portable benefit package and has completed the applicable
14 one-year waiting period. Contributions in excess of \$80 during
15 any fiscal year beginning before August 31, 1969 and in excess
16 of \$120 during any fiscal year thereafter until September 1,
17 1971 shall be considered as additional contributions for
18 purposes of this Article.

19 (c-5) In addition to the contributions otherwise required
20 under this Article, each Tier I participant shall also make the
21 following contributions toward the retirement benefits payable
22 under the retirement program applicable to the employee from
23 each payment of earnings applicable to employment under this
24 system:

25 (1) beginning July 1, 2013 and through June 30, 2014,
26 1% of earnings; and

1 (2) beginning on July 1, 2014, 2% of earnings.

2 Except as otherwise specified, these contributions are to
3 be considered as normal contributions for purposes of this
4 Article.

5 (d) If the board by board rule so permits and subject to
6 such conditions and limitations as may be specified in its
7 rules, a participant may make other additional contributions of
8 such percentage of earnings or amounts as the participant shall
9 elect in a written notice thereof received by the board.

10 (e) That fraction of a participant's total accumulated
11 normal contributions, the numerator of which is equal to the
12 number of years of service in excess of that which is required
13 to qualify for the maximum retirement annuity, and the
14 denominator of which is equal to the total service of the
15 participant, shall be considered as accumulated additional
16 contributions. The determination of the applicable maximum
17 annuity and the adjustment in contributions required by this
18 provision shall be made as of the date of the participant's
19 retirement.

20 (f) Notwithstanding the foregoing, a participating
21 employee shall not be required to make contributions under this
22 Section after the date upon which continuance of such
23 contributions would otherwise cause his or her retirement
24 annuity to exceed the maximum retirement annuity as specified
25 in clause (1) of subsection (c) of Section 15-136.

26 (g) A participating employee may make contributions for the

1 purchase of service credit under this Article.

2 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
3 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
4 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

5 (40 ILCS 5/15-157.5 new)

6 Sec. 15-157.5. Use of contributions for health care
7 subsidies. The System shall not use any contribution received
8 by the System under this Article to provide a subsidy for the
9 cost of participation in a retiree health care program.

10 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

11 Sec. 15-165. To certify amounts and submit vouchers.

12 (a) The Board shall certify to the Governor on or before
13 November 15 of each year through ~~until~~ November 15, 2011 the
14 appropriation required from State funds for the purposes of
15 this System for the following fiscal year. The certification
16 under this subsection (a) shall include a copy of the actuarial
17 recommendations upon which it is based ~~and shall specifically~~
18 ~~identify the System's projected State normal cost for that~~
19 ~~fiscal year and the projected State cost for the self-managed~~
20 ~~plan for that fiscal year.~~

21 On or before May 1, 2004, the Board shall recalculate and
22 recertify to the Governor the amount of the required State
23 contribution to the System for State fiscal year 2005, taking
24 into account the amounts appropriated to and received by the

1 System under subsection (d) of Section 7.2 of the General
2 Obligation Bond Act.

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

8 On or before April 1, 2011, 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 2011, applying
11 the changes made by Public Act 96-889 to the System's assets
12 and liabilities as of June 30, 2009 as though Public Act 96-889
13 was approved on that date.

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

26 On or before January 15, 2013 and each January 15

1 thereafter, the Board shall certify to the Governor and the
2 General Assembly the amount of the required State contribution
3 for the next fiscal year. The certification shall include a
4 copy of the actuarial recommendations upon which it is based
5 and shall specifically identify the System's projected State
6 normal cost for that fiscal year and the projected State cost
7 for the self-managed plan for that fiscal year. The Board's
8 certification must note, in a written response to the State
9 Actuary, any deviations from the State Actuary's recommended
10 changes, the reason or reasons for not following the State
11 Actuary's recommended changes, and the fiscal impact of not
12 following the State Actuary's recommended changes on the
13 required State contribution.

14 (b) The Board shall certify to the State Comptroller or
15 employer, as the case may be, from time to time, by its
16 president and secretary, with its seal attached, the amounts
17 payable to the System from the various funds.

18 (c) Beginning in State fiscal year 1996, on or as soon as
19 possible after the 15th day of each month the Board shall
20 submit vouchers for payment of State contributions to the
21 System, in a total monthly amount of one-twelfth of the
22 required annual State contribution certified under subsection
23 (a). From the effective date of this amendatory Act of the 93rd
24 General Assembly through June 30, 2004, the Board shall not
25 submit vouchers for the remainder of fiscal year 2004 in excess
26 of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (b) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year.

6 If in any month the amount remaining unexpended from all
7 other appropriations to the System for the applicable fiscal
8 year (including the appropriations to the System under Section
9 8.12 of the State Finance Act and Section 1 of the State
10 Pension Funds Continuing Appropriation Act) is less than the
11 amount lawfully vouchered under this Section, the difference
12 shall be paid from the General Revenue Fund under the
13 continuing appropriation authority provided in Section 1.1 of
14 the State Pension Funds Continuing Appropriation Act.

15 (d) So long as the payments received are the full amount
16 lawfully vouchered under this Section, payments received by the
17 System under this Section shall be applied first toward the
18 employer contribution to the self-managed plan established
19 under Section 15-158.2. Payments shall be applied second toward
20 the employer's portion of the normal costs of the System, as
21 defined in subsection (f) of Section 15-155. The balance shall
22 be applied toward the unfunded actuarial liabilities of the
23 System.

24 (e) In the event that the System does not receive, as a
25 result of legislative enactment or otherwise, payments
26 sufficient to fully fund the employer contribution to the

1 self-managed plan established under Section 15-158.2 and to
2 fully fund that portion of the employer's portion of the normal
3 costs of the System, as calculated in accordance with Section
4 15-155(a-1), then any payments received shall be applied
5 proportionately to the optional retirement program established
6 under Section 15-158.2 and to the employer's portion of the
7 normal costs of the System, as calculated in accordance with
8 Section 15-155(a-1).

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/15-198)

12 Sec. 15-198. Application and expiration of new benefit
13 increases.

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article or Article 1, that results from
18 an amendment to this Code that takes effect after the effective
19 date of this amendatory Act of the 94th General Assembly. "New
20 benefit increase", however, does not include any benefit
21 increase resulting from the changes made to this Article or
22 Article 1 by this amendatory Act of the 98th General Assembly.

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

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

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

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

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

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

14 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

15 Sec. 16-106. Teacher. "Teacher": The following
16 individuals, provided that, for employment prior to July 1,
17 1990, they are employed on a full-time basis, or if not
18 full-time, on a permanent and continuous basis in a position in
19 which services are expected to be rendered for at least one
20 school term:

21 (1) Any educational, administrative, professional or
22 other staff employed in the public common schools included
23 within this system in a position requiring certification
24 under the law governing the certification of teachers;

25 (2) Any educational, administrative, professional or

1 other staff employed in any facility of the Department of
2 Children and Family Services or the Department of Human
3 Services, in a position requiring certification under the
4 law governing the certification of teachers, and any person
5 who (i) works in such a position for the Department of
6 Corrections, (ii) was a member of this System on May 31,
7 1987, and (iii) did not elect to become a member of the
8 State Employees' Retirement System pursuant to Section
9 14-108.2 of this Code; except that "teacher" does not
10 include any person who (A) becomes a security employee of
11 the Department of Human Services, as defined in Section
12 14-110, after June 28, 2001 (the effective date of Public
13 Act 92-14), or (B) becomes a member of the State Employees'
14 Retirement System pursuant to Section 14-108.2c of this
15 Code;

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

23 (4) Any employee of a school board association
24 operating in compliance with Article 23 of the School Code
25 who is certificated under the law governing the
26 certification of teachers, provided that he or she becomes

1 such an employee before the effective date of this
2 amendatory Act of the 98th General Assembly;

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

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

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

9 (6) Any educational, administrative, professional or
10 other staff employed by and under the supervision and
11 control of a regional superintendent of schools, provided
12 such employment position requires the person to be
13 certificated under the law governing the certification of
14 teachers and is in an educational program serving 2 or more
15 districts in accordance with a joint agreement authorized
16 by the School Code or by federal legislation;

17 (7) Any educational, administrative, professional or
18 other staff employed in an educational program serving 2 or
19 more school districts in accordance with a joint agreement
20 authorized by the School Code or by federal legislation and
21 in a position requiring certification under the laws
22 governing the certification of teachers;

23 (8) Any officer or employee of a statewide teacher
24 organization or officer of a national teacher organization
25 who is certified under the law governing certification of
26 teachers, provided: (i) the individual had previously

1 established creditable service under this Article, (ii)
2 the individual files with the system an irrevocable
3 election to become a member before the effective date of
4 this amendatory Act of the 97th General Assembly, (iii) the
5 individual does not receive credit for such service under
6 any other Article of this Code, and (iv) the individual
7 first became an officer or employee of the teacher
8 organization and becomes a member before the effective date
9 of this amendatory Act of the 97th General Assembly;

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

14 (10) Any person employed, on the effective date of this
15 amendatory Act of the 94th General Assembly, by the
16 Macon-Piatt Regional Office of Education in a
17 birth-through-age-three pilot program receiving funds
18 under Section 2-389 of the School Code who is required by
19 the Macon-Piatt Regional Office of Education to hold a
20 teaching certificate, provided that the Macon-Piatt
21 Regional Office of Education makes an election, within 6
22 months after the effective date of this amendatory Act of
23 the 94th General Assembly, to have the person participate
24 in the system. Any service established prior to the
25 effective date of this amendatory Act of the 94th General
26 Assembly for service as an employee of the Macon-Piatt

1 Regional Office of Education in a birth-through-age-three
2 pilot program receiving funds under Section 2-389 of the
3 School Code shall be considered service as a teacher if
4 employee and employer contributions have been received by
5 the system and the system has not refunded those
6 contributions.

7 An annuitant receiving a retirement annuity under this
8 Article or under Article 17 of this Code who is employed by a
9 board of education or other employer as permitted under Section
10 16-118 or 16-150.1 is not a "teacher" for purposes of this
11 Article. A person who has received a single-sum retirement
12 benefit under Section 16-136.4 of this Article is not a
13 "teacher" for purposes of this Article.

14 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

15 (40 ILCS 5/16-106.4 new)

16 Sec. 16-106.4. Tier I member. "Tier I member": A member
17 under this Article who first became a member or participant
18 before January 1, 2011 under any reciprocal retirement system
19 or pension fund established under this Code other than a
20 retirement system or pension fund established under Article 2,
21 3, 4, 5, 6, or 18 of this Code.

22 (40 ILCS 5/16-106.5 new)

23 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former
24 Tier I member who is receiving a retirement annuity.

1 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

2 Sec. 16-121. Salary. "Salary": The actual compensation
3 received by a teacher during any school year and recognized by
4 the system in accordance with rules of the board. For purposes
5 of this Section, "school year" includes the regular school term
6 plus any additional period for which a teacher is compensated
7 and such compensation is recognized by the rules of the board.
8 In the case of a person who first becomes a member on or after
9 the effective date of this amendatory Act of the 98th General
10 Assembly, "salary" shall not include any payment for unused
11 sick or vacation time.

12 Notwithstanding any other provision of this Code, the
13 salary of a Tier I member for the purposes of this Code shall
14 not exceed, for periods of service on or after the effective
15 date of this amendatory Act of the 98th General Assembly, the
16 greater of (i) the limitation determined from time to time
17 under subsection (b-5) of Section 1-160 of this Code for
18 persons subject to that Section or (ii) the annual salary of
19 the member during the 365 days immediately preceding that
20 effective date; except that this limitation does not apply to a
21 member's salary that is determined under an employment contract
22 or collective bargaining agreement that is in effect on the
23 effective date of this amendatory Act of the 98th General
24 Assembly and has not been amended or renewed after that date.

25 (Source: P.A. 84-1028.)

1 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

2 Sec. 16-127. Computation of creditable service.

3 (a) Each member shall receive regular credit for all
4 service as a teacher from the date membership begins, for which
5 satisfactory evidence is supplied and all contributions have
6 been paid.

7 (b) The following periods of service shall earn optional
8 credit and each member shall receive credit for all such
9 service for which satisfactory evidence is supplied and all
10 contributions have been paid as of the date specified:

11 (1) Prior service as a teacher.

12 (2) Service in a capacity essentially similar or
13 equivalent to that of a teacher, in the public common
14 schools in school districts in this State not included
15 within the provisions of this System, or of any other
16 State, territory, dependency or possession of the United
17 States, or in schools operated by or under the auspices of
18 the United States, or under the auspices of any agency or
19 department of any other State, and service during any
20 period of professional speech correction or special
21 education experience for a public agency within this State
22 or any other State, territory, dependency or possession of
23 the United States, and service prior to February 1, 1951 as
24 a recreation worker for the Illinois Department of Public
25 Safety, for a period not exceeding the lesser of 2/5 of the

1 total creditable service of the member or 10 years. The
2 maximum service of 10 years which is allowable under this
3 paragraph shall be reduced by the service credit which is
4 validated by other retirement systems under paragraph (i)
5 of Section 15-113 and paragraph 1 of Section 17-133. Credit
6 granted under this paragraph may not be used in
7 determination of a retirement annuity or disability
8 benefits unless the member has at least 5 years of
9 creditable service earned subsequent to this employment
10 with one or more of the following systems: Teachers'
11 Retirement System of the State of Illinois, State
12 Universities Retirement System, and the Public School
13 Teachers' Pension and Retirement Fund of Chicago. Whenever
14 such service credit exceeds the maximum allowed for all
15 purposes of this Article, the first service rendered in
16 point of time shall be considered. The changes to this
17 subdivision (b)(2) made by Public Act 86-272 shall apply
18 not only to persons who on or after its effective date
19 (August 23, 1989) are in service as a teacher under the
20 System, but also to persons whose status as such a teacher
21 terminated prior to such effective date, whether or not
22 such person is an annuitant on that date.

23 (3) Any periods immediately following teaching
24 service, under this System or under Article 17, (or
25 immediately following service prior to February 1, 1951 as
26 a recreation worker for the Illinois Department of Public

1 Safety) spent in active service with the military forces of
2 the United States; periods spent in educational programs
3 that prepare for return to teaching sponsored by the
4 federal government following such active military service;
5 if a teacher returns to teaching service within one
6 calendar year after discharge or after the completion of
7 the educational program, a further period, not exceeding
8 one calendar year, between time spent in military service
9 or in such educational programs and the return to
10 employment as a teacher under this System; and a period of
11 up to 2 years of active military service not immediately
12 following employment as a teacher.

13 The changes to this Section and Section 16-128 relating
14 to military service made by P.A. 87-794 shall apply not
15 only to persons who on or after its effective date are in
16 service as a teacher under the System, but also to persons
17 whose status as a teacher terminated prior to that date,
18 whether or not the person is an annuitant on that date. In
19 the case of an annuitant who applies for credit allowable
20 under this Section for a period of military service that
21 did not immediately follow employment, and who has made the
22 required contributions for such credit, the annuity shall
23 be recalculated to include the additional service credit,
24 with the increase taking effect on the date the System
25 received written notification of the annuitant's intent to
26 purchase the credit, if payment of all the required

1 contributions is made within 60 days of such notice, or
2 else on the first annuity payment date following the date
3 of payment of the required contributions. In calculating
4 the automatic annual increase for an annuity that has been
5 recalculated under this Section, the increase attributable
6 to the additional service allowable under P.A. 87-794 shall
7 be included in the calculation of automatic annual
8 increases accruing after the effective date of the
9 recalculation.

10 Credit for military service shall be determined as
11 follows: if entry occurs during the months of July, August,
12 or September and the member was a teacher at the end of the
13 immediately preceding school term, credit shall be granted
14 from July 1 of the year in which he or she entered service;
15 if entry occurs during the school term and the teacher was
16 in teaching service at the beginning of the school term,
17 credit shall be granted from July 1 of such year. In all
18 other cases where credit for military service is allowed,
19 credit shall be granted from the date of entry into the
20 service.

21 The total period of military service for which credit
22 is granted shall not exceed 5 years for any member unless
23 the service: (A) is validated before July 1, 1964, and (B)
24 does not extend beyond July 1, 1963. Credit for military
25 service shall be granted under this Section only if not
26 more than 5 years of the military service for which credit

1 is granted under this Section is used by the member to
2 qualify for a military retirement allotment from any branch
3 of the armed forces of the United States. The changes to
4 this subdivision (b)(3) made by Public Act 86-272 shall
5 apply not only to persons who on or after its effective
6 date (August 23, 1989) are in service as a teacher under
7 the System, but also to persons whose status as such a
8 teacher terminated prior to such effective date, whether or
9 not such person is an annuitant on that date.

10 (4) Any periods served as a member of the General
11 Assembly.

12 (5) (i) Any periods for which a teacher, as defined in
13 Section 16-106, is granted a leave of absence, provided he
14 or she returns to teaching service creditable under this
15 System or the State Universities Retirement System
16 following the leave; (ii) periods during which a teacher is
17 involuntarily laid off from teaching, provided he or she
18 returns to teaching following the lay-off; (iii) periods
19 prior to July 1, 1983 during which a teacher ceased covered
20 employment due to pregnancy, provided that the teacher
21 returned to teaching service creditable under this System
22 or the State Universities Retirement System following the
23 pregnancy and submits evidence satisfactory to the Board
24 documenting that the employment ceased due to pregnancy;
25 and (iv) periods prior to July 1, 1983 during which a
26 teacher ceased covered employment for the purpose of

1 adopting an infant under 3 years of age or caring for a
2 newly adopted infant under 3 years of age, provided that
3 the teacher returned to teaching service creditable under
4 this System or the State Universities Retirement System
5 following the adoption and submits evidence satisfactory
6 to the Board documenting that the employment ceased for the
7 purpose of adopting an infant under 3 years of age or
8 caring for a newly adopted infant under 3 years of age.
9 However, total credit under this paragraph (5) may not
10 exceed 3 years.

11 Any qualified member or annuitant may apply for credit
12 under item (iii) or (iv) of this paragraph (5) without
13 regard to whether service was terminated before the
14 effective date of this amendatory Act of 1997. In the case
15 of an annuitant who establishes credit under item (iii) or
16 (iv), the annuity shall be recalculated to include the
17 additional service credit. The increase in annuity shall
18 take effect on the date the System receives written
19 notification of the annuitant's intent to purchase the
20 credit, if the required evidence is submitted and the
21 required contribution paid within 60 days of that
22 notification, otherwise on the first annuity payment date
23 following the System's receipt of the required evidence and
24 contribution. The increase in an annuity recalculated
25 under this provision shall be included in the calculation
26 of automatic annual increases in the annuity accruing after

1 the effective date of the recalculation.

2 Optional credit may be purchased under this subsection
3 (b) (5) for periods during which a teacher has been granted
4 a leave of absence pursuant to Section 24-13 of the School
5 Code. A teacher whose service under this Article terminated
6 prior to the effective date of P.A. 86-1488 shall be
7 eligible to purchase such optional credit. If a teacher who
8 purchases this optional credit is already receiving a
9 retirement annuity under this Article, the annuity shall be
10 recalculated as if the annuitant had applied for the leave
11 of absence credit at the time of retirement. The difference
12 between the entitled annuity and the actual annuity shall
13 be credited to the purchase of the optional credit. The
14 remainder of the purchase cost of the optional credit shall
15 be paid on or before April 1, 1992.

16 The change in this paragraph made by Public Act 86-273
17 shall be applicable to teachers who retire after June 1,
18 1989, as well as to teachers who are in service on that
19 date.

20 (6) For a person who first becomes a member before the
21 effective date of this amendatory Act of the 98th General
22 Assembly, any ~~Any~~ days of unused and uncompensated
23 accumulated sick leave earned by a teacher. The service
24 credit granted under this paragraph shall be the ratio of
25 the number of unused and uncompensated accumulated sick
26 leave days to 170 days, subject to a maximum of 2 years of

1 service credit. Prior to the member's retirement, each
2 former employer shall certify to the System the number of
3 unused and uncompensated accumulated sick leave days
4 credited to the member at the time of termination of
5 service. The period of unused sick leave shall not be
6 considered in determining the effective date of
7 retirement. A member is not required to make contributions
8 in order to obtain service credit for unused sick leave.

9 Credit for sick leave shall, at retirement, be granted
10 by the System for any retiring regional or assistant
11 regional superintendent of schools who first becomes a
12 member before the effective date of this amendatory Act of
13 the 98th General Assembly at the rate of 6 days per year of
14 creditable service or portion thereof established while
15 serving as such superintendent or assistant
16 superintendent.

17 (7) Periods prior to February 1, 1987 served as an
18 employee of the Illinois Mathematics and Science Academy
19 for which credit has not been terminated under Section
20 15-113.9 of this Code.

21 (8) Service as a substitute teacher for work performed
22 prior to July 1, 1990.

23 (9) Service as a part-time teacher for work performed
24 prior to July 1, 1990.

25 (10) Up to 2 years of employment with Southern Illinois
26 University - Carbondale from September 1, 1959 to August

1 31, 1961, or with Governors State University from September
2 1, 1972 to August 31, 1974, for which the teacher has no
3 credit under Article 15. To receive credit under this item
4 (10), a teacher must apply in writing to the Board and pay
5 the required contributions before May 1, 1993 and have at
6 least 12 years of service credit under this Article.

7 (b-1) A member may establish optional credit for up to 2
8 years of service as a teacher or administrator employed by a
9 private school recognized by the Illinois State Board of
10 Education, provided that the teacher (i) was certified under
11 the law governing the certification of teachers at the time the
12 service was rendered, (ii) applies in writing on or after
13 August 1, 2009 and on or before August 1, 2012, (iii) supplies
14 satisfactory evidence of the employment, (iv) completes at
15 least 10 years of contributing service as a teacher as defined
16 in Section 16-106, and (v) pays the contribution required in
17 subsection (d-5) of Section 16-128. The member may apply for
18 credit under this subsection and pay the required contribution
19 before completing the 10 years of contributing service required
20 under item (iv), but the credit may not be used until the item
21 (iv) contributing service requirement has been met.

22 (c) The service credits specified in this Section shall be
23 granted only if: (1) such service credits are not used for
24 credit in any other statutory tax-supported public employee
25 retirement system other than the federal Social Security
26 program; and (2) the member makes the required contributions as

1 specified in Section 16-128. Except as provided in subsection
2 (b-1) of this Section, the service credit shall be effective as
3 of the date the required contributions are completed.

4 Any service credits granted under this Section shall
5 terminate upon cessation of membership for any cause.

6 Credit may not be granted under this Section covering any
7 period for which an age retirement or disability retirement
8 allowance has been paid.

9 (Source: P.A. 96-546, eff. 8-17-09.)

10 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

11 Sec. 16-132. Retirement annuity eligibility.

12 (a) A member who has at least 20 years of creditable
13 service is entitled to a retirement annuity upon or after
14 attainment of age 55. A member who has at least 10 but less
15 than 20 years of creditable service is entitled to a retirement
16 annuity upon or after attainment of age 60. A member who has at
17 least 5 but less than 10 years of creditable service is
18 entitled to a retirement annuity upon or after attainment of
19 age 62. A member who (i) has earned during the period
20 immediately preceding the last day of service at least one year
21 of contributing creditable service as an employee of a
22 department as defined in Section 14-103.04, (ii) has earned at
23 least 5 years of contributing creditable service as an employee
24 of a department as defined in Section 14-103.04, and (iii)
25 retires on or after January 1, 2001 is entitled to a retirement

1 annuity upon or after attainment of an age which, when added to
2 the number of years of his or her total creditable service,
3 equals at least 85. Portions of years shall be counted as
4 decimal equivalents.

5 A member who is eligible to receive a retirement annuity of
6 at least 74.6% of final average salary and will attain age 55
7 on or before December 31 during the year which commences on
8 July 1 shall be deemed to attain age 55 on the preceding June
9 1.

10 (b) Notwithstanding subsection (a) of this Section, for a
11 Tier I member who begins receiving a retirement annuity under
12 this Article on or after July 1, 2013:

13 (1) If the Tier I member is at least 45 years old on
14 the effective date of this amendatory Act of the 98th
15 General Assembly, then the references to age 55, 60, and 62
16 in subsection (a) of this Section remain unchanged and the
17 reference to 85 in subsection (a) of this Section remains
18 unchanged.

19 (2) If the Tier I member is at least 40 but less than
20 45 years old on the effective date of this amendatory Act
21 of the 98th General Assembly, then the references to age
22 55, 60, and 62 in subsection (a) of this Section are
23 increased by one year and the reference to 85 in subsection
24 (a) is increased to 87.

25 (3) If the Tier I member is at least 35 but less than
26 40 years old on the effective date of this amendatory Act

1 of the 98th General Assembly, then the references to age
2 55, 60, and 62 in subsection (a) of this Section are
3 increased by 3 years and the reference to 85 in subsection
4 (a) is increased to 91.

5 (4) If the Tier I member is less than 35 years old on
6 the effective date of this amendatory Act of the 98th
7 General Assembly, then the references to age 55, 60, and 62
8 in subsection (a) of this Section are increased by 5 years
9 and the reference to 85 in subsection (a) is increased to
10 95.

11 Notwithstanding Section 1-103.1, this subsection (b)
12 applies without regard to whether or not the Tier I member is
13 in active service under this Article on or after the effective
14 date of this amendatory Act of the 98th General Assembly.

15 (c) A member meeting the above eligibility conditions is
16 entitled to a retirement annuity upon written application to
17 the board setting forth the date the member wishes the
18 retirement annuity to commence. However, the effective date of
19 the retirement annuity shall be no earlier than the day
20 following the last day of creditable service, regardless of the
21 date of official termination of employment.

22 (d) To be eligible for a retirement annuity, a member shall
23 not be employed as a teacher in the schools included under this
24 System or under Article 17, except (i) as provided in Section
25 16-118 or 16-150.1, (ii) if the member is disabled (in which
26 event, eligibility for salary must cease), or (iii) if the

1 System is required by federal law to commence payment due to
2 the member's age; the changes to this sentence made by Public
3 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~
4 apply without regard to whether the member terminated
5 employment before or after its effective date.

6 (Source: P.A. 93-320, eff. 7-23-03.)

7 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

8 Sec. 16-133. Retirement annuity; amount.

9 (a) The amount of the retirement annuity shall be (i) in
10 the case of a person who first became a teacher under this
11 Article before July 1, 2005, the larger of the amounts
12 determined under paragraphs (A) and (B) below, or (ii) in the
13 case of a person who first becomes a teacher under this Article
14 on or after July 1, 2005, the amount determined under the
15 applicable provisions of paragraph (B):

16 (A) An amount consisting of the sum of the following:

17 (1) An amount that can be provided on an
18 actuarially equivalent basis by the member's
19 accumulated contributions at the time of retirement;
20 and

21 (2) The sum of (i) the amount that can be provided
22 on an actuarially equivalent basis by the member's
23 accumulated contributions representing service prior
24 to July 1, 1947, and (ii) the amount that can be
25 provided on an actuarially equivalent basis by the

1 amount obtained by multiplying 1.4 times the member's
2 accumulated contributions covering service subsequent
3 to June 30, 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 For the purpose of calculating the sum provided under
12 this paragraph (A), the contribution required under
13 subsection (a-5) of Section 16-152 shall not be considered
14 when determining the amount of the member's accumulated
15 contributions under subparagraph (1) or (2).

16 This paragraph (A) does not apply to a person who first
17 becomes a teacher under this Article on or after July 1,
18 2005.

19 (B) An amount consisting of the greater of the
20 following:

21 (1) For creditable service earned before July 1,
22 1998 that has not been augmented under Section
23 16-129.1: 1.67% of final average salary for each of the
24 first 10 years of creditable service, 1.90% of final
25 average salary for each year in excess of 10 but not
26 exceeding 20, 2.10% of final average salary for each

1 year in excess of 20 but not exceeding 30, and 2.30% of
2 final average salary for each year in excess of 30; and

3 For creditable service earned on or after July 1,
4 1998 by a member who has at least 24 years of
5 creditable service on July 1, 1998 and who does not
6 elect to augment service under Section 16-129.1: 2.2%
7 of final average salary for each year of creditable
8 service earned on or after July 1, 1998 but before the
9 member reaches a total of 30 years of creditable
10 service and 2.3% of final average salary for each year
11 of creditable service earned on or after July 1, 1998
12 and after the member reaches a total of 30 years of
13 creditable service; and

14 For all other creditable service: 2.2% of final
15 average salary for each year of creditable service; or

16 (2) 1.5% of final average salary for each year of
17 creditable service plus the sum \$7.50 for each of the
18 first 20 years of creditable service.

19 The amount of the retirement annuity determined under this
20 paragraph (B) shall be reduced by 1/2 of 1% for each month
21 that the member is less than age 60 at the time the
22 retirement annuity begins. However, this reduction shall
23 not apply (i) if the member has at least 35 years of
24 creditable service, or (ii) if the member retires on
25 account of disability under Section 16-149.2 of this
26 Article with at least 20 years of creditable service, or

1 (iii) if the member (1) has earned during the period
2 immediately preceding the last day of service at least one
3 year of contributing creditable service as an employee of a
4 department as defined in Section 14-103.04, (2) has earned
5 at least 5 years of contributing creditable service as an
6 employee of a department as defined in Section 14-103.04,
7 (3) retires on or after January 1, 2001, and (4) retires
8 having attained an age which, when added to the number of
9 years of his or her total creditable service, equals at
10 least 85. Portions of years shall be counted as decimal
11 equivalents. For participants to whom subsection (b) of
12 Section 16-132 applies, the reference to age 60 in this
13 paragraph and the reference to 85 in this paragraph are
14 increased as provided in subsection (b) of Section 16-132.

15 (b) For purposes of this Section, final average salary
16 shall be the average salary for the highest 4 consecutive years
17 within the last 10 years of creditable service as determined
18 under rules of the board. The minimum final average salary
19 shall be considered to be \$2,400 per year.

20 In the determination of final average salary for members
21 other than elected officials and their appointees when such
22 appointees are allowed by statute, that part of a member's
23 salary for any year beginning after June 30, 1979 which exceeds
24 the member's annual full-time salary rate with the same
25 employer for the preceding year by more than 20% shall be
26 excluded. The exclusion shall not apply in any year in which

1 the member's creditable earnings are less than 50% of the
2 preceding year's mean salary for downstate teachers as
3 determined by the survey of school district salaries provided
4 in Section 2-3.103 of the School Code.

5 (c) In determining the amount of the retirement annuity
6 under paragraph (B) of this Section, a fractional year shall be
7 granted proportional credit.

8 (d) The retirement annuity determined under paragraph (B)
9 of this Section shall be available only to members who render
10 teaching service after July 1, 1947 for which member
11 contributions are required, and to annuitants who re-enter
12 under the provisions of Section 16-150.

13 (e) The maximum retirement annuity provided under
14 paragraph (B) of this Section shall be 75% of final average
15 salary.

16 (f) A member retiring after the effective date of this
17 amendatory Act of 1998 shall receive a pension equal to 75% of
18 final average salary if the member is qualified to receive a
19 retirement annuity equal to at least 74.6% of final average
20 salary under this Article or as proportional annuities under
21 Article 20 of this Code.

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

23 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)
24 Sec. 16-133.1. Automatic annual increase in annuity.

25 (a) 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 or as provided in subsections (a-1) and (a-2):

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, or as provided in subsections
14 (a-1) and (a-2).

15 (a-1) Notwithstanding any other provision of this Article,
16 for a Tier I retiree, the amount of each automatic annual
17 increase in retirement annuity occurring on or after the
18 effective date of this amendatory Act of the 98th General
19 Assembly shall be 3% of the lesser of (1) the total annuity
20 payable at the time of the increase, including previous
21 increases granted, or (2) \$1,000 multiplied by the number of
22 years of creditable service upon which the annuity is based..

23 (a-2) Notwithstanding any other provision of this Article,
24 for a Tier I retiree, the monthly retirement annuity shall
25 first be subject to annual increases on the January 1 occurring
26 on or next after the attainment of age 67 or the January 1

1 occurring on or next after the fifth anniversary of the annuity
2 start date, whichever occurs earlier. If on the effective date
3 of this amendatory Act of the 98th General Assembly a Tier I
4 retiree has already received an annual increase under this
5 Section but does not yet meet the new eligibility requirements
6 of this subsection, the annual increases already received shall
7 continue in force, but no additional annual increase shall be
8 granted until the Tier I retiree meets the new eligibility
9 requirements.

10 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
11 and (a-2) apply without regard to whether or not the Tier I
12 retiree is in active service under this Article on or after the
13 effective date of this amendatory Act of the 98th General
14 Assembly.

15 (b) The automatic annual increases in annuity provided
16 under this Section shall not be applicable unless a member has
17 made contributions toward such increases for a period
18 equivalent to one full year of creditable service. If a member
19 contributes for service performed after August 26, 1969 but the
20 member becomes an annuitant before such contributions amount to
21 one full year's contributions based on the salary at the date
22 of retirement, he or she may pay the necessary balance of the
23 contributions to the system and be eligible for the automatic
24 annual increases in annuity provided under this Section.

25 (c) Each member shall make contributions toward the cost of
26 the automatic annual increases in annuity as provided under

1 Section 16-152.

2 (d) An annuitant receiving a retirement annuity or
3 disability retirement annuity on July 1, 1969, who subsequently
4 re-enters service as a teacher is eligible for the automatic
5 annual increases in annuity provided under this Section if he
6 or she renders at least one year of creditable service
7 following the latest re-entry.

8 (e) In addition to the automatic annual increases in
9 annuity provided under this Section, an annuitant who meets the
10 service requirements of this Section and whose retirement
11 annuity or disability retirement annuity began on or before
12 January 1, 1971 shall receive, on January 1, 1981, an increase
13 in the annuity then being paid of one dollar per month for each
14 year of creditable service. On January 1, 1982, an annuitant
15 whose retirement annuity or disability retirement annuity
16 began on or before January 1, 1977 shall receive an increase in
17 the annuity then being paid of one dollar per month for each
18 year of creditable service.

19 On January 1, 1987, any annuitant whose retirement annuity
20 began on or before January 1, 1977, shall receive an increase
21 in the monthly retirement annuity equal to 8¢ per year of
22 creditable service times the number of years that have elapsed
23 since the annuity began.

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

25 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

1 Sec. 16-152. Contributions by members.

2 (a) Each member shall make contributions for membership
3 service to this System as follows:

4 (1) Effective July 1, 1998, contributions of 7.50% of
5 salary towards the cost of the retirement annuity. Such
6 contributions shall be deemed "normal contributions".

7 (2) Effective July 1, 1969, contributions of 1/2 of 1%
8 of salary toward the cost of the automatic annual increase
9 in retirement annuity provided under Section 16-133.1.

10 (3) Effective July 24, 1959, contributions of 1% of
11 salary towards the cost of survivor benefits. Such
12 contributions shall not be credited to the individual
13 account of the member and shall not be subject to refund
14 except as provided under Section 16-143.2.

15 (4) Effective July 1, 2005, contributions of 0.40% of
16 salary toward the cost of the early retirement without
17 discount option provided under Section 16-133.2. This
18 contribution shall cease upon termination of the early
19 retirement without discount option as provided in Section
20 16-176.

21 (a-5) In addition to the contributions otherwise required
22 under this Article, each Tier I member shall also make the
23 following contributions toward the cost of the retirement
24 annuity from each payment of salary:

25 (1) beginning July 1, 2013 and through June 30, 2014,
26 1% of salary; and

1 (2) beginning on July 1, 2014, 2% of salary.

2 Except as otherwise specified, these contributions are to
3 be considered as normal contributions for purposes of this
4 Article.

5 (b) The minimum required contribution for any year of
6 full-time teaching service shall be \$192.

7 (c) Contributions shall not be required of any annuitant
8 receiving a retirement annuity who is given employment as
9 permitted under Section 16-118 or 16-150.1.

10 (d) A person who (i) was a member before July 1, 1998, (ii)
11 retires with more than 34 years of creditable service, and
12 (iii) does not elect to qualify for the augmented rate under
13 Section 16-129.1 shall be entitled, at the time of retirement,
14 to receive a partial refund of contributions made under this
15 Section for service occurring after the later of June 30, 1998
16 or attainment of 34 years of creditable service, in an amount
17 equal to 1.00% of the salary upon which those contributions
18 were based.

19 (e) A member's contributions toward the cost of early
20 retirement without discount made under item (a)(4) of this
21 Section shall not be refunded if the member has elected early
22 retirement without discount under Section 16-133.2 and has
23 begun to receive a retirement annuity under this Article
24 calculated in accordance with that election. Otherwise, a
25 member's contributions toward the cost of early retirement
26 without discount made under item (a)(4) of this Section shall

1 be refunded according to whichever one of the following
2 circumstances occurs first:

3 (1) The contributions shall be refunded to the member,
4 without interest, within 120 days after the member's
5 retirement annuity commences, if the member does not elect
6 early retirement without discount under Section 16-133.2.

7 (2) The contributions shall be included, without
8 interest, in any refund claimed by the member under Section
9 16-151.

10 (3) The contributions shall be refunded to the member's
11 designated beneficiary (or if there is no beneficiary, to
12 the member's estate), without interest, if the member dies
13 without having begun to receive a retirement annuity under
14 this Article.

15 (4) The contributions shall be refunded to the member,
16 without interest, within 120 days after the early
17 retirement without discount option provided under Section
18 16-133.2 is terminated under Section 16-176.

19 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

20 (40 ILCS 5/16-152.5 new)

21 Sec. 16-152.5. 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 5/16-158) (from Ch. 108 1/2, par. 16-158)

2 Sec. 16-158. Contributions by State and other employing
3 units.

4 (a) The State shall make contributions to the System by
5 means of appropriations from the Common School Fund and other
6 State funds of amounts which, together with other employer
7 contributions, employee contributions, investment income, and
8 other income, will be sufficient to meet the cost of
9 maintaining and administering the System on a 100% ~~90%~~ funded
10 basis in accordance with actuarial recommendations by the end
11 of State fiscal year 2044.

12 The Board shall determine the amount of State contributions
13 required for each fiscal year on the basis of the actuarial
14 tables and other assumptions adopted by the Board and the
15 recommendations of the actuary, using the formula in subsection
16 (b-3).

17 (a-1) Annually, on or before November 15 through ~~until~~
18 November 15, 2011, the Board shall certify to the Governor the
19 amount of the required State contribution for the coming fiscal
20 year. The certification under this subsection (a-1) shall
21 include a copy of the actuarial recommendations upon which it
22 is based ~~and shall specifically identify the System's projected~~
23 ~~State normal cost for that fiscal year.~~

24 On or before May 1, 2004, 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 2005, taking

1 into account the amounts appropriated to and received by the
2 System under subsection (d) of Section 7.2 of the General
3 Obligation Bond Act.

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

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

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

1 On or before January 15, 2013 and each January 15
2 thereafter, the Board shall certify to the Governor and the
3 General Assembly the amount of the required State contribution
4 for the next fiscal year. The certification shall include a
5 copy of the actuarial recommendations upon which it is based
6 and shall specifically identify the System's projected State
7 normal cost for that fiscal year. The Board's certification
8 must note any deviations from the State Actuary's recommended
9 changes, the reason or reasons for not following the State
10 Actuary's recommended changes, and the fiscal impact of not
11 following the State Actuary's recommended changes on the
12 required State contribution.

13 (b) Through State fiscal year 1995, the State contributions
14 shall be paid to the System in accordance with Section 18-7 of
15 the School Code.

16 (b-1) Beginning in State fiscal year 1996, on the 15th day
17 of each month, or as soon thereafter as may be practicable, the
18 Board shall submit vouchers for payment of State contributions
19 to the System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a-1). From the effective date of this amendatory Act of the
22 93rd General Assembly through June 30, 2004, the Board shall
23 not submit vouchers for the remainder of fiscal year 2004 in
24 excess of the fiscal year 2004 certified contribution amount
25 determined under this Section after taking into consideration
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by
2 the State Comptroller and Treasurer by warrants drawn on the
3 funds appropriated to the System for that fiscal year.

4 If in any month the amount remaining unexpended from all
5 other appropriations to the System for the applicable fiscal
6 year (including the appropriations to the System under Section
7 8.12 of the State Finance Act and Section 1 of the State
8 Pension Funds Continuing Appropriation Act) is less than the
9 amount lawfully vouchered under this subsection, the
10 difference shall be paid from the Common School Fund under the
11 continuing appropriation authority provided in Section 1.1 of
12 the State Pension Funds Continuing Appropriation Act.

13 (b-2) Allocations from the Common School Fund apportioned
14 to school districts not coming under this System shall not be
15 diminished or affected by the provisions of this Article.

16 (b-3) For State fiscal years 2015 through 2044, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 equal to the sum of (1) the State's portion of the projected
20 normal cost for that fiscal year, plus (2) an amount sufficient
21 to bring the total assets of the System up to 100% of the total
22 actuarial liabilities of the System by the end of State fiscal
23 year 2044. In making these determinations, the required State
24 contribution shall be calculated each year as a level
25 percentage of payroll over the years remaining to and including
26 fiscal year 2044 and shall be determined under the entry age

1 normal actuarial cost method.

2 Beginning in State fiscal year 2045, the minimum State
3 contribution for each fiscal year shall be the amount needed to
4 maintain the total assets of the System at 100% of the total
5 actuarial liabilities of the System.

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

16 For State fiscal years 1996 through 2005, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 so that by State fiscal year 2011, the State is contributing at
20 the rate required under this Section; except that in the
21 following specified State fiscal years, the State contribution
22 to the System shall not be less than the following indicated
23 percentages of the applicable employee payroll, even if the
24 indicated percentage will produce a State contribution in
25 excess of the amount otherwise required under this subsection
26 and subsection (a), and notwithstanding any contrary

1 certification made under subsection (a-1) before the effective
2 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
3 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
4 2003; and 13.56% in FY 2004.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2006 is
7 \$534,627,700.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2007 is
10 \$738,014,500.

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2010 is
19 \$2,089,268,000 and shall be made from the proceeds of bonds
20 sold in fiscal year 2010 pursuant to Section 7.2 of the General
21 Obligation Bond Act, less (i) the pro rata share of bond sale
22 expenses determined by the System's share of total bond
23 proceeds, (ii) any amounts received from the Common School Fund
24 in fiscal year 2010, and (iii) any reduction in bond proceeds
25 due to the issuance of discounted bonds, if applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is
2 the amount recertified by the System on or before April 1, 2011
3 pursuant to subsection (a-1) of this Section and shall be made
4 from the proceeds of bonds sold in fiscal year 2011 pursuant to
5 Section 7.2 of the General Obligation Bond Act, less (i) the
6 pro rata share of bond sale expenses determined by the System's
7 share of total bond proceeds, (ii) any amounts received from
8 the Common School Fund in fiscal year 2011, and (iii) any
9 reduction in bond proceeds due to the issuance of discounted
10 bonds, if applicable. This amount shall include, in addition to
11 the amount certified by the System, an amount necessary to meet
12 employer contributions required by the State as an employer
13 under paragraph (e) of this Section, which may also be used by
14 the System for contributions required by paragraph (a) of
15 Section 16-127.

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

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

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

6 Notwithstanding any other provision of this Section, the
7 required State contribution for State fiscal year 2005 and for
8 fiscal year 2008 and each fiscal year thereafter through State
9 fiscal year 2014, as calculated under this Section and
10 certified under subsection (a-1), shall not exceed an amount
11 equal to (i) the amount of the required State contribution that
12 would have been calculated under this Section for that fiscal
13 year if the System had not received any payments under
14 subsection (d) of Section 7.2 of the General Obligation Bond
15 Act, minus (ii) the portion of the State's total debt service
16 payments for that fiscal year on the bonds issued in fiscal
17 year 2003 for the purposes of that Section 7.2, as determined
18 and certified by the Comptroller, that is the same as the
19 System's portion of the total moneys distributed under
20 subsection (d) of Section 7.2 of the General Obligation Bond
21 Act. In determining this maximum for State fiscal years 2008
22 through 2010, however, the amount referred to in item (i) shall
23 be increased, as a percentage of the applicable employee
24 payroll, in equal increments calculated from the sum of the
25 required State contribution for State fiscal year 2007 plus the
26 applicable portion of the State's total debt service payments

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

5 (c) Payment of the required State contributions and of all
6 pensions, retirement annuities, death benefits, refunds, and
7 other benefits granted under or assumed by this System, and all
8 expenses in connection with the administration and operation
9 thereof, are obligations of the State.

10 If members are paid from special trust or federal funds
11 which are administered by the employing unit, whether school
12 district or other unit, the employing unit shall pay to the
13 System from such funds the full accruing retirement costs based
14 upon that service, as determined by the System. Employer
15 contributions, based on salary paid to members from federal
16 funds, may be forwarded by the distributing agency of the State
17 of Illinois to the System prior to allocation, in an amount
18 determined in accordance with guidelines established by such
19 agency and the System.

20 (d) Effective July 1, 1986, any employer of a teacher as
21 defined in paragraph (8) of Section 16-106 shall pay the
22 employer's normal cost of benefits based upon the teacher's
23 service, in addition to employee contributions, as determined
24 by the System. Such employer contributions shall be forwarded
25 monthly in accordance with guidelines established by the
26 System.

1 However, with respect to benefits granted under Section
2 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
3 of Section 16-106, the employer's contribution shall be 12%
4 (rather than 20%) of the member's highest annual salary rate
5 for each year of creditable service granted, and the employer
6 shall also pay the required employee contribution on behalf of
7 the teacher. For the purposes of Sections 16-133.4 and
8 16-133.5, a teacher as defined in paragraph (8) of Section
9 16-106 who is serving in that capacity while on leave of
10 absence from another employer under this Article shall not be
11 considered an employee of the employer from which the teacher
12 is on leave.

13 (e) Beginning July 1, 1998, every employer of a teacher
14 shall pay to the System an employer contribution computed as
15 follows:

16 (1) Beginning July 1, 1998 through June 30, 1999, the
17 employer contribution shall be equal to 0.3% of each
18 teacher's salary.

19 (2) Beginning July 1, 1999 and thereafter, the employer
20 contribution shall be equal to 0.58% of each teacher's
21 salary.

22 The school district or other employing unit may pay these
23 employer contributions out of any source of funding available
24 for that purpose and shall forward the contributions to the
25 System on the schedule established for the payment of member
26 contributions.

1 These employer contributions are intended to offset a
2 portion of the cost to the System of the increases in
3 retirement benefits resulting from this amendatory Act of 1998.

4 Each employer of teachers is entitled to a credit against
5 the contributions required under this subsection (e) with
6 respect to salaries paid to teachers for the period January 1,
7 2002 through June 30, 2003, equal to the amount paid by that
8 employer under subsection (a-5) of Section 6.6 of the State
9 Employees Group Insurance Act of 1971 with respect to salaries
10 paid to teachers for that period.

11 The additional 1% employee contribution required under
12 Section 16-152 by this amendatory Act of 1998 is the
13 responsibility of the teacher and not the teacher's employer,
14 unless the employer agrees, through collective bargaining or
15 otherwise, to make the contribution on behalf of the teacher.

16 If an employer is required by a contract in effect on May
17 1, 1998 between the employer and an employee organization to
18 pay, on behalf of all its full-time employees covered by this
19 Article, all mandatory employee contributions required under
20 this Article, then the employer shall be excused from paying
21 the employer contribution required under this subsection (e)
22 for the balance of the term of that contract. The employer and
23 the employee organization shall jointly certify to the System
24 the existence of the contractual requirement, in such form as
25 the System may prescribe. This exclusion shall cease upon the
26 termination, extension, or renewal of the contract at any time

1 after May 1, 1998.

2 (f) If the amount of a teacher's salary for any school year
3 used to determine final average salary exceeds the member's
4 annual full-time salary rate with the same employer for the
5 previous school year by more than 6%, the teacher's employer
6 shall pay to the System, in addition to all other payments
7 required under this Section and in accordance with guidelines
8 established by the System, the present value of the increase in
9 benefits resulting from the portion of the increase in salary
10 that is in excess of 6%. This present value shall be computed
11 by the System on the basis of the actuarial assumptions and
12 tables used in the most recent actuarial valuation of the
13 System that is available at the time of the computation. If a
14 teacher's salary for the 2005-2006 school year is used to
15 determine final average salary under this subsection (f), then
16 the changes made to this subsection (f) by Public Act 94-1057
17 shall apply in calculating whether the increase in his or her
18 salary is in excess of 6%. For the purposes of this Section,
19 change in employment under Section 10-21.12 of the School Code
20 on or after June 1, 2005 shall constitute a change in employer.
21 The System may require the employer to provide any pertinent
22 information or documentation. The changes made to this
23 subsection (f) by this amendatory Act of the 94th General
24 Assembly apply without regard to whether the teacher was in
25 service on or after its effective date.

26 Whenever it determines that a payment is or may be required

1 under this subsection, the System shall calculate the amount of
2 the payment and bill the employer for that amount. The bill
3 shall specify the calculations used to determine the amount
4 due. If the employer disputes the amount of the bill, it may,
5 within 30 days after receipt of the bill, apply to the System
6 in writing for a recalculation. The application must specify in
7 detail the grounds of the dispute and, if the employer asserts
8 that the calculation is subject to subsection (g) or (h) of
9 this Section, must include an affidavit setting forth and
10 attesting to all facts within the employer's knowledge that are
11 pertinent to the applicability of that subsection. Upon
12 receiving a timely application for recalculation, the System
13 shall review the application and, if appropriate, recalculate
14 the amount due.

15 The employer contributions required under this subsection
16 (f) may be paid in the form of a lump sum within 90 days after
17 receipt of the bill. If the employer contributions are not paid
18 within 90 days after receipt of the bill, then interest will be
19 charged at a rate equal to the System's annual actuarially
20 assumed rate of return on investment compounded annually from
21 the 91st day after receipt of the bill. Payments must be
22 concluded within 3 years after the employer's receipt of the
23 bill.

24 (g) This subsection (g) applies only to payments made or
25 salary increases given on or after June 1, 2005 but before July
26 1, 2011. The changes made by Public Act 94-1057 shall not

1 require the System to refund any payments received before July
2 31, 2006 (the effective date of Public Act 94-1057).

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude salary increases paid to teachers
5 under contracts or collective bargaining agreements entered
6 into, amended, or renewed before June 1, 2005.

7 When assessing payment for any amount due under subsection
8 (f), the System shall exclude salary increases paid to a
9 teacher at a time when the teacher is 10 or more years from
10 retirement eligibility under Section 16-132 or 16-133.2.

11 When assessing payment for any amount due under subsection
12 (f), the System shall exclude salary increases resulting from
13 overload work, including summer school, when the school
14 district has certified to the System, and the System has
15 approved the certification, that (i) the overload work is for
16 the sole purpose of classroom instruction in excess of the
17 standard number of classes for a full-time teacher in a school
18 district during a school year and (ii) the salary increases are
19 equal to or less than the rate of pay for classroom instruction
20 computed on the teacher's current salary and work schedule.

21 When assessing payment for any amount due under subsection
22 (f), the System shall exclude a salary increase resulting from
23 a promotion (i) for which the employee is required to hold a
24 certificate or supervisory endorsement issued by the State
25 Teacher Certification Board that is a different certification
26 or supervisory endorsement than is required for the teacher's

1 previous position and (ii) to a position that has existed and
2 been filled by a member for no less than one complete academic
3 year and the salary increase from the promotion is an increase
4 that results in an amount no greater than the lesser of the
5 average salary paid for other similar positions in the district
6 requiring the same certification or the amount stipulated in
7 the collective bargaining agreement for a similar position
8 requiring the same certification.

9 When assessing payment for any amount due under subsection
10 (f), the System shall exclude any payment to the teacher from
11 the State of Illinois or the State Board of Education over
12 which the employer does not have discretion, notwithstanding
13 that the payment is included in the computation of final
14 average salary.

15 (h) When assessing payment for any amount due under
16 subsection (f), the System shall exclude any salary increase
17 described in subsection (g) of this Section given on or after
18 July 1, 2011 but before July 1, 2014 under a contract or
19 collective bargaining agreement entered into, amended, or
20 renewed on or after June 1, 2005 but before July 1, 2011.
21 Notwithstanding any other provision of this Section, any
22 payments made or salary increases given after June 30, 2014
23 shall be used in assessing payment for any amount due under
24 subsection (f) of this Section.

25 (i) The System shall prepare a report and file copies of
26 the report with the Governor and the General Assembly by

1 January 1, 2007 that contains all of the following information:

2 (1) The number of recalculations required by the
3 changes made to this Section by Public Act 94-1057 for each
4 employer.

5 (2) The dollar amount by which each employer's
6 contribution to the System was changed due to
7 recalculations required by Public Act 94-1057.

8 (3) The total amount the System received from each
9 employer as a result of the changes made to this Section by
10 Public Act 94-4.

11 (4) The increase in the required State contribution
12 resulting from the changes made to this Section by Public
13 Act 94-1057.

14 (j) For purposes of determining the required State
15 contribution to the System, the value of the System's assets
16 shall be equal to the actuarial value of the System's assets,
17 which shall be calculated as follows:

18 As of June 30, 2008, the actuarial value of the System's
19 assets shall be equal to the market value of the assets as of
20 that date. In determining the actuarial value of the System's
21 assets for fiscal years after June 30, 2008, any actuarial
22 gains or losses from investment return incurred in a fiscal
23 year shall be recognized in equal annual amounts over the
24 5-year period following that fiscal year.

25 (k) For purposes of determining the required State
26 contribution to the system for a particular year, the actuarial

1 value of assets shall be assumed to earn a rate of return equal
2 to the system's actuarially assumed rate of return.

3 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
4 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
5 6-18-12; 97-813, eff. 7-13-12.)

6 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

7 Sec. 16-158.1. Actions to enforce payments by school
8 districts and other employing units other than the State. Any
9 school district or other employing unit, other than the State,
10 that fails ~~failings~~ to transmit to the System contributions
11 required of it under this Article or contributions required of
12 teachers, for more than 90 days after such contributions are
13 due is subject to the following: after giving notice to the
14 district or other unit, the System may certify to the State
15 Comptroller or the Regional Superintendent of Schools the
16 amounts of such delinquent payments and the State Comptroller
17 or the Regional Superintendent of Schools shall deduct the
18 amounts so certified or any part thereof from any State funds
19 to be remitted to the school district or other employing unit
20 involved and shall pay the amount so deducted to the System. If
21 State funds from which such deductions may be made are not
22 available, the System may proceed against the school district
23 or other employing unit to recover the amounts of such
24 delinquent payments in the appropriate circuit court.

25 The System may provide for an audit of the records of a

1 school district or other employing unit, other than the State,
2 as may be required to establish the amounts of required
3 contributions. The school district or other employing unit
4 shall make its records available to the System for the purpose
5 of such audit. The cost of such audit shall be added to the
6 amount of the delinquent payments and shall be recovered by the
7 System from the school district or other employing unit at the
8 same time and in the same manner as the delinquent payments are
9 recovered.

10 (Source: P.A. 90-448, eff. 8-16-97.)

11 (40 ILCS 5/16-158.2 new)

12 Sec. 16-158.2. Obligations of State; funding guarantee.

13 (a) Beginning July 1, 2013, the State shall be
14 contractually obligated to contribute to the System in each
15 State fiscal year an amount not less than the sum of (i) the
16 State's normal cost for the year and (ii) the portion of the
17 unfunded accrued liability assigned to that year by law.
18 Notwithstanding any other provision of law, if the State fails
19 to pay an amount guaranteed under this subsection, it shall be
20 the mandatory fiduciary obligation of the Board to seek payment
21 of the guaranteed amount in compliance with the provisions of
22 this Section and, if the amount remains unpaid, to bring a
23 mandamus action in the Supreme Court of Illinois to compel the
24 State to make the required payment.

25 If the System submits a voucher for contributions required

1 under Section 16-158 and the State fails to pay that voucher
2 within 90 days of its receipt, the Board shall submit a written
3 request to the Comptroller seeking payment. A copy of the
4 request shall be filed with the Secretary of State, and the
5 Secretary of State shall provide a copy to the Governor and
6 General Assembly. No earlier than the 16th day after the System
7 files the request with the Comptroller and Secretary of State,
8 if the amount remains unpaid the Board shall commence a
9 mandamus action in the Supreme Court of Illinois to compel the
10 Comptroller to satisfy the voucher.

11 This subsection (a) constitutes an express waiver of the
12 State's sovereign immunity solely to the extent that it permits
13 the Board to commence a mandamus action in the Supreme Court of
14 Illinois to compel the Comptroller to pay a voucher for the
15 contributions required under Section 16-158.

16 (b) Beginning in State fiscal year 2020, the State shall be
17 contractually obligated to make the transfers set forth in
18 subsections (c-10) and (c-15) of Section 20 of the Budget
19 Stabilization Act and to pay to the System its proportionate
20 share of the transferred amounts in accordance with Section 25
21 of the Budget Stabilization Act. Notwithstanding any other
22 provision of law, if the State fails to transfer an amount
23 guaranteed under this subsection or to pay to the System its
24 proportionate share of the transferred amount in accordance
25 with Section 25 of the Budget Stabilization Act, it shall be
26 the mandatory fiduciary obligation of the Board to seek

1 transfer or payment of the guaranteed amount in compliance with
2 the provisions of this Section and, if the required amount
3 remains untransferred or the required payment remains unpaid,
4 to bring a mandamus action in the Supreme Court of Illinois to
5 compel the State to make the required transfer or payment or
6 both, as the case may be.

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

21 This subsection (b) constitutes an express waiver of the
22 State's sovereign immunity solely to the extent that it permits
23 the Board to commence a mandamus action in the Supreme Court of
24 Illinois to compel the Comptroller to make a transfer required
25 under subsections (c-10) and (c-15) of Section 20 of the Budget
26 Stabilization Act and to pay to the System its proportionate

1 share of the transferred amount in accordance with Section 25
2 of the Budget Stabilization Act.

3 The obligations created by this subsection (b) expire when
4 all of the requirements of subsections (c-10) and (c-15) of
5 Section 20 of the Budget Stabilization Act and Section 25 of
6 the Budget Stabilization Act have been met.

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

21 (d) By the enactment of this amendatory Act of the 98th
22 General Assembly, the State of Illinois pledges to and agrees
23 with the Board and members of the System that the State will
24 make the payments required under Section 16-158 of this Code,
25 the transfers required under subsections (c-10) and (c-15) of
26 Section 20 of the Budget Stabilization Act, and the payments to

1 the System of its proportionate share of the transferred
2 amounts in accordance with Section 25 of the Budget
3 Stabilization Act. The State further pledges that the State
4 will not limit or alter the rights and powers vested in the
5 Board so as to impair the terms of this Section or in any way
6 impair the rights and remedies of the Board.

7 (40 ILCS 5/16-203)

8 Sec. 16-203. Application and expiration of new benefit
9 increases.

10 (a) As used in this Section, "new benefit increase" means
11 an increase in the amount of any benefit provided under this
12 Article, or an expansion of the conditions of eligibility for
13 any benefit under this Article, that results from an amendment
14 to this Code that takes effect after June 1, 2005 (the
15 effective date of Public Act 94-4). "New benefit increase",
16 however, does not include any benefit increase resulting from
17 the changes made to this Article or Article 1 by Public Act
18 95-910 or this amendatory Act of the 98th ~~95th~~ General
19 Assembly.

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

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

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

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

26 (e) Except as otherwise provided in the language creating

1 the new benefit increase, a new benefit increase that expires
2 under this Section continues to apply to persons who applied
3 and qualified for the affected benefit while the new benefit
4 increase was in effect and to the affected beneficiaries and
5 alternate payees of such persons, but does not apply to any
6 other person, including without limitation a person who
7 continues in service after the expiration date and did not
8 apply and qualify for the affected benefit while the new
9 benefit increase was in effect.

10 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

11 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

12 Sec. 17-116. Service retirement pension.

13 (a) Each teacher having 20 years of service upon attainment
14 of age 55, or who thereafter attains age 55 shall be entitled
15 to a service retirement pension upon or after attainment of age
16 55; and each teacher in service on or after July 1, 1971, with
17 5 or more but less than 20 years of service shall be entitled
18 to receive a service retirement pension upon or after
19 attainment of age 62.

20 (b) The service retirement pension for a teacher who
21 retires on or after June 25, 1971, at age 60 or over, shall be
22 calculated as follows:

23 (1) For creditable service earned before July 1, 1998
24 that has not been augmented under Section 17-119.1: 1.67%
25 for each of the first 10 years of service; 1.90% for each

1 of the next 10 years of service; 2.10% for each year of
2 service in excess of 20 but not exceeding 30; and 2.30% for
3 each year of service in excess of 30, based upon average
4 salary as herein defined.

5 (2) For creditable service earned on or after July 1,
6 1998 by a member who has at least 30 years of creditable
7 service on July 1, 1998 and who does not elect to augment
8 service under Section 17-119.1: 2.3% of average salary for
9 each year of creditable service earned on or after July 1,
10 1998.

11 (3) For all other creditable service: 2.2% of average
12 salary for each year of creditable service.

13 (c) When computing such service retirement pensions, the
14 following conditions shall apply:

15 1. Average salary shall consist of the average annual
16 rate of salary for the 4 consecutive years of validated
17 service within the last 10 years of service when such
18 average annual rate was highest. In the determination of
19 average salary for retirement allowance purposes, for
20 members who commenced employment after August 31, 1979,
21 that part of the salary for any year shall be excluded
22 which exceeds the annual full-time salary rate for the
23 preceding year by more than 20%. In the case of a member
24 who commenced employment before August 31, 1979 and who
25 receives salary during any year after September 1, 1983
26 which exceeds the annual full time salary rate for the

1 preceding year by more than 20%, an Employer and other
2 employers of eligible contributors as defined in Section
3 17-106 shall pay to the Fund an amount equal to the present
4 value of the additional service retirement pension
5 resulting from such excess salary. The present value of the
6 additional service retirement pension shall be computed by
7 the Board on the basis of actuarial tables adopted by the
8 Board. If a member elects to receive a pension from this
9 Fund provided by Section 20-121, his salary under the State
10 Universities Retirement System and the Teachers'
11 Retirement System of the State of Illinois shall be
12 considered in determining such average salary. Amounts
13 paid after the effective date of this amendatory Act of
14 1991 for unused vacation time earned after that effective
15 date shall not under any circumstances be included in the
16 calculation of average salary or the annual rate of salary
17 for the purposes of this Article.

18 2. Proportionate credit shall be given for validated
19 service of less than one year.

20 3. For retirement at age 60 or over the pension shall
21 be payable at the full rate.

22 4. For separation from service below age 60 to a
23 minimum age of 55, the pension shall be discounted at the
24 rate of 1/2 of one per cent for each month that the age of
25 the contributor is less than 60, but a teacher may elect to
26 defer the effective date of pension in order to eliminate

1 or reduce this discount. This discount shall not be
2 applicable to any participant who has at least 34 years of
3 service or a retirement pension of at least 74.6% of
4 average salary on the date the retirement annuity begins.

5 5. No additional pension shall be granted for service
6 exceeding 45 years. Beginning June 26, 1971 no pension
7 shall exceed the greater of \$1,500 per month or 75% of
8 average salary as herein defined.

9 6. Service retirement pensions shall begin on the
10 effective date of resignation, retirement, the day
11 following the close of the payroll period for which service
12 credit was validated, or the time the person resigning or
13 retiring attains age 55, or on a date elected by the
14 teacher, whichever shall be latest.

15 7. A member who is eligible to receive a retirement
16 pension of at least 74.6% of average salary and will attain
17 age 55 on or before December 31 during the year which
18 commences on July 1 shall be deemed to attain age 55 on the
19 preceding June 1.

20 8. A member retiring after the effective date of this
21 amendatory Act of 1998 shall receive a pension equal to 75%
22 of average salary if the member is qualified to receive a
23 retirement pension equal to at least 74.6% of average
24 salary under this Article or as proportional annuities
25 under Article 20 of this Code.

26 9. In the case of a person who first becomes a

1 participant on or after the effective date of this
2 amendatory Act of the 98th General Assembly, payments for
3 unused sick or vacation time shall not be used in the
4 calculation of average salary.

5 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

6 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

7 Sec. 17-134. Contributions for leaves of absence; military
8 service; computing service. In computing service for pension
9 purposes the following periods of service shall stand in lieu
10 of a like number of years of teaching service upon payment
11 therefor in the manner hereinafter provided: (a) time spent on
12 a leave of absence granted by the employer; (b) service with
13 teacher or labor organizations based upon special leaves of
14 absence therefor granted by an Employer; (c) a maximum of 5
15 years spent in the military service of the United States, of
16 which up to 2 years may have been served outside the pension
17 period; (d) unused sick days at termination of service to a
18 maximum of 244 days; (e) time lost due to layoff and
19 curtailment of the school term from June 6 through June 21,
20 1976; and (f) time spent after June 30, 1982 as a member of the
21 Board of Education, if required to resign from an
22 administrative or teaching position in order to qualify as a
23 member of the Board of Education.

24 (1) For time spent on or after September 6, 1948 on
25 sabbatical leaves of absence or sick leaves, for which

1 salaries are paid, an Employer shall make payroll
2 deductions at the applicable rates in effect during such
3 periods.

4 (2) For time spent on a leave of absence granted by the
5 employer for which no salaries are paid, teachers desiring
6 credit therefor shall pay the required contributions at the
7 rates in effect during such periods as though they were in
8 teaching service. If an Employer pays salary for vacations
9 which occur during a teacher's sick leave or maternity or
10 paternity leave without salary, vacation pay for which the
11 teacher would have qualified while in active service shall
12 be considered part of the teacher's total salary for
13 pension purposes. No more than 36 months of leave credit
14 may be allowed any person during the entire term of
15 service. Sabbatical leave credit shall be limited to the
16 time the person on leave without salary under an Employer's
17 rules is allowed to engage in an activity for which he
18 receives salary or compensation.

19 (3) For time spent prior to September 6, 1948, on
20 sabbatical leaves of absence or sick leaves for which
21 salaries were paid, teachers desiring service credit
22 therefor shall pay the required contributions at the
23 maximum applicable rates in effect during such periods.

24 (4) For service with teacher or labor organizations
25 authorized by special leaves of absence, for which no
26 payroll deductions are made by an Employer, teachers

1 desiring service credit therefor shall contribute to the
2 Fund upon the basis of the actual salary received from such
3 organizations at the percentage rates in effect during such
4 periods for certified positions with such Employer. To the
5 extent the actual salary exceeds the regular salary, which
6 shall be defined as the salary rate, as calculated by the
7 Board, in effect for the teacher's regular position in
8 teaching service on September 1, 1983 or on the effective
9 date of the leave with the organization, whichever is
10 later, the organization shall pay to the Fund the
11 employer's normal cost as set by the Board on the
12 increment. Notwithstanding any other provision of this
13 subdivision (4), teachers are only eligible for credit for
14 service under this subdivision (4) if the special leave of
15 absence begins before January 5, 2012 (the effective date
16 of Public Act 97-651) ~~this amendatory Act of the 97th~~
17 ~~General Assembly.~~

18 (5) For time spent in the military service, teachers
19 entitled to and desiring credit therefor shall contribute
20 the amount required for each year of service or fraction
21 thereof at the rates in force (a) at the date of
22 appointment, or (b) on return to teaching service as a
23 regularly certified teacher, as the case may be; provided
24 such rates shall not be less than \$450 per year of service.
25 These conditions shall apply unless an Employer elects to
26 and does pay into the Fund the amount which would have been

1 due from such person had he been employed as a teacher
2 during such time. In the case of credit for military
3 service not during the pension period, the teacher must
4 also pay to the Fund an amount determined by the Board to
5 be equal to the employer's normal cost of the benefits
6 accrued from such service, plus interest thereon at 5% per
7 year, compounded annually, from the date of appointment to
8 the date of payment.

9 The changes to this Section made by Public Act 87-795
10 shall apply not only to persons who on or after its
11 effective date are in service under the Fund, but also to
12 persons whose status as a teacher terminated prior to that
13 date, whether or not the person is an annuitant on that
14 date. In the case of an annuitant who applies for credit
15 allowable under this Section for a period of military
16 service that did not immediately follow employment, and who
17 has made the required contributions for such credit, the
18 annuity shall be recalculated to include the additional
19 service credit, with the increase taking effect on the date
20 the Fund received written notification of the annuitant's
21 intent to purchase the credit, if payment of all the
22 required contributions is made within 60 days of such
23 notice, or else on the first annuity payment date following
24 the date of payment of the required contributions. In
25 calculating the automatic annual increase for an annuity
26 that has been recalculated under this Section, the increase

1 attributable to the additional service allowable under
2 this amendatory Act of 1991 shall be included in the
3 calculation of automatic annual increases accruing after
4 the effective date of the recalculation.

5 The total credit for military service shall not exceed
6 5 years, except that any teacher who on July 1, 1963, had
7 validated credit for more than 5 years of military service
8 shall be entitled to the total amount of such credit.

9 (6) For persons who first become teachers before the
10 effective date of this amendatory Act of the 98th General
11 Assembly, a ~~A~~ maximum of 244 unused sick days credited to
12 his account by an Employer on the date of termination of
13 employment. Members, upon verification of unused sick
14 days, may add this service time to total creditable
15 service.

16 (7) In all cases where time spent on leave is
17 creditable and no payroll deductions therefor are made by
18 an Employer, persons desiring service credit shall make the
19 required contributions directly to the Fund.

20 (8) For time lost without pay due to layoff and
21 curtailment of the school term from June 6 through June 21,
22 1976, as provided in item (e) of the first paragraph of
23 this Section, persons who were contributors on the days
24 immediately preceding such layoff shall receive credit
25 upon paying to the Fund a contribution based on the rates
26 of compensation and employee contributions in effect at the

1 time of such layoff, together with an additional amount
2 equal to 12.2% of the compensation computed for such period
3 of layoff, plus interest on the entire amount at 5% per
4 annum from January 1, 1978 to the date of payment. If such
5 contribution is paid, salary for pension purposes for any
6 year in which such a layoff occurred shall include the
7 compensation recognized for purposes of computing that
8 contribution.

9 (9) For time spent after June 30, 1982, as a
10 nonsalaried member of the Board of Education, if required
11 to resign from an administrative or teaching position in
12 order to qualify as a member of the Board of Education, an
13 administrator or teacher desiring credit therefor shall
14 pay the required contributions at the rates and salaries in
15 effect during such periods as though the member were in
16 service.

17 Effective September 1, 1974, the interest charged for
18 validation of service described in paragraphs (2) through (5)
19 of this Section shall be compounded annually at a rate of 5%
20 commencing one year after the termination of the leave or
21 return to service.

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

23 Section 25. The Illinois Educational Labor Relations Act is
24 amended by changing Sections 4 and 17 and by adding Section
25 10.5 as follows:

1 (115 ILCS 5/4) (from Ch. 48, par. 1704)

2 Sec. 4. Employer rights. Employers shall not be required to
3 bargain over matters of inherent managerial policy, which shall
4 include such areas of discretion or policy as the functions of
5 the employer, standards of services, its overall budget, the
6 organizational structure and selection of new employees and
7 direction of employees. Employers, however, shall be required
8 to bargain collectively with regard to policy matters directly
9 affecting wages, hours and terms and conditions of employment
10 as well as the impact thereon upon request by employee
11 representatives, except as provided in Section 10.5. To
12 preserve the rights of employers and exclusive representatives
13 which have established collective bargaining relationships or
14 negotiated collective bargaining agreements prior to the
15 effective date of this Act, employers shall be required to
16 bargain collectively with regard to any matter concerning
17 wages, hours or conditions of employment about which they have
18 bargained for and agreed to in a collective bargaining
19 agreement prior to the effective date of this Act, except as
20 provided in Section 10.5.

21
22 (Source: P.A. 83-1014.)

23 (115 ILCS 5/10.5 new)

24 Sec. 10.5. Duty to bargain regarding pension amendments.

1 Notwithstanding any other provision of this Act, employers
2 shall not be required to bargain over matters affected by the
3 changes, the impact of changes, and the implementation of
4 changes made to Article 14, 15, or 16 of the Illinois Pension
5 Code, or to Article 1 of that Code as it applies to those
6 Articles, made by this amendatory Act of the 98th General
7 Assembly or any subsequent Public Act, except with respect to
8 an employment contract or collective bargaining agreement that
9 is in effect on the effective date of this amendatory Act of
10 the 98th General Assembly and has not been amended, renewed, or
11 terminated after that date.

12 In case of any conflict between this Section and any other
13 provisions of this Act or any other law, the provisions of this
14 Act shall control.

15 (115 ILCS 5/17) (from Ch. 48, par. 1717)

16 Sec. 17. Effect on other laws. Except as provided in
17 Section 10.5, in ~~in~~ case of any conflict between the provisions
18 of this Act and any other law, executive order or
19 administrative regulation, the provisions of this Act shall
20 prevail and control. Except as provided in Section 10.5,
21 nothing ~~Nothing~~ in this Act shall be construed to replace or
22 diminish the rights of employees established by Section 36d of
23 "An Act to create the State Universities Civil Service System",
24 approved May 11, 1905, as amended or modified.

25 (Source: P.A. 83-1014.)

1 Section 90. The State Mandates Act is amended by adding
2 Section 8.37 as follows:

3 (30 ILCS 805/8.37 new)

4 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
5 of this Act, no reimbursement by the State is required for the
6 implementation of any mandate created by this amendatory Act of
7 the 98th General Assembly.

8 Section 97. Inseverability. The provisions of this Act are
9 mutually dependent and inseverable. If any provision is held
10 invalid other than as applied to a particular person or
11 circumstance, then this entire Act is invalid.

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